

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA**

[ADJUDICATION ORDER NO. Order/AN/PR/2024-25/31036-31041]

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

In respect of:

Noticee No.	Noticee Name	PAN
Noticee 1	Jhaveri Credits and Capital Limited	AAACJ4725C
Noticee 2	Karan Jeet Resources Private Limited	AAACK7711R
Noticee 3	Jhaveri Hightech Agro Limited	AAACJ4726B
Noticee 4	Jhaveri Infrastructure Private Limited	AAACJ4729Q
Noticee 5	Maulik Kruti Resources Private Limited	AABCM3087D
Noticee 6	Yash Bhadresh Jhaveri	AICPJ9616P

In the matter of Jhaveri Credits and Capital Limited

A. BRIEF BACKGROUND

1. Securities and Exchange Board of India ('SEBI', in short) carried out an examination in the matter of Jhaveri Credits and Capital Limited inter alia to ascertain possible violation of Regulation 7(6) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter also referred to as 'SEBI (SAST) Regulations, 2011').
2. Pursuant to the examination, SEBI inter alia observed and alleged that Jhaveri Credits and Capital Limited ('Noticee 1' / 'Target Company' / 'JHACC' / 'JCCL' / 'Company') had made disclosure of incorrect shareholding pattern from the quarter September 2011 to June 30, 2023 and had not complied with the methods prescribed for achieving Minimum Public Shareholding ('MPS'). Further, SEBI observed and alleged that Karan Jeet Resources Private Limited (Noticee 2), Jhaveri Hightech Agro

Limited (Noticee 3), Jhaveri Infrastructure Private Limited (Noticee 4), Maulik Kruti Resources Private Limited (Noticee 5), and Yash Bhadresh Jhaveri ('Noticee 6' / 'Yash. B. Jhaveri') had tendered shares in the open offer despite not being eligible to tender their shares as they were part of the promoter group. In view thereof, Noticee 1 had allegedly violated provisions of Regulation 31(1) read with 31(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR Regulations'); Clause 35 of the Listing Agreement; and Regulation 38 of LODR Regulations read with Chapter VI of SEBI Master Circular dated July 11, 2023 and Noticee 2 to Noticee 6 had allegedly violated provisions of Regulation 7(6) of SEBI (SAST) Regulations, 2011. Noticee 1 to Noticee 6 are collectively also referred as 'Noticees' hereinafter.

3. In view thereof, SEBI had initiated Adjudication Proceedings in respect of the Noticees under Section 15 I of the Securities and Exchange Board of India Act, 1992 ('SEBI Act, 1992' / 'SEBI Act', in short), for the alleged violation of the aforesaid provisions.

B. APPOINTMENT OF ADJUDICATING OFFICER

4. Whereas, the Competent Authority was prima facie of the view that there were sufficient grounds to adjudicate upon the alleged violation by the Noticees, as stated above and therefore, in exercise of the powers conferred under Section 15I of the SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 ('Adjudication Rules') read with Section 19 of the SEBI Act, 1992, Competent Authority appointed the undersigned as Adjudicating Officer ('AO') vide order dated May 24, 2024 to inquire into and adjudge under Section 15A(b) and Section 15HB of the SEBI Act, 1992 for the alleged violation by the Noticees, as applicable. The said proceedings of appointment were communicated to the undersigned vide Communique dated May 24, 2024.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

5. A Show Cause Notice bearing reference No. SEBI/HO/EAD/EAD5/P/OW/2024/22534/1-6 dated July 09, 2024 (hereinafter also referred to as 'SCN') was served upon the Noticees in terms of Rule 4(1) of SEBI Adjudication Rules vide digitally signed email dated July 10, 2024 and also through Speed Post Acknowledgment Due (SPAD), to show cause within 14 days of receipt of the SCN, as to why inquiry should not be held and penalty, if any, be not imposed under Section 15A(b) and Section 15HB of the SEBI Act, 1992 for the alleged violations by the Noticees, as stated.
6. The allegations in respect of the Noticees inter alia brought out in the SCN are as under:

3. BACKGROUND

3.1. Company details:

3.2. Open offer under SAST Regulations to acquire 16,80,458 (representing 26% of share capital of the Target Company at a price of Rs. 16/-) was announced in February 2023 by Vishnukumar Vitthal Das Patel and Kamalaben Vitthalbhai Patel ("Acquirers") to the shareholders of the Target Company.

3.3. The aforesaid open offer was triggered under Regulation 3(1) and 4 of SAST Regulations on February 27, 2023, due to the Acquirer and Selling Promoters entering into a Share Purchase Agreement ("SPA") for acquisition of 40,23,490 Equity Shares representing 62.25% of the Paid Up and voting Equity Share capital of Target Company at a price of INR 14/-.

