BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

ADJUDICATION ORDER No. Order/SM/RG/2022-23/22743-22748

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

In respect of:

Noticee No.	Noticee	PAN
1	**Brij Bhushan Singal**	**AEFPS6298M**
2	**Brij Bhushan Singal HUF**	**AAAHB6923R**
3	**Neeraj Singal**	**ANRPS7986B**
4	**Neeraj Singal (HUF)**	**AAEHN4557P**
5	**Ritu Singal**	**ABHPS3711N**
6	**Uma Singal**	**ANRPS7987A**

In the matter of Dhanleela Investments & Trading Company Limited

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A. FACTS OF THE CASE IN BRIEF

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") investigated in the matter of Dhanleela Investments & Trading Company Ltd. (hereinafter referred as '**Dhanleela**' or '**the company**'), for suspected price/volume manipulation in the scrip of Dhanleela and non-disclosures by the shareholders in terms of SEBI (Prohibition of Insider Trading) Regulations, 1992 read with Regulation 12(1) of SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as "**PIT Regulations**") and/or SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as "**SAST Regulations**") for the period April 17, 2012 to March 02, 2015 (hereinafter referred to as "**investigation period**"). The investigation brought that the entities mentioned above (hereinafter referred to as "**Noticee No. 1 to 6**"

respectively and collectively referred to as “**Singal family**” or “**Noticees”**) were observed to have not made / made delayed disclosure about their shareholdings in contravention of PIT Regulations and SAST Regulations.

B. APPOINTMENT OF ADJUDICATING OFFICER

1. SEBI had appointed the undersigned as the Adjudicating Officer under Section 19 read with sub-section (1) of Section 15-I of the SEBI Act and Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “**SEBI Adjudication Rules**”), vide communique dated December 5, 2022, to enquire into and adjudge under Section 15A(b) of SEBI Act for the alleged contraventions of:
   i. Regulation 29(1) read with Regulation 29(3) of SAST Regulations and Regulation 13(1) of PIT Regulations by Noticee Nos. 1, 3 and 5
   ii. Regulation 29(1) read with Regulation 29(3) of SAST Regulations by Noticee Nos. 2, 4 and 6

C. SHOW CAUSE NOTICE, REPLY AND HEARING

1. A common show cause notice (hereinafter referred to as “**SCN”)** bearing no. EAD1/SM/RG/61413/2022, dated December 07, 2022, was served upon the Noticees under Rule 4(1) of the SEBI Adjudication Rules to show cause as to why an inquiry should not be held and penalty not be imposed against the Noticees under Section 15A(b) of the SEBI Act for the alleged violations of SAST Regulations and PIT Regulations by the Noticees. The said SCN was served upon the Noticee through Speed Post with Acknowledgement Due and digitally signed e-mails.

2. **The contents of the SCN and the allegations levelled against the Noticees in the SCN are summarised below:**

2.1 Dhanleela made following two preferential allotments –during investigation period:

i. The first preferential allotment was made on July 18, 2012 wherein 9,88,000 shares of Rs.10/- at a premium of Rs.80/- were allotted to 48 non-promoter entities.

ii. The second preferential allotment was made on October 29, 2012 wherein 7,05,000 shares of Rs.10/- at a premium of Rs.80/- were allotted to further 42 non-promoter entities.

2.2 Pursuant to the above change in the shareholdings, data was sought from NSDL/CDSL and RTA of the company to verify whether there was any change in the shareholding of the Noticees. Based on information provided by NSDL, CDSL, RTA of the company (Big Share), Stock Exchange and the Company, it was observed that pursuant to the above preferential allotments, the shareholdings of the Singal family had undergone change and required disclosure regarding the same were not made or were made with a delay. The details are as follows:

2.3 Shareholding of Singal family upon allotment of shares in the 1st Preferential allotment on July 18, 2012 and disclosure made by them is mentioned below:

