BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/SM/AE/2022-23/17046-17067]

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

In respect of:

1. **Mr. Ashok Kirtibhai Bhansali (PAN: AEMPB0889E)**
2. **Ms. Kalpana Ashok Bhansali (PAN: AEPPB1776F)**
3. **Ms. Riddhi Vishal Bhansali (PAN: AGIPGC2174K)**
4. **Ms. Jyotshanaben Prahladbhai Patel (PAN: AEHPP4350B)**
5. **Mr. Prahladbhai Bholabhai Patel (PAN: AGIPP7870R)**
6. **Mr. Ravi Prahladbhai Patel (PAN: AOSPP0747B)**
7. **Mr. Shani Prahladbhai Patel (PAN: AXIPP3449H)**
8. **Ms. Kunjal Shani Patel (PAN: AOPPP2545G)**
9. **Mr. Gautamkumar Pravinchandra Shah (PAN: AMIPS5789A)**
10. **Ms. Vaishali G Shah (PAN: AWLPS3342L)**
11. **Mr. Vardhmankumar Pravinchandra Shah (PAN: AMIPS5797A)**
12. **Mr. Jaykumar Pravinchandra Shah (PAN: AMIPS5782M)**
13. **Ms. Rupalben Vardhmanbhai Shah (PAN: AMIPS5781J)**
14. **Ms. Miliben Jaykumar Shah (PAN: ASZPS1404M)**
15. **Mr. Manish V Thacker (PAN: AAZPT6189Q)**
16. **Ms. Bhavini Manish Thacker (PAN: ACBPT9737A)**
17. **Ms. Ashmitaben Kiritbhai Vaghani (PAN: ADHPV2331D)**
18. **Mr. Jitubhai Nathubhai Vaghani (PAN: AAWPV8522C)**
19. **Mr. Kiritkumar Nathubhai Vaghani (PAN: AAWPV8520A)**
20. **Ms. Rekhaben Jitubhai Vaghani (PAN: ADHPV2332A)**
21. **Ms. Ritaben Vipulbhai Vaghani (PAN: ADHPV2333B)**
22. **Mr. Vipulkumar Nathubhai Vaghani (PAN: AAWPV8521B)**

In the matter of Bronze Trading Limited

<u>FACTS OF THE CASE IN BRIEF</u>

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') received a report from the BSE Ltd (hereinafter referred to as '**BSE**') regarding circulation of SMS/Call recommending the purchase of the scrip of Bronze Trading Limited (hereinafter referred to as '**BTL/Company'**) providing a target price to be reached by the scrips in a time bound manner. Thereafter, SEBI conducted investigation in the matter of BTL for the period July 05, 2016 to December 06, 2016 (hereinafter referred to as '**Investigation Period/IP'**). Pursuant to investigation, SEBI observed certain violations of provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as '**SAST Regulations'**) by Mr. Ashok Kirtibhai Bhansali (hereinafter referred to as '**Noticee 1**'), Ms. Kalpana Ashok Bhansali (hereinafter referred to as '**Noticee 2**'), Ms. Riddhi Vishal Bhansali (hereinafter referred to as '**Noticee 3**'), Ms. Jyotshanaben Prahladbhai Patel (hereinafter referred to as '**Noticee 4**'), Mr. Prahladbhai Bholabhai Patel (hereinafter referred to as '**Noticee 5**'), Mr. Ravi Prahladbhai Patel (hereinafter referred to as '**Noticee 6**'), Mr. Shani Prahladbhai Patel (hereinafter referred to as '**Noticee 7**'), Ms. Kunjal Shani Patel (hereinafter referred to as '**Noticee 8**'), Mr. Gautamkumar Pravinchandra Shah (hereinafter referred to as '**Noticee 9**'), Ms. Vaishali G. Shah (hereinafter referred to as '**Noticee 10**'), Mr. Vardhmankumar Pravinchandra Shah (hereinafter referred to as '**Noticee 11**'), Mr. Jaykumar Pravinchandra Shah (hereinafter referred to as '**Noticee 12**'), Ms. Rupalben Vardhmanbhai Shah (hereinafter referred to as '**Noticee 13**'), Ms. Miliben Jaykumar Shah (hereinafter referred to as '**Noticee 14**'), Mr. Manish V Thacker (hereinafter referred to as '**Noticee 15**'), Ms. Bhavini Manish Thacker (hereinafter referred to as '**Noticee 16**'), Ms. Ashmitaben Kiritbhai Vaghani (hereinafter referred to as '**Noticee 17**'), Mr. Jitubhai Nathubhai Vaghani (hereinafter referred to as '**Noticee 18**'), Mr. Kiritkumar Nathubhai Vaghani (hereinafter referred to as '**Noticee 19**'), Ms. Rekhaben Jitubhai Vaghani (hereinafter referred to as '**Noticee 20**'), Ms. Ritaben Vipulbhai Vaghani (hereinafter referred to as '**Noticee 21**'), Mr. Vipulkumar Nathubhai Vaghani (hereinafter referred to as '**Noticee 22**') (Noticees 1 to 22 collectively are also referred to as '**Noticees**').

2. Therefore, SEBI initiated adjudication proceedings against Noticees to inquire into and adjudge under the provisions of Section 15A(b) of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act'**) the alleged violations of provisions of Regulations 29(1), 29(2) read with Regulation 29(3) of SAST Regulations, w.r.t. their trading in the scrip of BTL.

3. BTL was incorporated on April 16, 1984 in New Delhi and the company's registered office is situated at SCO- 2 Madhya Marg Sector 26 Chandigarh – 160019. The company is engaged in the trading of stock, shares and other related securities and is also engaged in trading and supplying of all products related to agricultural land and farming. The shares of the company were originally listed in Delhi Stock Exchange. The securities of the company were listed on BSE w.e.f. May 11, 2016 through direct listing. The trading in the shares of the company were subsequently suspended.

4. The details of promoter shareholding during the IP were as under:

TABLE: 1 *Source: bseindia.com*

Particular	Quarter ended June 2016			Quarter ended September 2016			Quarter ended December 2016		
	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%
Promoter Holding	1	-	-	1	-	-	1	-	-
Non Promoter Holding	568	5000000	100	601	5000000	100	2396	5000000	100
Total No. of Shares	569	5000000	100	602	5000000	100	2397	5000000	100

APPOINTMENT OF ADJUDICATING OFFICER

5. Vide Order dated December 29, 2020, SEBI appointed the undersigned as the Adjudicating Officer under Section 15-I of SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules'**) to inquire into and adjudge under the provisions of Section 15A(b) of the SEBI Act, the alleged violations of Regulation 29(2) read with Regulation 29(3) of SAST Regulations by Noticees 1 to 14 and Noticees 17 to 22 and Regulations 29(1) and 29(2) read with Regulation 29(3) of SAST Regulations by Noticees 15 & 16 in respect of their trading in the scrip of BTL.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