3.4. The chronology of open offer was as under:

3.5. The Manager to the Offer/Merchant Banker appointed for the purpose of open offer was Kunvarji Finstock Private Limited ("MB"). Post closure of tendering period in the open offer, MB vide letter dated July 19, 2023, informed that six shareholders have tendered their 7,75,596 shares in the open offer at a price of INR 16/- as against the price of INR 87.47/- prevailing in the market during that time, which is an economically irrational decision.

3.6. The price of shares of the Target Company had increased from the date of announcement of PA on February 27, 2023 from INR 34.15/- to INR 89.25/- during the tendering period.

3.7. Clarification was sought by SEBI from the MB regarding the number of shares tendered by each of the six entities in the open offer, as mentioned by the MB in its letter dated July 19, 2023. MB vide email dated March 12, 2024 provided the shares tendered by each of the shareholders as under:

S.No	Name of the entity	Number of shares tendered
1	Jhaveri Infrastructure Pvt. Ltd	4500
2	Jhaveri Hightech Agro Ltd.	229500
3	Karan Jeet Resources Pvt.Ltd.	182137
4	Maulik Kruti Resources Ltd.	4500
5	Smita Nitinkumar Patel	262050
6	Yash Bhadresh Jhaveri	92909

3.8. MB in Letter of Offer had mentioned the Company has been disclosing the entities at 1 to 4 (body corporates) as public shareholders in the shareholding pattern (SHP). MB had further disclosed in the LOF that the existing Promoters of the target company were the directors in these body corporates. In this regard, clarification was sought from the MB as to since when these entities have been shown as public shareholders of the Target Company. MB vide email dated March 13, 2024 provided its response.

4. Findings and observations by SEBI and alleged violation thereto in respect of the Noticee:

4.1. In respect of Noticee 1:

- (i) Disclosure of incorrect shareholding pattern from the quarter September 2011 to June 30, 2023.
- (ii) Non-compliance with the methods prescribed for achieving Minimum Public Shareholding ('MPS').

In respect of Noticee 2 to Noticee 6:

Tendered shares in the open offer despite not being eligible to tender their shares as they are part of the promoter group.

In this regard, following is inter alia observed and/or alleged by SEBI:

4.1.1. The details of the six entities, who prima-facie appear to be connected with the existing promoters of the JHACC (promoters prior to the open offer) and who have also tendered their shares in the open offer letter are as under:

- (i) Karan Jeet Resources Private Limited
- (ii) Jhaveri Hightech Agro Private Limited
- (iii) Jhaveri Infrastructure Private Limited
- (iv) Maulik Kruti Resources Private Limited
- (v) Yash B. Jhaveri
- (vi) Smita N. Patel

4.1.2. Out of the above said 6 entities, 4 entities are body corporates. It was observed from disclosures in the Letter of Offer that the shareholding pattern of these 4 body corporates was as under:

Name of the entity	Shareholding of the entity (in case of body corporate)
Karan Jeet Resources Private Limited	Sangita B. Jhaveri - 5.20% Kamlesh J. Jhaveri - 75.27% B.J Jhaveri -HUF - 3.33% Karan K. Jhaveri - 8.00%
Jhaveri Hightech Agro Private Limited	Sangita B. Jhaveri - 3.72% Bhadesh J. Jhaveri - 1.69% Kamlesh J. Jhaveri - 72.26% Jeet B. Jhaveri - 0.48% Karan K. Jhaveri - 10.05% B.J Jhaveri -HUF - 1.35%
Jhaveri Infrastructure Private Limited	Kamlesh J. Jhaveri - 74.66% Jeet B. Jhaveri - 0.01% Bhadesh J. Jhaveri - 0.03% Sangita B. Jhaveri - 0.03% B.J Jhaveri (HUF) - 4.88% Karan K. Jhaveri - 10.17%
Maulik Kruti Resources Private Limited	Sangita B. Jhaveri - 0.30% Kamlesh J. Jhaveri - 71.81% Bhadesh J. Jhaveri - 13.47% Karan K. Jhaveri - 7.21%

4.1.3. It was observed from the shareholding pattern of these 4 body corporates (as mentioned in the table above) that Kamlesh J. Jhaveri (the seller promoter in the Share Purchase Agreement (SPA) which has triggered the open offer) holds more than 70% in each of these four companies.

4.1.4. In terms of definition of the promoter group, as specified under Regulation 2(1) (pp) of SEBI (Issue of Capital and Disclosure Requirements) Regulations 2018, any body corporate in which twenty percent or more of the equity share capital is held by the promoter is part of the promoter group.

4.1.5. In the instant case, Kamlesh J Jhaveri was the promoter of the JHACC/Target Company prior to the open offer. Therefore, by virtue of his shareholding being more than 20% in the above 4 body corporates, the above entities should have been disclosed as part of the promoter group in the SHP.