Name of Shareholder	Transaction date	No of shares held - pre acquisition	% of shareholding held - pre acquisition	No. of Shares Acquired	No of shares held - post Acquisition	% of share-holding held - post Acquisition	Disclosure required under SAST Regulations, 2011	Required date of disclosure to company and BSE	Actual date of Disclosure to Company & BSE as PAC (no. of days delay)
Brij Bhushan Singal	18/07/2012	-	-	47500	47500	4.00	Regulation 29(1) read with 29(3)	**20/07/2012**	**20/01/2015 (914 days)**
Brij Bhushan Singal HUF	18/07/2012	-	-	15000	15000	1.26		**20/07/2012**	
Neeraj Singal	18/07/2012	-	-	48000	48000	4.04		**20/07/2012**	
Neeraj Singal (HUF)	18/07/2012	-	-	15000	15000	1.26		**20/07/2012**	
Ritu Singal	18/07/2012	-	-	47000	47000	3.96		**20/07/2012**	
Uma Singal	18/07/2012	-	-	30000	30000	2.53		**20/07/2012**	
Total Shareholding of Singal family(%) upon allotment						**17.05**			

2.4 From the table above, it was observed that the Singal family comprising of Noticee No. 1 (47,500 shares), Noticee No. 2 (15,000 shares), Noticee No. 3 (48,000 shares), Noticee No. 4 (15,000 shares), Noticee No. 5 (47,000 shares) and Noticee No. 6 (30,000 shares) were allotted a total of 2,02,500 shares (constituting 17.05% of total shareholding). From the disclosure made on January 20, 2015, it was seen that Singal Family had made the disclosure as Persons Acting in

Concert (hereinafter referred to as "**PAC**"). Regulation 29(1) read with Regulation 29(3) of SAST Regulations requires any acquirer, together with PAC acquiring shares in a company which when taken together aggregates to 5% or more of the shares of such company, shall disclose their aggregate shareholding in such company to Stock Exchange and the company within two working days of such acquisition. Accordingly, as PAC, Singal family's shareholding of more than 5% required disclosure within two working days of such acquisition under SAST Regulations. However, it was observed from the information furnished by BSE and the company that there was a delay of 914 days in making the disclosure by Singal family under Regulation 29(1) read with Regulation 29(3) of SAST Regulations, to BSE and Dhanleela, upon allotment of 17.05% of shares on July 18, 2012.

In view of the above, the Noticee Nos. 1 to 6 were alleged to be in violation of Regulation 29(1) read with Regulation 29(3) of SAST Regulations.

3. Shareholding of following noticees (upon allotment of shares in the 2nd Preferential allotment on October 29, 2012) triggered the disclosure requirement in terms of Regulation 13(1) of PIT Regulations:

Name of Shareholder	Transaction date	No of shares held - pre acquisition	% of shareholding held - pre acquisition	No. of Shares Acquired	No of shares held - post Acquisition	% of share-holding held - post Acquisition
Brij Bhushan Singal	29/10/2012	47500	4.00	47500	95000	5.02
Neeraj Singal	29/10/2012	48000	4.04	47000	95000	5.02
Ritu Singal	29/10/2012	47000	3.96	48000	95000	5.02

3.1 After acquisition of shares in the 2nd preferential allotment the individual shareholding of Noticee No. 1, Noticee No. 3 and Noticee No. 5 increased to 5.02% each which required disclosure under Regulation 13(1) of PIT Regulations. However, it was observed from the information provided by BSE, Dhanleela and the representative of Singal family (RRG Associates) that no disclosure had been made under PIT Regulations. Hence Noticee No. 1, Noticee No. 3 and Noticee No. 5 were alleged to have violated of Regulation 13(1) of PIT Regulations.

4. Vide its email dated December 22, 2022, the common authorised representative (hereinafter referred to as "**AR**") of Noticees submitted the reply to the SCN vide email dated 22 December, 2022 and also submitted the "Vakalatnama" appointing itself as AR by Noticees. Also, vide the aforementioned email, the AR of the Noticees also sought a personal hearing in the captioned matter. In the interest of natural justice, an opportunity of hearing was granted to the Noticees vide email dated 22 December, 2022 and the hearing was scheduled for 2nd January, 2023. The AR of the Noticees, vide email dated 23 December sought the deferment of the said personal hearing to 6th January, 2023 on the ground of non-availability of the AR on the allotted date. Vide email dated 27 December, 2022, the request of the AR was acceded to and AR was given the opportunity of being heard on 6th January, 2023. The AR appeared before the undersigned on 6th January, 2023 and reiterated the submissions made vide email dated December 22, 2022.