6. A common show-cause notice dated December 07, 2021 (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.

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

   a) The following entities were observed to be connected to each other and acting as Persons Acting in Concert (**PAC**s) in respect of their trading in the shares of BTL:

Noticee No	Name Of The Shareholder	PAN	Relationship / Connection
1	Ashok Kirtibhai Bhansali	AEMPB0889E	Noticee 1 is the husband of Noticee 2 Noticee 3 is the daughter-in-law of Noticees 1 & 2. Noticees 1 & 3 are directors of Kavya Jewels Pvt Ltd. (Replies of the above Noticees indicating their relationship and the details of their directorships, as mentioned above, are placed at **Annexure 1)**
2	Kalpana Ashok Bhansali	AEPPB1776F	
3	Riddhi Vishal Bhansali	AGIPC2174K	

   b) On the basis of the above relationship, it was alleged that Noticees 1, 2 & 3 were deemed PACs (hereinafter called '**PAC1**') in terms of Regulations 2(1)(q)(2)(iii) & (v) read with Regulation 2(1)(l) of SAST Regulations. Similarly, relationship between other Noticees were also examined in terms of the aforesaid provisions of SAST Regulations, the details of which are as under:

Noticee No	Name Of The Shareholder	PAN	Relationship / Connection
4	Jyotshanaben Prahladbhai Patel	AEHPP4350B	Noticee 4 is the wife of entity 5 and the mother of entities 6 & 7 (sons) Noticee 5 is the husband of Noticee 4 and the father of Noticees 6 & 7 (sons) Noticee 6 is the son of Noticees 4 & 5 and brother of Noticee 7. Noticee 7 is the son of Noticees 4 & 5 and brother of Noticee 6 and husband of Noticee 8. Noticee 8 is wife of Noticee 7.
5	Prahladbhai Bholabhai Patel	AGIPP7870R	
6	Ravi Prahladbhai Patel	AOSPP0747B	
7	Shani Prahladbhai Patel	AXIPP3449H	
8	Kunjal Shani Patel	AOPPP2545G	

			Noticee 6 & Noticee 7 are directors of Arya Fin-Trade Services (India) Pvt Ltd; Arya Tradex Pvt Ltd.; Arya Fin-Trade IFSC Pvt Ltd. Noticees 6, 7 & 8 are directors of Arya Worldwide Pvt Ltd. (Replies of the above Noticees indicating their relationship and directorships and the details of directorships obtained from the MCA website, as mentioned above, are placed **Annexure 2)**

Noticee No	**Name Of The Shareholder**	**PAN**	**Relationship / Connection**
9	Gautamkumar Pravinchandra Shah	AMIPS5789A	Noticee 9 is the husband of Noticee 10 and brother of Noticees 11 & 12. Noticee 13 is the wife of Noticee 11. Noticee 14 is the wife of Noticee 12. Noticee 9 and Noticee 11 are partners of Devkrupa International. Noticee 11 and Noticee 12 are partners of HEM Industries. (Replies of the above Noticees indicating their relationship, as mentioned above, are placed at **Annexure 3)**
10	Vaishali G Shah	AWLPS3342L	
11	Vardhmankumar Pravinchandra Shah	AMIPS5797A	
12	Jaykumar Pravinchandra Shah	AMIPS5782M	
13	Rupalben Vardhmanbhai Shah	AMIPS5781J	
14	Miliben Jaykumar Shah	ASZPS1404M	

Noticee No	**Name Of The Shareholder**	**PAN**	**Relationship / Connection**
15	Manish V Thacker	AAZPT6189Q	Noticee 15 is the husband of Noticee 16. (Replies of the above Noticees indicating their relationship are placed at **Annexure 4)**
16	Bhavini Manish Thacker	ACBPT8737A	

Noticee No	**Name Of The Shareholder**	**PAN**	**Relationship / Connection**
17	Ashmitaben Kiritbhai Vaghani	ADHPV2331D	Noticee 19 is the husband of Noticee 17 and the brother of Noticees 18 & 22. Noticee 20 is the wife of Noticee 18. Noticee 21 is the wife of Noticee 22. Noticees 17, 20 and 21 are partners of Sagar Impex. Noticees 18 and 22 are partners of Iceworth Reality LLP Noticees 18 and 19 are directors of Iceworth Reality LLP
18	Jitubhai Nathubhai Vaghani	AAWPV8522C	
19	Kiritkumar Nathubhai Vaghani	AAWPV8520A	
20	Rekhaben Jitubhai Vaghani	ADHPV2332A	
21	Ritaben Vipulbhai Vaghani	ADHPV2333B	
22	Vipulkumar Nathubhai Vaghani	AAWPV8521B	

			(Replies of the above Noticees indicating their relationship and directorships and the details of directorships obtained from the MCA website, as mentioned above, are placed **Annexure 5)**

c) On the basis of the above relationships depicted in Tables 4, 5, 6 & 7 above, it was alleged that in terms of Regulations 2(1)(q)(2)(iii) & (v) read with Regulation 2(1)(l) of SAST Regulations, Noticees 4 to 8 were deemed PACs (hereinafter called '**PAC2**'), Noticees 9 to 14 were deemed PACs (hereinafter called '**PAC3**') and Noticees 17 to 22 were deemed PACs (hereinafter called '**PAC5**') and in terms of Regulation 2(1)(l) of the SAST Regulations, Noticees 15 & 16 were deemed PACs (hereinafter called '**PAC4**').

d) During investigation, SEBI observed that the shareholding of PAC1, on a cumulative basis, was 12% on 04/08/2016 and thereafter, they disposed off their shares on 14/09/2016 and their cumulative shareholding fell to 9.84%. Subsequently, their cumulative shareholding fell to 7.26% on 19/09/2016 and to 4.50% on 21/09/2016. Since the aforesaid changes in their shareholding exceeded 2% of total shareholding in the company, it was observed that the entities of PAC1, i.e., Noticees 1 to 3, were required to make requisite disclosures under Regulation 29(2) read with Regulation 29(3) of SAST Regulations to the Company and BSE within 2 working days. In reply to SEBI's query in this regard, PAC1, vide letters dated May 25, 2019, May 28, 2019 and May 29, 2019 (refer **Annexure 1**), *inter-alia,* submitted that they were not required to make disclosures the Company or the Exchange(s), as their holding was less than the threshold requirement of 5% as stipulated under Regulation 21(1) of SAST Regulations. It was, therefore, observed that no disclosures had been filed by them in this regard.

e) It was observed that the shareholding of PAC2 on a cumulative basis was 5% on 27/10/2016 and thereafter, the entities of PAC2 disposed off their shares and their cumulative shareholding fell to 2.28% on 28/11/2016. Since the aforesaid transaction resulted in the change in PAC2's shareholding exceeding 2% of total shareholding in the company, it was observed that the entities of PAC2, i.e., Noticees 4 to 8, were required to make requisite disclosures under Regulation 29(2) read with Regulation 29(3) of SAST Regulations within 2 working days. In reply to SEBI's query in this regard, the entities of PAC2, vide letters dated April 24, 2019, (refer **Annexure 2**) *inter-alia,* submitted that no disclosures had been filed by them with the Company or the Exchange(s), under SAST Regulations during the IP.