4.1.6. Further, SEBI found as under:

- i. Yash Bhadesh Jhaveri was a designated person of the Target Company.
- ii. Smita Nitinkumar Patel had common email ID and phone numbers with three entities of the promoter group and she has purchased significant quantity of shares prior to the open offer and subsequently tendered the same in the open offer.

4.1.7. In order to ascertain the relationship of Yash Bhadesh Jhaveri and Smita Nitinkumar Patel with the existing promoters of the JHACC, KYC details (ID Proofs and KYC Application Form) of Yash Bhadesh Jhaveri was sought.

4.1.8. Upon perusal of the KYC Application Form, PAN Card and Driving License, it was observed by SEBI that Yash Bhadesh Jhaveri is son of Shri Bhadesh Jitendra Jhaveri, who in turn is the promoter of the Target Company. Therefore, Yash Bhadesh Jhaveri is an immediate relative (i.e. son) of the promoter and therefore should have been disclosed as part of the promoter group of the JHACC.

4.1.9. It was inferred from the above that the four body corporates namely, Karan Jeet Resources Private Limited, Jhaveri Hightech Agro Private Limited, Jhaveri Infrastructure Private Limited,

Maulik Kruti Resources Private Limited and Yash Bhadrash Jhaveri were part of the promoter and promoter group of JHACC prior to the open offer and should have been accordingly disclosed as promoter group entities in the SHP.

4.1.10. The shares tendered by these five entities in the open offer are as under:

S. No	Name of the entity	Holding prior to the open offer (in shares)	% holding in the target company	Number of shares tendered in the open offer	shares tendered in the open offer [as % of total shares tendered]
1	Jhaveri Infrastructure Pvt. Ltd.	4,500	0.07	4,500	0.58
2	Jhaveri Hightech Agro Ltd.	2,29,500	3.55	2,29,500	29.59
3	Karan Jeet Resources Pvt. Ltd.	1,82,137	2.82	1,82,137	23.48
4	Maulik Kruti Resources Ltd.	4,500	0.07	4,500	0.58
5	Yash Bhadrash Jhaveri	92,909	1.44	92,909	11.98
Total		5,13,546	7.95	5,13,546	66.23%

4.1.11. In this regard, SEBI noted that the purpose of the open offer is to provide an exit option to the public shareholders of the Company subsequent to change in management and control of the Company. With the above intent, the regulation 7(6) of SAST Regulations specifically excludes the acquirer, persons acting in concert with him and the parties to any underlying agreement including persons deemed to be acting in concert with such parties, from the sale of shares of the target company in the open offer.

4.1.12. In view of the above, these 5 entities (4 body corporates and Yash Bhadrash Jhaveri), by virtue of being part of the promoter group of the Company were not permitted to tender their shares in the open offer as these entities are part of the promoter group and therefore deemed PACs with the selling promoters. However, as per the submission made by the MB, these 5 entities have, in total, tendered 5,13,546 shares in the open offer, constituting approximately 2/3rd of the total shares tendered in the open offer.

4.1.13. In view of the above, SEBI noted that the aforesaid 5 entities had tendered their shares in the open offer allegedly in violation of Regulation 7(6) of SAST Regulations.

Incorrect Shareholding Pattern filed by the Company

4.1.14. As per the analysis above, Karan Jeet Resources Private Limited, Jhaveri Hightech Agro Private Limited, Jhaveri Infrastructure Private Limited, Maulik Kruti Resources Private Limited and Yash Bhadrash Jhaveri should have been disclosed as part of the promoter group in the SHP filed with the Stock Exchanges prior to the open offer.

4.1.15. Clarification was sought from the MB regarding since when these entities have been categorized as public shareholders. MB vide email dated March 13, 2024 submitted based on the confirmation received from the Company that these four entities were shown under public category since the quarter ended March 31, 2019 to the quarter ending June 30, 2023.

4.1.16. SEBI observed that the non-compliance was from the date of acquisition of the shares by the promoter group as under:

S.No	Name of the entity	Date of acquisition of shares in the Company
1	Jhaveri Infrastructure Pvt. Ltd	30/09/2011
2	Jhaveri Hightech Agro Ltd.	March 2001*
3	Karan Jeet Resources Pvt. Ltd.	30/09/2011
4	Maulik Kruti Resources Ltd.	14/02/2019

*The last available SHP in public domain is for the quarter ending March 2001 in which Jhaveri Hightech Agro Ltd. has been classified as promoter.

4.1.17. Further, upon perusal of the shareholding pattern of JHACC, it was observed that Yash B. Jhaveri, holding 1.44% shares of the Company, had been classified under Public category. Upon perusal of the previous SHPs, it was observed that Yash B. Jhaveri was shown as promoter group since the quarter ending June, 2006. However, with effect from the quarter ending September 2020, it has been shown in SHP under public category.