5. The AR of the Noticee replied to the allegations levelled in the SCN as follows:

i. *At the outset, it is submitted that there is an unexplained and inordinate delay of more than 10 years in issuing show cause notice under reply from the date of the alleged violation under SAST which relates back to 18.07.2012 and 29.10.2012. For this purpose, Noticees further seeks to rely on a decision of passed by the Hon'ble Security Appellate Tribunal in case of HB Stockholdings Ltd. v/s SEBI (Appeal No. 114 of 2012 decided on 27.08.2013). It is reiterated that in the present case, alleged disclosure was required to be made on or before 20.07.2012 and 31.10.2012, whereas, show cause notice has been issued to the noticees on that is after delay of 10 years. Hence, the impugned notice is liable to be quashed and set aside, forthwith.*

It is most respectfully submitted that the even though there is no period of limitation prescribed in the (SEBI) Act and Regulations in the issuance of an SCN or for completion of the adjudication proceedings, the authority is required to exercise its powers within a reasonable period as held recently in Adjudicating Officer, Securities and Exchange Board of India vs. Bhavesh Pabari (2019) SCC OnLine SC 294. Refer to Para 34 and 35 of the said Judgment.

That the Noticee herein further seeks to rely and refer upon another authoritative pronouncement passed recently by the Hon'ble Securities Appellate Tribunal in

Ashlesh Gunvantbhai Shah Vs SEBI Appeal No. 169 of 2019 Date of Decision : 31.01.2020, wherein the Hon'ble SAT thereby considering the delay of 7 years in issuing show cause notice was pleased to allow the Appeal of the noticee therein. It is further pertinent to state that the Hon'ble SAT while upsetting the order of penalty has relied upon the judgment passed by the Hon'ble Apex court in Adjudicating Officer, Securities and Exchange Board of India vs. Bhavesh Pabari (2019) SCC OnLine SC 294 (Supra).

ii. *That the Noticees have made investment to the tune of Rs. 2,76,40,000/- in the company namely, Dhanleela Investments & Trading and the said company does not belong to the category of promoter and promoter group.*

iii. *It is submitted that the purported delay in disclosure, if any was purely unintentional and was delayed to due to the factors beyond their control.*

iv. *It is further pertinent to state that delayed disclosure, if any, was on account of inadequate professional expertise and advice.*

v. *Moreover, the said delayed disclosure, if any, neither resulted in any undue benefit to the Noticees herein nor caused any loss to any of the promoters/ investors. In this regard, it is pertinent to state that the purpose of these disclosures is to bring about more transparency in the affairs of the companies. That the requirement of the disclosure was necessitated on two counts, that are as follows:-*

- *Firstly; investors can take a more informed decision to invest or not to invest in a particular scrip/ company;*
- *Secondly; the Regulator can properly monitor the transactions in the capital market to effectively regulate the same.*"

vi. *In view of the above, it is pertinent to mention that upon the preferential allotment of 2,05,200 shares on 18.07.2012 to all the Noticees, the Company has uploaded the new shareholding structure on the website of Bombay Stock Exchange as such that the Preferential Allotment of the shares on 18.07.2012 and 29.10.2012 in favour of the noticee was available in the public domain and moreover, the* *said preferential allotment has been has aggregately disclosed in the Extra Ordinary General Meetings held on 17.08.2012. Hence, it is clear that no prejudice ought to have been caused to the public at large.*

vii. *That the Noticee herein has not made any disproportionate gain or has taken any unfair advantage, as a result of the alleged default, if any;*

viii. *Furthermore, no amount of loss caused to any investor or group of investors as a result of the alleged delayed disclosure, if any*

ix. *Furthermore, there are no other instances when the notices herein have contravened the provisions of the said SAST and PIT regulations which indicates that the default by the Noticees was not repetitive in nature*

x. *Furthermore, the disclosure of the same preferential allotment to the shareholdings was available with NSDL/ CDSL and RTA which is also available in the public domain*