f) Similarly, it was observed that the cumulative shareholding of PAC3 was 6% on 06/10/2016 and thereafter, the entities of PAC3 disposed off their shares and their cumulative shareholding fell to 3.79% on 14/10/2016. Since on account of the aforesaid transaction, the change in the shareholding of PAC3 exceeded 2% of total shareholding in the company, it was observed that the entities of PAC3, i.e., Noticees 9 to 14, were required to make requisite disclosures under Regulation 29(2) read with Regulation 29(3) of SAST Regulations within 2 working days. In reply to SEBI's query in this regard, the entities of PAC3, vide letters dated April 05, 2019, (refer **Annexure 3**) provided the information sought. On perusal of their replies, it was observed that that no disclosures had been filed by them with the Company or BSE under SAST Regulations during the IP.

g) It was also observed that the shareholding of PAC4, on a cumulative basis, was 10% on 04/08/2016 and thereafter, PAC4 disposed off their shares on 12/08/2016 and their cumulative shareholding fell to 0.00%. Subsequently, their cumulative shareholding increased to 10.00% on 12/09/2016 upon acquisition of shares, and thereafter fell to 7.94% on 19/09/2016, to 5.14% on 22/09/2016 and 2.40% on 28/09/2016. Since aforesaid transactions on 12/08/2016, 19/09/2016, 22/09/2016 and 28/09/2016 resulted in change in the shareholding of PAC4 exceeding 2% of total shareholding in the company on the said dates, it was observed that the entities of PAC4, i.e., Noticees 15 & 16, were required to file requisite disclosures under Regulation 29(2) read with Regulation 29(3) of SAST Regulations, to the Company and BSE within 2 working days. Further, since the cumulative shareholding of PAC4 increased from NIL to 10% on 12/09/2016, it was observed that PAC4, i.e., Noticees 15 & 16, were required to file requisite disclosures under Regulation 29(1) read with Regulation 29(3) of SAST Regulations for the aforesaid transaction. In reply to SEBI's query in this regard, the entities of PAC4, i.e., Noticees 15 & 16, vide letters dated April 05, 2019**,** (refer **Annexure 4**) *inter-alia,* submitted that they had filed disclosures under Regulation 29(2) of SAST Regulations vide letter(s) dated August 01, 2014, September 20, 2016, September 22, 2016 and September 29, 2016 to the Compliance Officer, BTL, vide letter dated August 01, 2014 to Delhi Stock Exchange and vide letters dated September 20, 2016, September 22, 2016 and September 29, 2016 to BSE.

h) It was observed that the shareholding of PAC5 was 24% on 05/08/16 and thereafter, the entities of PAC5 disposed off their entire holding on 02/11/16 and their cumulative shareholding fell to 0.00%. Since aforesaid transaction resulted in change in the shareholding of PAC5 exceeding 2% of total shareholding in the company on the said date, it was observed that the entities of PAC5, i.e., Noticees 17 to 22, were required to file requisite disclosures under Regulation 29(2) read with Regulation 29(3) of SAST Regulations, to the company and BSE within 2 working days. The entities vide their respective letters (refer **Annexure 5)** provided their replies to SEBI. On perusal of their replies, it was observed that that no disclosures had been filed by the aforementioned entities under SAST Regulations with the Company or BSE, during the IP.

i) In this regard, information was sought from the Company and BSE w.r.t. the disclosures filed by the aforementioned 22 entities in terms of SAST Regulations in respect of the transactions carried out by them during the IP. BSE, in its reply vide emails dated November 13, 2019 **(Annexure 6)** confirmed that the exchange was not in receipt of any disclosure under SAST Regulations during the IP from any of the Noticees. Further, in reply to SEBI's query, BSE, vide email dated November 13, 2019 confirmed that contrary to the claim of PAC4, the exchange had not received any disclosures under SAST Regulations from Noticees 15 & 16.

j) Statements of Transactions and Holdings of above Noticees, as PACs, received from National Securities Depository Ltd (**NSDL**)/ Central Depository Services Ltd (**CDSL**) are placed at **Annexure 7** and trade details obtained from BSE are at **Annexure 8.** The details of the transactions executed by Noticees, acting as respective PACs and the change(s) in their shareholding during the IP, is given at **Annexure 9**.

k) In light of the above findings, it is alleged that Noticees 1 to 3, acting as PAC1, Noticees 4 to 8, acting as PAC2, Noticees 9 to 14, acting as PAC3, Noticees 15 & 16, acting as PAC4 and Noticees 17 to 22, acting as PAC5, failed to disclose the change in their shareholding as required under Regulation 29(2) read with Regulation 29(3) of SAST Regulations to the company and BSE in respect of the aforesaid transactions as detailed above and therefore, it is alleged that Noticees 1 to 3, acting as PAC1, Noticees 4 to 8, acting as PAC2, Noticees 9 to 14, acting as PAC3, Noticees 15 & 16, acting as PAC4 and Noticees 17 to 22, acting as PAC5, violated the provisions of Regulation 29(2) read with Regulation 29(3) of SAST Regulations. It is also alleged that by failing to make the requisite disclosures in respect of their transaction on 12/09/2016, Noticees 15 & 16, acting as PAC4, have violated the provisions of Regulation 29(1) read with Regulation 29(3) of SAST Regulations.

8. The SCN was sent to Noticees through Speed Post Acknowledgement Due (herein after referred to as '**SPAD**') as well as digitally signed email. Thereafter, replies were received from Noticees and personal hearing was scheduled in the matter.

The details of the SCN, replies received and hearing notices issued to Noticees is summarized as under:

DETAILS REGARDING SERVICE OF SCN AND HEARING NOTICES ALONG WITH REPLIES FILED BY NOTICEES, TO THE SCN			
SR. NO.	**NAME OF NOTICEE**	**SERVICE OF SCN AND REPLY RECEIVED, IF ANY**	**SERVICE OF HEARING NOTICE AND NOTICEE'S RESPONSE, IF ANY**
1.	Ashok Kirtibhai Bhansali	SCN dated December 07, 2021 issued to the Noticee through Speed Post AD at the last known address, was returned undelivered. However, the SCN served through email was delivered. Reply dated January 14, 2022 received from the entity through email as well hard copy.	Hearing Notice dated May 13, 2022 for hearing scheduled on May 26, 2021 was served through Speed post as well as email. Reply received from the Noticee through email dated May 19, 2021.
2.	Kalpana Ashok Bhansali	SCN dated December 07, 2021 issued to the Noticee through Speed Post AD at the last known address, was returned undelivered. However, the SCN served through email was delivered. Reply dated January 14, 2022 received from the entity through email as well hard copy.	Hearing Notice dated May 13, 2022 for hearing scheduled on May 26, 2021 was served through Speed post as well as email. Reply received from the Noticee through email dated May 19, 2021.
3.	Riddhi Vishal Bhansali	SCN dated December 07, 2021 issued to the Noticee through Speed Post AD at the last known address, was returned undelivered. However, the SCN served through email was delivered. Reply dated January 14, 2022 received from the entity through email as well hard copy.	Hearing Notice dated May 13, 2022 for hearing scheduled on May 26, 2021 was served through Speed post as well as email. Reply received from the Noticee through email dated May 19, 2021.
4.	Jyotshanaben Prahladbhai Patel	SCN dated December 07, 2021 issued to the Noticee was delivered through Speed Post AD. Emails dated December 27, 2021 and January 14, 2022 received from the Noticee.	Hearing Notice dated May 13, 2022 for hearing scheduled on May 26, 2021 was served through Speed post as well as email. Reply dated May 31, 2022 received from the Noticee
5.	Prahladbhai Bholabhai Patel	SCN dated December 07, 2021 issued to the Noticee was delivered through Speed Post AD. Emails dated December 27, 2021. and January 14, 2022 received from the Noticee. In the email dated January 14, 2022, Mr. Shani Prahladbhai Patel, Son of Mr. Prahladbhai Patel informed about the sudden death of Mr. Prahladbhai Patel.	Since the entity is deceased no Hearing Notice was issued.
6.	Ravi Prahladbhai Patel	SCN dated December 07, 2021 issued to the Noticee was delivered through Speed Post AD. Emails dated December 27, 2021 and January 14, 2022 received from the Noticee.	Hearing Notice dated May 13, 2022 for hearing scheduled on May 26, 2021 was served through Speed post as well as email. Reply dated May 31, 2022 received from the Noticee
7	Shani Prahladbhai Patel	SCN dated December 07, 2021 issued to the Noticee was delivered through Speed Post AD. Emails dated December 27, 2021 and January 14, 2022 received from the Noticee.	Hearing Notice dated May 13, 2022 for hearing scheduled on May 26, 2021 was served through Speed post as well as email. Letters dated May 19, 2022 and May 31, 2022 received from the Noticee

8	Kunjal Shani Patel	SCN dated December 07, 2021 issued to the Noticee was delivered through Speed Post AD. Emails dated December 27, 2021 and January 14, 2022 received from the Noticee.	Hearing Notice dated May 13, 2022 for hearing scheduled on May 26, 2021 was served through Speed post as well as email. Letters dated May 19, 2022 and May 31, 2022 received from the Noticee
9	Gautamkumar Pravinchandra Shah	SCN dated December 07, 2021 issued to the Noticee was delivered through Speed Post AD. No reply received from the Noticee.	Hearing Notice dated May 13, 2022 for hearing scheduled on May 26, 2021 was served through Speed post AD and was delivered to the Noticee. Reply received from the Noticee vide email dated May 24, 2022.
10	Vaishali G Shah	SCN dated December 07, 2021 issued to the Noticee was delivered through Speed Post AD. No reply received from the Noticee	Hearing Notice dated May 13, 2022 for hearing scheduled on May 26, 2021 was served through Speed post AD and was delivered to the Noticee. Reply received from the Noticee vide email dated May 24, 2022.
11	Vardhmankumar Pravinchandra Shah	SCN dated December 07, 2021 issued to the Noticee was delivered through Speed Post AD. No reply received from the Noticee	Hearing Notice dated May 13, 2022 for hearing scheduled on May 26, 2021 was served through Speed post AD and was delivered to the Noticee. Reply received from the Noticee vide email dated May 24, 2022.
12	Jaykumar Pravinchandra Shah	SCN dated December 07, 2021 issued to the Noticee was delivered through Speed Post AD. No reply received from the Noticee	Hearing Notice dated May 13, 2022 for hearing scheduled on May 26, 2021 was served through Speed post AD and was delivered to the Noticee. Reply received from the Noticee vide email dated May 24, 2022.
13	Rupalben Vardhmanbhai Shah	SCN dated December 07, 2021 issued to the Noticee was delivered through Speed Post AD. No reply received from the Noticee	Hearing Notice dated May 13, 2022 for hearing scheduled on May 26, 2021 was served through Speed post AD and was delivered to the Noticee. Reply received from the Noticee vide email dated May 24, 2022.
14	Miliben Jaykumar Shah	SCN dated December 07, 2021 issued to the Noticee was delivered through Speed Post AD. No reply received from the Noticee	Hearing Notice dated May 13, 2022 for hearing scheduled on May 26, 2021 was served through Speed post AD and was delivered to the Noticee. Reply received from the Noticee vide email dated May 24, 2022.
15.	Manish V Thacker	SCN dated December 07, 2021 issued to the Noticee was delivered through Speed Post AD as well as email. No reply received from the Noticee.	Hearing Notice dated May 13, 2022 for hearing scheduled on May 26, 2021 was delivered to the Noticee through Speed post AD as well as email. Emails dated May 25, 2022, May 26, 2022, May 28, 2022 and May 29, 2022 received from the Noticee
16	Bhavini Manish Thacker	SCN dated December 07, 2021 issued to the Noticee was delivered through Speed Post AD as well as email. No reply received from the Noticee.	Hearing Notice dated May 13, 2022 for hearing scheduled on May 26, 2021 was delivered to the Noticee through Speed post AD as well as email. Emails dated May 25, 2022, May 26, 2022, May 28, 2022 and May 29, 2022 received from the Noticee

17	Ashmitaben Kiritbhai Vaghani	SCN dated December 07, 2021 issued to the Noticee was delivered through Speed Post AD as well as email. Emails dated December 17, 2021 and January 10, 2022 received from the Noticee. Letter dated January 10, 2022 received from the Noticee.	Hearing Notice dated May 18, 2022 for hearing scheduled on May 30, 2021 was delivered to the Noticee through Speed post AD as well as email. Email dated May 19, 2022 received from the Noticee.
18	Jitubhai Nathubhai Vaghani	SCN dated December 07, 2021 issued to the Noticee was delivered through Speed Post AD as well as email. Emails dated December 18, 2021 and January 10, 2022 received from the Noticee. Letter dated January 10, 2022 received from the Noticee.	Hearing Notice dated May 18, 2022 for hearing scheduled on May 30, 2021 was delivered to the Noticee through Speed post AD as well as email. Email dated May 19, 2022 received from the Noticee.
19	Kiritkumar Nathubhai Vaghani	SCN dated December 07, 2021 issued to the Noticee was delivered through Speed Post AD as well as email. Emails dated December 17, 2021 and January 10, 2022 received from the Noticee. Letter dated January 10, 2022 received from the Noticee.	Hearing Notice dated May 18, 2022 for hearing scheduled on May 30, 2021 was delivered to the Noticee through Speed post AD as well as email. Email dated May 19, 2022 received from the Noticee.
20	Rekhaben Jitubhai Vaghani	SCN dated December 07, 2021 issued to the Noticee was delivered through Speed Post AD as well as email. Emails dated December 18, 2021 and January 10, 2022 received from the Noticee. Letter dated January 10, 2022 received from the Noticee.	Hearing Notice dated May 18, 2022 for hearing scheduled on May 30, 2021 was delivered to the Noticee through Speed post AD as well as email. Email dated May 19, 2022 received from the Noticee.
21	Ritaben Vipulbhai Vaghani	SCN dated December 07, 2021 issued to the Noticee was delivered through Speed Post AD as well as email. Emails dated December 17, 2021 and January 11, 2022 received from the Noticee. Letter dated January 10, 2022 received from the Noticee.	Hearing Notice dated May 18, 2022 for hearing scheduled on May 30, 2021 was delivered to the Noticee through Speed post AD as well as email. Email dated May 19, 2022 received from the Noticee.
22	Vipulkumar Nathubhai Vaghani	SCN dated December 07, 2021 issued to the Noticee was delivered through Speed Post AD as well as email. Emails dated December 17, 2021 and January 11, 2022 received from the Noticee. Letter dated January 10, 2022 received from the Noticee.	Hearing Notice dated May 18, 2022 for hearing scheduled on May 30, 2021 was delivered to the Noticee through Speed post AD as well as email. Email dated May 19, 2022 received from the Noticee.