4.1.18. Corporate announcements of the Company were perused to verify whether the reclassification process was followed by the Company. However, there was no such corporate announcement evidencing reclassification.

- 4.1.19. SEBI inferred from the above that the Company had filed incorrect SHP w.r.t. Yash Jhaveri for the period. September 30, 2020 to June 30, 2023.
- 4.1.20. Having regard to all of the above, SEBI inferred from the above that the Company had filed incorrect shareholding pattern by classifying entities, which belong to promoter and promoter group, in the public category for the shareholding patterns filed during the period September 30, 2011 to June 30, 2023. Accordingly, JHACC allegedly stands in violation of Regulation 31(1) and 31(4) of LODR Regulations.

MPS Non-compliance

- 4.1.21. In the open offer, as against 26% shares to be tendered, only 12% shares were tendered and the shareholding of the Acquirers post open offer (who have become new promoters) became 76.66% as disclosed in the Post Offer Advertisement dated July 31, 2023. As a result of the open offer, the public shareholding went below the threshold of 25%.
- 4.1.22. The Company had one-year time to comply with the MPS requirement and to increase the public shareholding to at least 25%. It was observed from the shareholding pattern for the quarter ended September 30, 2023 that the Company became MPS compliant and the public shareholding in the Company became 25.75%. To ascertain how the company maintained the minimum public shareholding of 25%, the corporate announcements of JHACC were perused.
- 4.1.23. Upon perusal of the disclosure under Regulation 29(2) of SAST Regulations dated September 29, 2023 made by Kamlaben Vitthalbhai Patel along with Vishnukumar Vitthaldas Patel, it was observed that Kamlaben Vitthalbhai Patel sold 1,55,672 equity shares amounting to 2.41% of the Target Company during the period August 23, 2023 to September 27, 2023 in the open market, due to which the public shareholding increased in the Company from 23.33% to 25.75% and the Company became MPS non-compliant.
- 4.1.24. The Company was required to achieve compliance only by using one of the methods as mentioned in Chapter VI-A: Manner of achieving Minimum Public Shareholding of SEBI Master Circular dated July 11, 2023.
- 4.1.25. Considering that the sale of shares was made in the open market (as mentioned in the disclosure dated September 29, 2023), the listed entity should have announced the following information to the Stock Exchange atleast 1 trading day prior to the proposed sale:
 - a) the intention of the promoter(s) / promoter group to sell and the purpose of sale;
 - b) the details of promoter(s)/promoter group, who propose to divest their shareholding;
 - c) total number of shares and percentage of shareholding in the listed entity that is proposed to be divested; and
 - d) the period within which the entire divestment process will be completed.
- 4.1.26. The listed entity shall also give an undertaking to the recognized stock exchange(s) obtained from the persons belonging to the promoter and promoter group that they shall not buy any shares in the open market on the dates on which the shares are being sold by promoter(s)/promoter group as stated above.
- 4.1.27. It was observed from the corporate announcements and confirmed by the BSE that the Company failed to make the prior intimation to the Stock Exchange. The Company also failed to give aforesaid undertaking to the recognized stock exchange(s). The Company had therefore allegedly failed to comply with Regulation 38 of LODR Regulations read with SEBI Master Circular dated July 11, 2023.
- 4.1.28. In view thereof, it is alleged that Noticee 1 had violated provisions of Regulation 31(1) read with 31(4) of LODR Regulations; Clause 35 of the Listing Agreement; and Regulation 38 read with Chapter VI of SEBI Master Circular dated July 11, 2023 and Noticee 2 to Noticee 6 had violated provisions of Regulation 7(6) of SEBI (SAST) Regulations, 2011

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7. Vide email dated July 22, 2024, Noticee 1 acknowledged the receipt of the SCN. Vide email dated July 18, 2024, Noticee 6 acknowledged the receipt of the SCN. Vide emails dated July 19, 2024, Noticee 3, Noticee 4 and Noticee 5 acknowledged the receipt of the SCN. Vide email dated July 23, 2024, Noticee 1 inter alia requested extension of time to submit reply to the SCN.