D. CONSIDERATION OF ISSUES AND EVIDENCE

1. I have considered the allegations levelled in the SCN, the relevant material brought on record, and replies/ submissions of the Noticees made during the instant proceedings before the undersigned. In the light of the aforesaid factual position, I proceed to adjudicate the matter, and find that essentially, the following issues arise for determination in the instant matter:
    i. *Issue 1: Whether the Noticees have failed to comply with the provisions of SAST Regulations and PIT Regulations?*
    ii. *Issue 2: If answer to the aforesaid question is in affirmative, whether the violations would attract monetary penalty on the Noticee under the provisions of Section 15A(b) of the SEBI Act?*
    iii. *Issue 3: If answer to the aforesaid question is in affirmative, what should be the quantum of the monetary penalty?*

2. Before proceeding further, I would like to refer to the relevant provisions of the SAST Regulations and PIT Regulations:

Relevant provisions:

SAST Regulations

29. Disclosure of acquisition and disposal

(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….

(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."

"PIT Regulations"

13. (1) Any person who holds more than 5% shares or voting rights in any listed company shall disclose to the company in Form A, the number of shares or voting rights held by such person, on becoming such holder, within 2 working days of :—

(a) the receipt of intimation of allotment of shares; or

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

SEBI (Prohibition of Insider Trading) Regulations, 2015

12. Repeal and savings

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

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.

3. The first issue to be addressed is as follows:

Whether the Noticees have failed to comply with the provisions of SAST Regulations and PIT Regulations?

3.1 Before proceeding with the matter on merits, I would first deal with the contention of delay in issuance of SCN as raised by the Noticees.

3.2 The allegations framed in the SCN relate to the relevant transactions which were undertaken back in 2012. I admit that there has been a considerable time gap between the issuance of SCN and the transactions taking place. I would like to refer to the chronology of events that have happened in this case.

I. I observe from the records that investigation in the scrip of Dhanleela had started in November 2014 with a focus on suspected violations under SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**") for the period April 17, 20212 to March 02, 2015.

II. The said investigation was completed in September 2017.

III. While investigating the above issue, SEBI realised there is more to investigate in this matter and the following was approved to be investigated in 2018 and the investigation had started in 2019 in the captioned matter:

- Matters relating to disclosures of change, if any, in promoter's and Singal family's shareholding
- Funding, if any, by the company to the preferential allottees

IV. With respect to the investigation carried out with a focus on the violation of PFUTP Regulations, an order with reference number WTM/SM/IVD/ID6/7273/2019-20 was passed under sections 11, 11(4) and 11B(1) by the Office of Whole Time Member of SEBI in March 2020, issuing directions against 29 entities. Also, an adjudication order under Section 15HB with reference number Order/SS/VS/2019-20/6385-6413, in this respect was passed by SEBI in January 2020 against 29 entities.

V. The investigation (mentioned above at para 3.2 (III) in the captioned matter involved analysis of shareholding pattern of the Company, examination of bank account statements of Dhanleela and preferential allottees, examination of fund flow among company and preferential allottees and any other connection. In this regard, it also took time to seek information from BSE / Dhanleela / RTA / NSDL / CDSL. The investigation was completed in September 2022.

VI. The adjudication proceedings in the matter were approved and subsequently, vide Order dated December 05, 2022 the undersigned was appointed as the Adjudicating Officer. Thereafter the SCN dated December 07, 2022 was issued to the Noticees. So, the SCN was issued within 2 days of appointment of Adjudication Officer, keeping in mind the long delay already in the captioned matter.

VII. Therefore, in light of the above chronology I conclude that matter was open for long as it was being investigated for the likely violations of different regulations and SEBI has already initiated actions pursuant to the findings of the investigation.