9. Pursuant to issuance of the Hearing Notices, hearing was conducted in the matter in respect of Noticees 1 to 3 and 9 to 22 wherein the authorized representatives of the said Noticees appeared for the hearing and reiterated the earlier submissions made by the said Noticees. Accordingly, the hearing proceedings were concluded.

10. On perusal of replies submitted by Noticees, I note that Noticees 1 to 3 have made common submissions. The relevant extracts of the same are reproduced here:-

a) *Noticees 1 to 3, as PAC1, were not required to file any disclosures under Regulation 29(2) and Regulation 29(3) of the SAST Regulations.*
b) *Regulation 29(2) and Regulation 29(3) of the SAST Regulations always need to be seen in conjunction. But Regulation 29(3) is for "allotment of shares" or for "acquisition of shares". Regulation 29(3) does not talk about disposal of shares.*
c) *Therefore Regulation 29(2) is not applicable for disposal of shares in the year 2016.*
d) *It cannot be assumed that Regulation 29(3) also covers "disposal of shares" because on 11.09.2018, SEBI amended the aforesaid regulation by adding the words "or the disposal" which clearly depicts that before 11.09.2018, Regulation 29(2) was applicable only to the "allotment of shares" or for "or the acquisition of shares" and not to the "disposal of shares".*
e) *Therefore, in view of the above, PAC1 was not required to make disclosures under Regulation 29(2) read with Regulation 29(3) of the SAST Regulations for the sale of shares made by them in the year 2016.*

11. Similarly, I note that Noticees 4 to 8 have made common submissions. The relevant extracts of the same are reproduced here:-
    a) *The Noticees have denied the allegations in the SCN. They have also submitted that they were not part of any manipulative scheme or circulation of SMS.*
    b) *They had purchased the shares of the company in their individual capacity and therefore, they cannot be termed as PAC.*
    c) *Noticee 4 cannot be held liable for violation of SEBI SAST Regulations as Noticee 4 had not sold her holding in the company.*
    d) *There has been an inordinate delay in the issuance of SCN due to which the entire proceeding has been vitiated.*
    e) *Noticee 5, i.e., Mr. Prahladbhai B. Patel, passed away on 27/01/2021, even before the issue of SCN.*

12. I note that Noticees 9 to 14 have also made similar submissions, the relevant extracts of which are reproduced here:-
    a) *They each had made payment Rs 5,00,000/- on 26/07/2014 for application of 50000 equity shares of BTL each.*

b) *Thereafter, Noticees sold the shares during the period 06/10/2016 to 02/12/2016 as detailed hereunder:*

Date	No. of Shares sold by Noticee 9	No. of Shares sold by Noticee 10	No. of Shares sold by Noticee 11	No. of Shares sold by Noticee 12	No. of Shares sold by Noticee 13	No. of Shares sold by Noticee 14
06.10.2016	6400	5900	6500	6300	7100	7800
07.10.2016	3600	4100	4300	4700	3900	3300
14.10.2016	7400	8300	8200	7800	7800	7200
17.10.2016	6600	5700	5000	5200	5200	5700
17.11.2016	5000	5000	5000	7500	5000	7500
02.12.2016	5000	5000	6000	9000	6000	9000
Total	34000	34000	35000	40500	35000	40500

c) *In terms of the definition of Target Company under Regulation 2(1)(a) of SAST Regulations, to qualify a person as acquirer, he must have acquired or purchased shares of a listed company on the date of acquisition. Therefore, the shares of BTL cannot be considered as shares of Target Company. Accordingly, Noticees cannot be considered as acquirers within the meaning of SAST Regulations and Regulations 29(1) and 29(2) are applicable to acquirer only.*

d) *Since the acquisition was two years before the listing and after listing, no acquisition has been made, they were required to make disclosure under Regulation 29(1). Therefore, since no disclosure was made under Regulation 29(1), the requirement of disclosure of disposal under Regulation 29(2) cannot be made applicable to them.*

e) *Noticees 9 to 14 comprises of 3 brothers and their 3 wives, each holding 1% of share capital of BTL totaling to 6% of total share capital of BTL. As per analysis of the term "immediate relatives", brother's wife is not covered under immediate relative of male Noticee and husband's brother's wife is not covered under immediate of female Noticee. Therefore, in this case, the two wives of brothers will not get covered under immediate relative and group of relatives will comprise only 4 persons, i.e., Noticee 9 to 12 whose total shareholding at 4% would be below the threshold limit of 5%.*

f) *These 6 Noticees are independent persons having independent incomes and there was no agreement or understanding for making the above* *investments nor was there any intention of takeover of BTL in any manner. Therefore, they cannot be treated as PAC.*

g) *Therefore, there was no violation of Regulation 29(2) of SAST Regulations by them.*

13. I note that Noticees 15 & 16 have also made common submissions. The relevant extracts of the same are reproduced here:-

a) *They denied that they had violated Regulation 2(1)(l) of SAST Regulations and they could not be categorized as PAC4.*

b) *They sold 5,00,000 each of shares of BTL on 12.08.2016 and their individual holding changed from 10% to 0%. Thereafter on 12.09.2016, they each acquired 5,00,000 shares of BTL due to which their individual shareholding increased to 10%.*

c) *They were not aware of requirement of filing of disclosure with the company and stock exchanges. The lapse was unintentional and without any ulterior motive.*

d) *On 19.09.2016, they sold 1,03,000 shares of BTL each and filed disclosure dated 20.09.2016 with BTL as evident from courier receipt no. 1008728095 dated 20.09.2016 issued by Mahabali Express Pvt Ltd. and also filed disclosure with BSE as evident from courier receipt no. 1008778096 dated 20.09.2016 issued by Mahabali Express Pvt Ltd.*

e) *On 22.09.2016, they sold 1,40,000 shares of BTL each and filed disclosure dated with BTL as evident from courier receipt no. 1008728070 dated 22.09.2016 issued by Mahabali Express Pvt Ltd. and also filed disclosure with BSE as evident from courier receipt no. 1008728071 dated 22.09.2016 issued by Mahabali Express Pvt Ltd.*

f) *Subsequently, on 28.09.2016, they sold 1,37,000 shares each of BTL and filed disclosures and BSE as evident from courier receipts dated 29.09.2016 issued by Mahabali Express Pvt Ltd.*

g) *They denied having violated Regulation 29(2) of SAST Regulations for the above disposal of shares. They also denied acting as PAC4 and violating the provisions of Regulation 29(1) read with Regulation 29(3) of SAST Regulations.*