8. In this regard, the due date for reply to the SCN, as per the timeline mentioned therein was July 24, 2024, however, no reply to the SCN was received from any of the Noticees within the stipulated time. In the interest of principles of natural justice, vide Hearing Notice dated August 27, 2024, inter alia also advising Noticees to submit their reply, if any, to the SCN latest by September 01, 2024, an opportunity of hearing was afforded to the Noticees on September 03, 2024.
9. Vide emails dated August 29, 2024, Noticees through their Authorised Representative viz. Kamal Agrawal sought further extension of time to file reply to the SCN as well as to file Settlement Application. Further, vide emails dated September 02, 2024, Noticees sought adjournment of the hearing scheduled on September 03, 2024. Having regard to the request of the Noticee, vide email dated October 23, 2024, hearing in the matter was rescheduled to October 28, 2024.
10. Vide emails dated September 04, 2024, Noticee 4 and 5 inter alia submitted their reply to the SCN dated August 21, 2024 through their Authorised Representative viz. Kamal Agrawal. Vide emails dated September 19, 2024, Noticee 2 and Noticee 3 inter alia submitted their reply to the SCN dated September 06, 2024 through their Authorised Representative viz. Kamal Agrawal. Vide email dated September 26, 2024, Noticee 6 inter alia submitted their reply to the SCN dated September 21, 2024 through their Authorised Representative viz. Kamal Agrawal. Vide email dated October 26, 2024, Noticee 1 submitted its reply to the SCN dated October 25, 2024 through their Authorised Representative viz. Kamal Agrawal.
11. On the scheduled date of hearing i.e. October 28, 2024, the Noticees availed the opportunity of hearing through their Authorised Representative ('AR') viz., Kamal Agarwal. During the hearing, the AR relied upon and reiterated the submissions made vide Noticee 1's letter dated October 25, 2024, Noticee 2 and Noticee 3's letters dated September 06, 2024, Noticee 4 and Noticee 5's letters dated August 21, 2024 and Noticee 6's letter dated

September 21, 2024. The AR sought time till November 07, 2024 to make further/additional submissions, if any, as final and complete submissions in this regard, accordingly the same was allowed. In this regard it is noted that no further/additional submissions were received on behalf of any of the Noticees.

12. In this regard, vide email dated September 24, 2024, concerned department of SEBI inter alia informed that they were in receipt of settlement applications dated September 20, 2024 from Noticee 2 to Noticee 6 in the matter. Vide email dated October 01, 2024, concerned department of SEBI inter alia informed that the settlement Applications filed by Noticee 2 to Noticee 6 had been returned by SEBI to the applicants vide its email dated October 01, 2024 as the same were not filed within the limitation period provided under Regulation 4(1) of the SEBI (Settlement Proceedings) Regulations, 2018.

13. The key submissions made by Noticees are as under:

Noticee 1's submissions vide letter dated October 25, 2024:

...
SUBMISSIONS

1. **Disclosure of incorrect shareholding pattern from quarter September 2011 to 30 June 2023**
7. *In connection with the allegation of disclosure of incorrect shareholding patterns from September to June 2023 quarter, we submit that the said shareholders have acquired shares long ago and never intimated the Company about the said acquisition and due to lack of knowledge about the shareholding pattern of the said corporate shareholders, the Company under the bonafide belief shown them under the category of public shareholding.*
8. *It is therefore clear that the said alleged violation happened due to no knowledge of the Company and as such showing the said companies as public shareholders has not prejudicially affected any other public shareholders and/or any other investors.*
- MPS Non-compliance:**
9. *In connection with the allegation of non-compliance of MPS, we submit that under the share purchase agreement dated 27th February 2023, the new promoters of JCCL acquired 40,23,490 shares of JCCL from the erstwhile promoters representing 62.25% equity capital of JCCL. We further submit that in order to comply with the requirement of Regulation 3(1) and 4 of SEBI Takeover Regulation, we made a public announcement to acquire 16,80,458 shares of JCCL from the public representing 26% of the capital of JCCL. The open offer commenced for tendering on 3rd July 2023 and closed on 14th July 2023 and six public shareholders had tendered 7,75,596 shares in the open offer resulting into new promoters shareholding increased from 40,23,490 (62.25%) to 49,54,758 (76.66%). Consequently, the public shareholding reduced below 25% level. It is submitted that this reduction has happened by operation of law and mainly to comply with the requirement of Regulation 3(1) and 4 of SEBI Takeover Regulation.*
10. *With respect to the allegation of violation of Regulation 38 of LODR it is submitted that, the Company is actually in compliance of the MPS requirement as provided under Regulation 38. It is not the case of SEBI that the MPS requirement were not met, it has only been alleged that the prior intimation and undertakings as required under SEBI Master Circular dated 11 July 2023 were not made by the Company, before the sale of shares by the promoters in the open market. Annexure is the copy of the Chapter VI-A of the Master Circular dated 11 July 2023.*

11. Therefore, at the highest it can be alleged that the Company has not complied with the specific conditions as provided under Sr. No. 7(ii) of Clause 2 of Chapter VI-A of SEBI Master Circular dated 11 July 2023. In this regard, it is submitted that the intention of the promoter(s) was only to comply with the MPS requirements as required under Regulation 38 of LODR, however due to non-awareness about the specific conditions, the promoter(s)/Company have inadvertently not made the prior intimation and undertaking(s) to the stock exchange.