3.3 I note, in support of their contention, the Noticees have relied upon the judgement of Hon'ble Securities Appellate Tribunal (hereinafter referred to as 'SAT') in the matter of HB Stockholdings Ltd. vs SEBI and Ashlesh Gunvantbhai Shah Vs SEBI, where the adjudication proceedings were squashed by the Hon'ble SAT. Also, the Noticees relied upon the ruling of Hon'ble Supreme Court in Adjudicating Officer, SEBI vs. Bhavesh Pabari, where it was mentioned that the authority is required to exercise its powers within a reasonable period. I find that in the Hon'ble SAT judgement relied upon by the Noticees in the matter of Ashlesh Gunvantbhai Shah

Vs SEBI, Hon'ble SAT while referring to the judgement of Hon'ble SAT in Rakesh Kathotia vs SEBI had held that "*in the absence of any period of limitation, the authority is required to exercise its powers within a reasonable period. What would be the reasonable period would depend on the facts of each case and that no hard and fast rule can be laid down in this regard as the determination of this question would depend on the facts of each case.*"

3.4 Also, I find that in the Hon'ble Supreme Court judgement relied upon by the Noticees in the matter of SEBI vs Bhavesh Pabari, Hon'ble Supreme Court 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, nature of the default/statute, prejudice caused, whether the third party rights had been created etc.*"

3.5 In this context, I would like to refer to observations of the Hon'ble SAT in Bipin R Vora vs SEBI dated March 22, 2006, "*As regards the plea of delay and latches and submission that the show cause notice is barred by limitation, I do not find any merit in these contentions as the time and efforts involved in an investigation though may vary from case to case, generally investigations per-se is a time consuming process which invariably involve collection, scrutiny and careful examination of voluminous records/ order-trade details of all the concerned including the exchanges/recording of statements etc. and therefore no time limit can be fixed in this regard to enable a regulator to take appropriate disciplinary action for the safeguard and improvement of the system/market*".

3.6 In this context, I also find it relevant to refer to the order passed by Hon'ble SAT in the case of Metex Marketing Pvt. Ltd. vs. SEBI (order dated June 4, 2019) wherein Hon'ble SAT held that: "*This Tribunal has consistently held that in the absence of any specific provision in the SEBI Act or in the Takeover Regulations, the fact that there was a delay on the part of SEBI in initiating proceedings for violation of any provision of the Act cannot be a ground to quash the penalty imposed for such violation."*

3.7 Further, I would like to rely upon the judgement of Hon'ble SAT in the case of Ravi Mohan & Ors. vs. SEBI (SAT Appeal no. 97 of 2014, DoD 16/12/2015) wherein it was held that: - *"....................Based on decision of this Tribunal in case of HB Stockholdings Ltd. vs. SEBI (Appeal no.114 of 2012 decided on 27.08.2013) it is contended on behalf of the appellants that in view of the delay of more than 8 years in issuing the show cause notice, the impugned order is liable to be quashed and set aside.* There is no merit in this contention, because, this Tribunal while setting aside the decision of SEBI on merits has clearly held in para 20 of the order, that delay itself may not be fatal in each and every case. Moreover, the Apex Court in case of Collector of Central Excise, New Delhi vs. Bhagsons Paint Industry (India) reported in 2003 (158) ELT 129 (S.C) has held that if there no statutory bar for adjudicating the matter beyond a particular date, the Tribunal cannot set aside the adjudication order merely on the ground that the adjudication order is passed after a lapse of several years from the date of issuing notice................."

In view of the aforesaid judgements, I conclude that there is no merit in the objections raised by the Noticees regarding the delay in issuance of SCN.

4. I will now proceed to deal with the merits of the cases as regards the allegations made against the Noticees and their submissions in this regard.

5. Noticees have submitted that the shareholding of the Noticees was available in the records maintained by NSDL / CDSL, RTA and BSE, and that their shareholding was in public record and accessible to everyone and the alleged delayed disclosures and non-disclosures under SAST Regulations and PIT Regulations respectively, neither caused disproportionate gain or unfair advantage to the Noticees nor caused loss to any investor or group of investors. In this regard, I note that these factors are not valid grounds for not complying with the mandatory disclosure obligations under the SAST Regulations and PIT Regulations. Here, I find it pertinent to refer to the judgment of Hon'ble SAT in the matter of Komal Nahata v. SEBI (Appeal No. 5 of 2014 dated January 27, 2014) where SAT 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 is not dependent upon the investors actually suffering on account of such non-disclosure".

Moreover, the information available with NSDL / CDSL and RTA is not available in public domain and other investors are not aware of the quantum of shares held by the Noticees. In view of the same, I do not find merit in the submissions of the Noticees.