14. I note that Noticees 17 to 22 have made submissions on same lines. The relevant extracts of the same are reproduced here:-

   a) *They denied that they had violated Regulation 2(1)(l) of SAST Regulations and they could not be categorized as PAC5.*
   b) *They admitted to the lapse in filing disclosures and stated that it was unintentional and inadvertent.*
   c) *They had disposed of their holding in BTL on 02.11.2016 in the normal course of business decision and were not aware and had no knowledge that they were required to file any disclosure with the stock exchange and the target company within 2 days thereof.*
   d) *No benefit has been accrued to them nor any investor put to loss on account of the said lapse by Noticees.*

CONSIDERATION OF ISSUES, EVIDENCE AND FINDINGS

15. 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 Noticees 1 to 14 and Noticees 17 to 22 have violated Regulation 29(2) read with Regulation 29(3) of SAST Regulations and whether Noticees 15 & 16 have violated Regulations 29(1) and 29(2) read with Regulation 29(3) of SAST Regulations?
   II. Do the violations, if any, attract monetary penalty under Section 15A (b) of SEBI Act?
   III. If so, what should be the quantum of monetary penalty?

16. Before moving forward, it is pertinent to refer to the relevant provisions of the SAST Regulations which are reproduced as under:

SAST Regulations

Regulation 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.*

Regulation 29(2) *:Any person, who together with persons acting in concert with him, holds shares or voting rights entitling them to five per cent or more of the shares or voting rights in a target company, shall disclose the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below five per cent, if there has been change in such holdings from the last disclosure made under sub-regulation (1) or under this sub-regulation; and such change exceeds two per cent of total shareholding or voting rights in the target company, in such form as may be specified.*

Regulation 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 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. "

Issue I: Whether Noticees 1 to 14 and Noticees 17 to 22 have violated Regulation 29(2) read with Regulation 29(3) of SAST Regulations and whether Noticees 15 & 16 have violated Regulations 29(1) and 29(2) read with Regulation 29(3) of SAST Regulations?

17. The SCN has alleged that PAC1, PAC2, PAC3, PAC4 and PAC5 had disposed of their shareholding in BTL during the IP, due to which the change in their respective shareholdings breached the limit specified under Regulation 29(2) of SAST Regulations. Therefore, the aforesaid PACs were liable to make disclosures under the provisions of Regulation 29(2) read with Regulation 29(3) of SAST Regulations, which they allegedly failed to make and thus violated the aforesaid provisions.

18. I observe from records as well as submissions of Noticees 1 to 3 that as on 05.09.2016, Noticees 1 to 3 held a total of 6,00,000 shares of BTL which they sold in various tranches during the period from 06.09.2016 to 30.09.2016 so that their holding reduced to 'NIL' as on 30.09.2016.

19. I note that Noticees 1 to 3 have in their submissions contended that they, as PAC1, were not required to file any disclosures under Regulation 29(2) read with Regulation 29(3) of SAST Regulations. Noticees 1 to 3 have further stated that when Regulation 29(2) is read in conjunction with Regulation 29(3) of SAST Regulations, the aforesaid provisions would be applicable only in the case of "allotment" or "acquisition" of shares, not for "disposal" of shares in 2016.

20. I observe that Noticees 4, 5, 6, 7 & 8 each held 50,000 shares (5% of the total share capital of BTL cumulatively) as on September 30, 2016. Thereafter, their cumulative shareholding fell to 2.28% of the total share capital of BTL as on 28/11/2016 and As on December 31, 2016, the cumulative shareholding of the aforesaid Noticees further reduced to 1% of the total share capital of BTL. In this regard, I note from available records as well as the submissions of Noticee 4 that Noticee 5 has expired on January 27, 2021. A copy of death certificate of Noticee 5 has been submitted as proof of his demise. In this regard, I note that the Hon'ble Supreme Court in its Order in the case of *Girija Nandini vs. Bijendra Narain Choudhury (**AIR 1967 SC 2110**)* has stated that in case of personal actions, i.e. the actions where the relief sought is personal to the deceased, the right to sue will not survive to or against the representatives, and in such cases the maxim "*actio personalis moritur cum persona"* (personal action dies with the death of the person) would apply. The Hon'ble Securities Appellate Tribunal has also held in *Chandravadan J Dalal Vs. SEBI* that "*The appeal abates since the appellant during the pendency of the appeal died on 29th November, 2004. The appeal accordingly abates. The penalty imposed on the original appellant being personal in nature also abates*". In the present case, I note from the copy of the Death Certificate (Date of issue: 12/02/2021, Registration No.: 1, Date of Registration: 10/02/2021, Certificate No. D202110053098) issued by the Registrar, Devda, Mahesana, that Noticee 5 had passed away on January 27, 2021.

21. Therefore, by relying on the aforementioned Orders of Hon'ble Supreme Court and Hon'ble SAT, I am of the view that the Adjudication Proceedings initiated against the Noticee 5 will not survive and is liable to be abated without going into the merits of the case. Consequently, no penalty is imposed on the Noticee 5, who has since deceased and the Adjudication Proceedings shall stand abated qua him.

22. I note from records that Noticees 9 to 14 collectively held 30,00,000 shares of BTL as on 05.10.2016. From the submissions made by them, I note that for the period 06.10.2016, Noticees 9 to 14 transacted in the shares of BTL as depicted below:

Date	No. of Shares sold by Noticee 9	No. of Shares sold by Noticee 10	No. of Shares sold by Noticee 11	No. of Shares sold by Noticee 12	No. of Shares sold by Noticee 13	No. of Shares sold by Noticee 14
06.10.2016	6400	5900	6500	6300	7100	7800
07.10.2016	3600	4100	4300	4700	3900	3300
14.10.2016	7400	8300	8200	7800	7800	7200
17.10.2016	6600	5700	5000	5200	5200	5700
17.11.2016	5000	5000	5000	7500	5000	7500
02.12.2016	5000	5000	6000	9000	6000	9000
Total	34000	34000	35000	40500	35000	40500

23. Noticees 9 to 14 have stated in their submissions that they had been allotted 50,000 shares each of BTL on preferential basis on 29.10.2014 when shares of BTL was were still unlisted and therefore, they could not be considered as acquirers of a "target company" under the SAST Regulations. In regard to their allegation relating to the aforesaid sale of shares, Noticees 9 to 14 have stated that they were not required to disclose the disposal of shares by them under Regulation 29(2) read with Regulation 29(3) of SAST Regulations since no disclosure was required and therefore made for the acquisition of the aforesaid shares allotted to them two years earlier. They have also contended that provisions of Regulation 29(2) read with Regulation 29(3) of SAST Regulations would be applicable to "acquirers" only and since they were not "acquirers", the aforesaid regulations would not be applicable to them.