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Noticee 2's submissions vide letter dated September 06, 2024:

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2. We state that on 30th September 2011 we acquired 1,82,137 shares of Jhaveri Credits and Capital Ltd. ('JCCL') through the market which is 2.82 % of the capital of JCCL.
3. We state that since the inception, JCCL has shown us under the public shareholder category and the same status was continued till the Acquirers made the open offer in terms of their agreement dated 27th February 2023.
4. We state that the open offer commenced for tendering shares by the public shareholders on 3rd July 2023 and the same was due for closing on 14th July 2023.
5. We state that we, being a shareholder at the relevant time under the category of public shareholder, participated in the open offer and tendered our 1,82,137 shares of JCCL @ Rs. 16/- per share against the prevailing market price of Rs. 87.47 per share during the open offer period. It is pertinent to note that by tendering 1,82,137 shares of JCCL in the open offer @ Rs. 16/- per share on 10th July 2023 against the market price of Rs. 87.47 per share on 10th July 2023 has resulted in the loss of Rs. 1,33,81,605 to us. It is submitted that our tendering of said shares in the open offer has neither prejudicially affected any investor nor the public shareholders of JCCL in any manner.
6. We state that Regulation 7(6) of SAST Regulations prohibit the acquirers, persons acting in concert with him and the parties to any underlying agreement including persons deemed to be acting in concert with such parties from participating in the open offer. We are reproducing Regulation 7(6) of SEBI (SAST) Regulations, 2011 for true meaning:

'Any open offer made under these regulations shall be made to all shareholders of the target company, other than the acquirer, persons acting in concert with him and the parties to any underlying agreement including persons deemed to be acting in concert with such parties, for the sale of shares of the target company.'

7. We state that as per the SCN, we have been termed as being persons deemed to be acting in concert with the parties to any underlying agreement with regards to the open offer of JCCL. We state that it has been alleged that we are deemed to acting in concert with Mr. Kamlesh J. Jhaveri, who was one of the Selling Promoters as per the Share Purchase Agreement (SPA) for selling 40,23,490 shares constituting 62.25% of the paid-up and voting equity share capital of Noticee No. 1.
8. We state that since we are shown as a public shareholder since 31st December 2011 and hence under the bonafide belief that being a public shareholder we are eligible to participate in the open offer and hence accordingly we tendered our 1,82,137 shares of JCCL in the open offer.
9. With reference to Para 4.1.11 of the SCN, we deny that due to our tendering of shares under the open offer of JCCL, any public shareholder has lost an opportunity to tender their shares in the open offer and suffer any monetary loss. We respectfully submit that our tendering of shares under the open offer has in no way prejudicially affected the public shareholders for the following two reasons.
 - i. As per the information given under Para 3.2 of the SCN, the Acquirers have given an open offer to acquire 16,80,458 shares of JCCL representing 25% of the capital of JCCL. Against the said open offer to acquire 26% shares by the Acquirers, the public shareholders tendered 7,75,397 shares of JCCL (which includes 5,13,546 shares as detailed in Para 4.1.10 of the SCN) which constitute only 5.71% of the capital of JCCL and hence the open offer was unsubscribed by 9,05,061 shares (16,80,458 shares – 7,75,397 shares) i.e. 53.85 % of the open offer. It is submitted that as per information given under Para 4.1.10 of the SCN, we had tendered 1,82,137 shares of JCCL which constitute only 2.82 % capital of JCCL and 23.48% of the total shares tendered by public shareholders. The said para has also given details of the shares tendered by other Noticees and the total shares tendered by the said Noticees including us, which were 5,13,546 shares constituting 7.95% of the capital of JCCL and 66.23% of the open offer shares.
 - ii. The open offer for tendering was open between 3rd July 2023 to 14th July 2023 and the open offer price was Rs. 16/- per share and against the said offer price, the shares of JCCL were traded during the said tendering period between Rs. 89.20 (traded quantity 8,198 shares) to Rs. 89.21 (traded quantity 11,709) per shares. It is therefore clear that due to our participation in the open offer, the public shareholders' interest is not prejudicially affected. Annexure-1 is the printout taken from BSE website for the price and volume of JCCL shares during July 2023.
10. We state that we have not been actively in participation of the affairs of Noticee No. 1 and were only part of the promoter's group based on SCN in Noticee No. 1 and our association with Jhaveri Credit and

Capital Limited. We further state that it is only for this reason that we were classified under 'Public Category' of shareholders w.e.f. 31st December 2011 in the shareholding pattern filed by the company.