6. The Noticees submitted that there are no other instances when the noticees have contravened the provisions of the said SAST and PIT regulations which indicates that the default by the Noticees was not repetitive in nature. Here, I would like to note that the Noticees 1,3,4,5 and 6 have been penalized in the past by SEBI in the matter of Rajlaxmi Industries Ltd., and the penalty was levied under Section 15A(b) of SEBI Act for violation of Regulation 29(1) read with Regulation 29(3) of SAST Regulations. So, I hereby note that violations by Noticees 1,3,4,5 and 6 are repetitive in nature.

7. In light of the findings and observations made against the Noticees brought out in the foregoing paragraphs, I hold that:

   - Noticee Nos. 1, 3 and 5 have violated Regulation 29(1) read with Regulation 29(3) of SAST Regulations and Regulation 13(1) of PIT Regulations
   - Noticee Nos. 2, 4 and 6 have violated Regulation 29(1) read with Regulation 29(3) of SAST Regulations

   I note that disclosures under Regulation 29(1) read with 29(3) of SAST Regulations were made by the noticees with the delay of 914 days and no disclosures were made in terms of Regulation 13(1) of the PIT Regulations by noticee 1,3 and 5 Hence I am not inclined to ignore this aspect.

8. The second issue to be addressed is as follows:

If answer to the aforesaid question in first issue is in affirmative, whether the violations would attract monetary penalty on the Noticee under the provisions of Section 15HB of the SEBI Act?

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…"*

I am of the view that monetary penalty needs to be imposed upon the noticees. Section 15A(b) of the SEBI Act is reproduced as under:

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 therefore 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";

9. The third issue to be addressed is as follows:

If answer to the aforesaid question in second issue is in affirmative, what should be the quantum of the monetary penalty?

In this regard, while determining the quantum of penalty, it is important to consider the factors stipulated in Section 15J of the SEBI which is reproduced as under:

SEBI Act

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."

10. In view of the aforesaid facts and circumstances of the case, and the charges being established, the quantum of penalty would depend on the factors referred to under Section 15J of the SEBI Act stated as above. I would like to take into consideration the fact that there was a considerable time gap between the date of transaction taking place and the issuance of SCN. No quantifiable figures are available to assess the disproportionate gain or unfair advantage made as a result of such default by the Noticee. Also, I observe that there was no investor complaint against the Noticees. I also take note of the fact that the Noticees 1,3,4,5 and 6 have been penalized by SEBI in the past on the grounds of violation of Regulation 29(1) read with Regulation 29(3) of SAST Regulations.

E. ORDER

a) Having considered all the facts and circumstances of the case, the material available on record, the submissions made by the Noticee, the factors mentioned in Section 15J of the SEBI Act and also the fact that there was a considerable time gap between the date of transaction taking place and the issuance of SCN and in exercise of the powers conferred upon me under Section 15A(b), I hereby impose monetary penalty on the Noticees as under.

Noticee	Penalty
Brij Bhushan Singal (Noticee No. 1)	**Rs. 2,00,000/- (jointly and severally)**
Brij Bhushan Singal HUF (Noticee No. 2)	
Neeraj Singal (Noticee No. 3)	
Neeraj Singal (HUF) (Noticee No. 4)	
Ritu Singal (Noticee No. 5)	
Uma Singal (Noticee No. 6)	

I am of the view that the said penalty is commensurate with the lapse/omission on the part of the Noticee.

b) The Noticee 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

c) The Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid to "The Division Chief, EFD1 – DRA - 4, Securities and Exchange Board of India, SEBI Bhavan, Plot no.C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai-400051”. The Noticee shall also provide the following details while forwarding DD / payment information:

Case Name:	
Name of Payee:	
Date of Payment:	
Amount Paid:	
Transaction No.:	
Ban Details in which payment is made:	
Payment is made for: (like penalties/ disgorgement/ recovery/ settlement amount etc.)	Penalty

d) 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.

e) In terms of the provisions of Rule 6 of the SEBI Adjudication Rules, a copy of this order is being sent to the Noticees and also to SEBI.

Date: January 10, 2023
Place: Mumbai

SAHIL MALIK
ADJUDICATING OFFICER