24. From perusal of available records and submissions made by Noticees 15 & 16, I note that Noticee 15, i.e., Mr. Manish V. Thacker is the husband of Noticee 16, i.e, Mrs. Bhavini Thacker. In this regard, I note that Regulations 2(1)(q)(1) and (2) of SAST Regulations define the term "*Persons Acting in Concert*", as under:

2(1)(q) "persons acting in concert" means, -

(1) "persons who, with a common objective or purpose of acquisition of shares or voting rights in, or exercising control over a target company, pursuant to an agreement or understanding, formal or informal, directly or indirectly co-operate for acquisition of shares or voting rights in, or exercise of control over the target company.

(2) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be persons acting in concert with other persons within the same category, unless the contrary is established, —

(i) a company, its holding company, subsidiary company and any company under the same management or control;
(ii) a company, its directors, and any person entrusted with the management of the company;
(iii) directors of companies referred to in item (i) and (ii) of this sub-clause and associates of such directors;
(iv) promoters and members of the promoter group;
(v) immediate relatives;
(vi) …"

25. Further, Regulation 2(1)(l) of SAST Regulations defines the term "*immediate relative*" as under:

"Immediate relative" means any spouse of a person, and includes parent, brother, sister or child of such person or of the spouse;

26. Therefore, I find that in terms of Regulation 2(1)(q)(2)(v) read with Regulation 2(1)(l) of SAST Regulations, Noticees 15 & 16 are 'Persons acting in Concert' (hereinafter called '**PAC4/PAC'**). Although in their submissions, the aforesaid Noticees have denied that they were PAC, I find that in their own disclosures made under SAST Regulations to the Delhi Stock Exchange, they have categorized themselves as 'PAC'. Moreover, I find that the aforesaid provisions clearly categorize husband and wife as PAC unless the contrary is established by Noticees which they have failed to do. Therefore, their aforesaid contention is found to be untenable and it is concluded that Noticees 15 & 16 were 'PAC' under SAST Regulations.

27. I observe from records that as on 11.08.2016, PAC4 were collectively holding 5,00,000 shares of BTL constituting 10% of the total share capital of the company. On 12.08.2016, PAC4 sold their entire shareholding, bringing down their shareholding in BTL to 'NIL'. Thereafter, on 12.09.2016, PAC4 together acquired

5,00,000 equity shares of BTL, due to which their shareholding, as PAC, increased from 'NIL" to 10% of the total share capital of the company.

28. I note that subsequently, PAC4 sold their shareholding in three tranches on 19.09.2016, 22.09.2016 and 28.09.2016. In their submissions, PAC4 have stated that after sale of shares, disclosures under Regulation 29(2) of SAST Regulations were filed by them as was evident from the courier receipts which had been attached. However, from records, I do not find copies of any such receipts stated to have been submitted by Noticees 15 & 16 along with their replies.

29. I further note from available records that Noticees 17 to 22 collectively held 1,20,000 shares of BTL as on September 30, 2016. Thereafter, on November 02, 2016, the aforesaid Noticees sold their entire shareholding to bring due to which their cumulative shareholding reduced to 'NIL'. In this regard, I note that in their submissions, Noticees 17 to 22 have accepted that they had not made any disclosures for the aforesaid transactions with the company and the stock exchange.

30. At this juncture, I find it pertinent to examine the question of whether sale of shares by the abovementioned Noticees would attract the provisions of Regulation 29(2) read with Regulation 29(3) of SAST Regulations. I note that Regulation 29 (2) of SAST Regulations specifically mentions about disclosure of acquisition as well as disposal of shares. However, I observe that Regulation 29 (3) of SAST Regulations, as applicable at the time of the impugned transactions, mentions the timelines for disclosures in case of acquisition of shares only and not for disposal of shares. In this regard, I would like to rely on the decision of Hon'ble Securities Appellate Authority (SAT) in Vizwise Commerce Pvt. Ltd Vs. SEBI (Appeal No. 383 of 2014, decided on January, 28, 2015), wherein, the Hon'ble SAT had held as follows:

> *" It may be pointed out that Regulation 29(3) of SAST Regulations is not in consonance with Regulation 29(2), since Regulation 29(2) requires intimation for every acquisition or disposal, but Regulation 29(3) requires such disclosure "to be made within two days of receipt of intimation of allotment of shares or the acquisition of shares or voting rights in the target company" and*

there is no time limit for disclosure of disposal of shares or voting rights, although there is a requirement under Regulation 29(2)"

31. I also note that the words "*or the disposal*" were inserted in Regulation 29 (3) of SAST Regulations by an amendment with effect from September 11, 2018. In this context, I would further like to rely upon judgment of Hon'ble SAT in the matter of the Ravi Mohan vs. SEBI (Appeal No. 97 of 2014, decided on December 16, 2015) involving the interpretation of provisions of Regulation 7 (1A) of the erstwhile Takeover Regulations 1997, which is similar to Regulation 29 (2) and 29 (3) of SAST Regulations. The Hon'ble SAT in the aforesaid decision had held as follows:

    ".........

    27. It is relevant to note that while inserting regulation 7(1A), SEBI has deemed it proper to amend regulation 7(2) with effect from 09.09.2002 by providing that the disclosure obligation under regulation 7(1) and 7(1A) shall be discharged within two days of the events specified under regulation 7(2). Thus, as a result of insertion of regulation 7(1A) and amendment of regulation 7(2), the disclosure obligation in relation to purchase or sale of shares referred to in regulation 7(1A) has to be made within two days of the events specified in regulation 7(2). On perusal of regulation 7(2) it is seen that the events enumerated therein relate only to acquisition of shares and do not relate to sale of shares or voting rights in excess of the limits prescribed under regulation 7(1A). As a result, even though regulation 7(1A) contemplates that an acquirer together with persons acting in concert with him when sell shares of the target company in excess of the limits prescribed under regulation 7(1A) must make disclosure within two days of such sale, in view of the amendment to regulation 7(2), the disclosure obligation under regulation 7(1A) has to be discharged within two days of the events specified under regulation 7(2). Since regulation 7(2) as amended does not contemplate any obligation to disclose sale of shares by an acquirer covered under regulation 7(1A), the question of discharging that obligation arising under regulation 7(1A) read with regulation 7(2) does not arise at all.