11. We state that since we have never been involved in the working or management of Noticee No. 1 in our capacity as being part of the promoters' group, we are not aware of the procedure, if any, required to be followed for re-classification of shareholding from promoters' group to public category. We further state that the violation, if any can be for non-compliance of the said procedure for re-classification and for which we are ready to comply with the said procedure or in the alternative, we have filed an application under the settlement agreement..
12. In view of the above facts and documents, it is clear that we have tendered our 1,82,137 shares of JCCL in the open offer as public shareholder and not as person acting in concert with the selling promoters. As explained in Para 9 above, due to our tendering of said shares in the open offer, no public shareholder is prejudicially affected either monetarily or otherwise.
13. Without prejudice to the above, if it is admitted for the sake of arguments only that our tendering of shares of JCCL in the open offer made by the Acquirers is violative of Regulation 7(6) of SAST Regulations, then also it is a technical violation and because of our tendering shares in the open offer has not impacted public shareholder in any manner. On the contrary, we suffered monetary losses of Rs. 1,33,81,605 by tendering our 1,82,137 shares in the open offer @ Rs. 16 share against the existing market price of Rs. 87.47 per share.. Without further prejudice to the above, we state that this is admittedly the first violation, as alleged, which had neither any monetary gain to us nor any monetary loss to any public shareholders and therefore provisions of Section 15J of the SEBI Act shall become applicable while adjudicating the alleged violation. We are reproducing provisions of Section 15J of the SEBI Act for ready reference:

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.

We, therefore, request you to kindly consider our submissions and the documents and close the proceedings against us, as there is no violation of Regulation 7(6) of SAST Regulations or atleast a technical violation which has caused no prejudice to any investors (including the public shareholders of JCCL). In the event you decide to proceed further, kindly grant us an opportunity of a personal hearing.

...

Noticee 3's submissions vide letter dated September 06, 2024:

...

2. We state that on 22nd December 2001, we acquired 80,000 shares of Jhaveri Credits and Capital Ltd, ('JCCL') through IPO and on 2nd December 2022 we acquired 1,49,500 through the market which is 29.59% of the capital of JCCL. At the relevant time, SEBI (SAST) Regulations were not in force as it was notified on 23rd September 2011 vide Notification No F. No. LAD-NRO/GN/2011-12/24/30181. Similarly, SEBI (LODR) was notified on 2nd September 2015 vide Notification No. SEBI/LAD-NRO/GN/2015-16/013.
3. We state that since the inception, JCCL has shown us under the public shareholder category and the same status continued till the Acquirers made an open offer in terms of their agreement dated 27th February 2023.
4. We state that the open offer commenced for tendering shares by the public shareholders on 3rd July 2023 and the same was due for closing on 14th July 2023.
5. We state that we, being a shareholder at the relevant time under the category of public shareholders, participated in the open offer and tendered our 2,29,500 shares of JCCL @ Rs. 16/- per share against the prevailing market price of Rs. 87.47 per share in the open offer period. It is pertinent to note that by tendering 2,29,500 shares of JCCL in the open offer @ Rs. 16/- per share on 10th July 2023 against the market price of Rs. 87.47 per share has resulted in a loss of Rs. 1,68,61,365 to us. It is also pertinent to note that our tendering of the said shares in the open offer has not prejudicially affected any public shareholder in any manner.
6. We state that Regulation 7(6) of SAST Regulations prohibit the acquirers, persons acting in concert with him and the parties to any underlying agreement including persons deemed to be acting in concert with such parties from participating in the open offer. We are reproducing Regulation 7(6) of SEBI (SAST) Regulations, 2011 for true meaning:
7. 'Any open offer made under these regulations shall be made to all shareholders of the target company, other than the acquirer, persons acting in concert with him and the parties to any underlying agreement including persons deemed to be acting in concert with such parties, for the sale of shares of the target company.'
8. We state that as per the SCN, we have been termed as being persons deemed to be acting in concert with the parties to any underlying agreement with regards to the open offer of JCCL. We state that it has

been alleged that we are deemed to acting in concert with Mr. Kamlesh J. Jhaveri, who was one of the Selling Promoters as per the Share Purchase Agreement (SPA) for selling 40,23,490 shares constituting 62.25% of the paid-up and voting equity share capital of Noticee No. 1.