    28............ *Thus, by 2002 amendment it is made clear that although disclosure of purchase or sale referred to under regulation 7(1A) has to discharged within* *two days of purchase or sale, of shares referred to therein, by amending regulation 7(2) it is provided that two days time to make disclosure under regulation 7(1A) shall commence on the happening of events specified under regulation 7(2). Since regulation 7(2) (as amended) does not set out any event relating to sale of shares specified under regulation 7(1A), the question of complying with regulation 7(1A) within two days of sale of shares does not arise at all*.

29.......... *Therefore, when the Takeover Regulations, 1997 provides that the disclosure obligation specified under regulation 7(1A) has to be discharged in the manner specified under regulation 7(1A) read with regulation 7(2) and regulation 7(2) does not provide for disclosure in relation to sale of shares in excess of the limits prescribed under regulation 7(1A), SEBI is not justified in holding that the appellants by failing to make disclosure of sales covered under regulation 7(1A) within the stipulated time, have violated regulation 7(1A) read with regulation 7(2) of the Takeover Regulations, 1997. Consequently, SEBI is not justified in imposing penalty on the appellants*.
....

For all the aforesaid reasons, the issues raised in these appeals are answered as follows:-

a)...

b) Disclosure obligation under regulation 7(1A) has to be discharged in accordance with regulation 7(1A) read with regulation 7(2). Since regulation 7(2) does not contemplate for disclosure relating to sale of shares in excess of the limits set out under regulation 7(1A), appellants herein cannot be said to have failed to comply with regulation 7(1A) within the time stipulated under regulation 7(1A) read with regulation 7(2). Consequently penalty imposed on the appellants cannot be sustained ...."

32. I note that the ratio of the above judgments apply with equal force to the facts of the present case. In view of the aforesaid judgments and observations in the foregoing, I find that Regulation 29 (2) read with Regulation 29(3) of SAST Regulations is not applicable to the aforesaid disposal of shares by Noticees 1 to 4

and Noticees 6 to 22. As such, I do not find the need to proceed further to examine the aspect of Noticees being PACs or not, since the underlying transactions of these Noticees themselves do not come under the ambit of the provisions of Regulation 29 (2) read with Regulation 29(3) of SAST Regulations.

33. Therefore, I find that the allegation that Noticees 1 to 4 and Noticees 6 to 22 have violated the provisions of Regulations 29(2) read with 29(3) of SAST Regulations in respect of the aforesaid disposal of shares by them does not stand established.

34. As observed in the earlier part of the order at paragraph 27, Noticees 15 & 16, as PAC4, had acquired 5,00,000 shares of BTL on 12.09.2016, due to which their combined shareholding in BTL went up from 'Nil' to 10%. Since PAC4 breached the threshold level of 5% specified in Regulation 29(1) of SAST Regulations, they were required to file requisite disclosures to the company as well as the stock exchanges, within two working days from such acquisition. From the material available on record, I note that PAC4, i.e., Noticees 15 & 16, failed to make necessary disclosures in this regard. In their submissions, Noticees 15 & 16 have admitted that they failed make the requisite disclosures to the company and the stock exchanges as they were not aware of such disclosure requirements. They have also admitted that the lapse was unintentional.

35. In terms of requirement of aforesaid SAST Regulations, requisite disclosures are to be made based on every event of either acquisition or disposal of shares/voting rights in excess of the limits specified therein in terms of number/value/percentage. In the instant matter, disclosure requirements were triggered because of changes in the shareholding of PAC4 beyond the threshold levels as specified in the aforesaid Regulations.

36. From the submissions of Noticees 15 & 16, I find that they have admitted that they had no knowledge of disclosure requirements as mandated under SAST Regulations. In this regard, I note that statements made by the aforesaid Noticees are not justified. As postulated by legal maxim "*ignorantia juris non excusat*", ignorance of law is no excuse and everyone is presumed to know the law of the land. A person cannot defend his illegal actions by stating that he was not aware his actions were illegal, even if he honestly believed that they were not breaking

the law. Therefore, I do not find any merit in this contention of Noticees 15 & 16. In any case, I note that Noticees 15 & 16, as PAC4, have admitted to the default.

37. In the context of disclosure related violations, I observe that Hon'ble SAT has consistently held that the obligation to make disclosure within the stipulated time is a mandatory obligation The Hon'ble SAT in its Order dated September 30, 2014, in the matter of Akriti Global Traders Ltd. Vs SEBI had opined that –

"Obligation to make disclosures under the provisions contained in SAST Regulations, 2011 as also under PIT Regulations, 1992 would arise as soon as there is acquisition of shares by a person in excess of the limits prescribed under the respective regulations and it is immaterial as to how the shares are acquired. Therefore, irrespective of the fact as to whether the shares were purchased from open market or shares were received on account of amalgamation or by way of bonus shares, if, as a result of such acquisition/receipt, percentage of shares held by that person exceeds the limits prescribed under the respective regulations, then, it is mandatory to make disclosures under those regulations."

38. In view of the aforesaid findings and considering the above order of Hon'ble SAT, I find that PAC4, i.e., Noticees 15 & 16, failed to comply with the provisions of Regulation 29(1) read with Regulation 29(3) of SAST Regulations in respect of the aforementioned acquisition of shares of BTL by them. Therefore, I find that allegation levelled against Noticees 15 & 16 that they have violated Regulation 29(1) read with Regulation 29(3) of SAST Regulations, stands established.

Issue No. 2: Do the violations attract monetary penalty under Section 15A(b) of SEBI Act.?

39. 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......*".

40. Therefore, in view of the violations as established against Noticees 15 & 16 and placing reliance on the aforesaid judgments, I find that Noticees 15 & 16 are 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 there under,—*

(b) to file any return or furnish any information, books or other documents within the time specified therefore 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 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. 3: What should be the quantum of monetary penalty to be imposed?

41. 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.*

42. 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. 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 15 & 16 in making disclosures or the consequent loss caused to investors as a result of the default. I also do not find any evidence of the default being repeated by the aforesaid Noticees. I note that the violation by Noticees 15 & 16 is a single act of default during the IP.

ORDER

43. Having considered all the facts and circumstances of the case, the material available on record, the submissions made by Noticees 15 & 16 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 minimum penalty of Rs. 1,00,000/- (Rupees One Lakh Only) upon Noticees 15 & 16, jointly and severally, under the provisions of Section 15A (b) of SEBI Act. I am of the view that the aforesaid penalties are commensurate with the lapses/ omissions on the part of the said Noticees. No penalty is imposed on the other Noticees for the reasons explained in earlier paragraphs of this order.

44. Noticees 15 & 16 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.

45. Noticees 15 & 16 shall forward said Demand Draft or the said confirmation of e-payment made in the format as given in table below should be sent to "The Division Chief, EFD – DRA - I, 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)	

46. 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 against Noticees 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 15 & 16.

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

Place: Mumbai **SOMA MAJUMDER**

Date: June 15, 2022 **ADJUDICATING OFFICER**