9. We state that since we are shown as a public shareholder since 31st March 2001, hence under the bonafide belief that being a public shareholder we are eligible to participate in the open offer and hence accordingly we tendered our 2,29,500 shares of JCCL in the open offer.
10. With reference to Para 4.1.11 of the SCN, we deny that due to our tendering of shares under the open offer of JCCL, any public shareholder has lost an opportunity to tender their shares in the open offer and suffer any monetary loss. We respectfully submit that our tendering of shares under the open offer has in no way prejudicially affected the public shareholders for the following two reasons.
11. As per the information given under Para 3.2 of the SCN, the Acquirers have given an open offer to acquire 16,80,458 shares of JCCL representing 25% of the capital of JCCL. Against the said open offer to acquire 26% shares by the Acquirers, the public shareholders tendered 7,75,397 shares of JCCL (which includes 5,13,546 shares as detailed in Para 4.1.10 of the SCN) which constitute only 5.71% of the capital of JCCL and hence the open offer was unsubscribed by 9,05,061 shares (16,80,458 shares – 7,75,397 shares) i.e. 53.85% of the open offer. It is submitted that as per information given under Para 4.1.10 of the SCN, we had tendered 2,29,500 shares of JCCL which constitute only a small percentage of the capital of JCCL and 29.59% of the total shares tendered by the public shareholders. The said para has also given details of the shares tendered by other Noticees and the total shares tendered by the said Noticees including us, which were 5,13,546 shares constituting 7.95% of the capital of JCCL and 66.23% of the open offer shares.
12. The open offer for tendering was open between 3rd July 2023 to 14th July 2023 and the open offer price was Rs. 16/- per share and against the said offer price, the shares of JCCL were traded during the said tendering period between Rs. 89.20 (traded quantity 8,198 shares) to Rs. 89.21 (traded quantity 11,709) per shares. It is therefore clear that due to our participation in the open offer, the public shareholders' interest is not prejudicially affected. Annexure-1 is the printout taken from BSE website for the price and volume of JCCL shares during July 2023.
13. We state that we have not been actively in participation of the affairs of Noticee No. 1 and were only part of the promoters' group based on the SCN to Noticee No. 1 and our association with Jhaveri Credit and Capital Limited. We further state that it is only for this reason that we were classified under the 'Public Category' of shareholders w.e.f. 31st March 2001 in the shareholding pattern filed by the company
14. We state that since we have never been involved in the working or management of Noticee No. 1 in our capacity as being part of the promoters' group, we are not aware of the procedure, if any, required to be followed for re-classification of the shareholding from the promoters' group to the public category. We further state that the violation, if any, can be for non-compliance of the said procedure for re-classification and for which we are ready to comply with the said procedure or in the alternative, as applied under the settlement agreement.
15. In view of the above facts and documents, it is clear, that we have tendered our 2,29,500 shares of JCCL in the open offer as a public shareholder and not as person acting in concert with the selling promoters. As explained in Para 9 above, due to our tendering of said shares in the open offer, no public shareholder is prejudicially affected either monetarily or otherwise.
16. Without prejudice to the above, if it is admitted for the sake of arguments only, that our tendering of shares of JCCL in the open offer made by the Acquirers is violative of Regulation 7(6) of SAST Regulations, then also it is a technical violation and because our tendering shares in the open offer has not impacted public shareholder in any manner. On the contrary, we suffered monetary losses by tendering our 2,29,500 shares in the open offer @ Rs.16.00 per share against the existing marker price of Rs. 87.47 per share. The said action of tendering of shares in the open offer has in fact resulted in a monetary loss of Rs. 1,68,61,365.00 to us. Without further prejudice to the above, we state that this is admittedly the first violation, as alleged, which had neither given any monetary gain to us or loss to any public shareholders and therefore the provisions of Section 15J of the SEBI Act shall become applicable while adjudicating the alleged violation. We are reproducing provisions of Section 15J of the SEBI Act for ready reference: 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.

We, therefore, request you to kindly consider our submissions and the documents and close the proceedings against us, as there is no violation of Regulation 7(6) of SAST Regulations or atleast a technical violation which has caused no prejudice to any investor (including the public shareholders of JCCL). In the event you decide to proceed further, kindly grant us an opportunity of a personal hearing.

...

Noticee 4's submissions vide email dated August 21, 2024:

- ...
2. We state that on 30th September 2011, we acquired 4,500 shares of Jhaveri Credits and Capital Ltd. ('JCCL') through the market which is 0.58 % of the capital of JCCL.
 3. We state that since inception, JCCL has shown us under the public shareholder category and the same status continued till the Acquirers made the open offer in terms of their agreement dated 27th February 2023.
 4. We state that the open offer commenced for tendering shares by the public shareholders on 3rd July 2023 and the same was due for closing on 14th July 2023.
 5. We state that we, being a shareholder at the relevant time under the category of public shareholder, participated in the open offer and tendered our 4,500 shares of JCCL @ Rs. 14/- per share against the prevailing market price of Rs. 87.47 per share during the open offer period. It is pertinent to note that by tendering 4,500 shares of JCCL in the open offer @ Rs. 14/- per share on 10th July 2023 against the market price of Rs. 87.47 per share has resulted in the monetary loss of Rs. 3,30,615/- to us. It is submitted that our tendering of said shares in the open offer has neither prejudicially affected any investor nor the public shareholders of JCCL in any manner.
 6. We state that Regulation 7(6) of SAST Regulations prohibit the acquirers, persons acting in concert with them and the parties to any underlying agreement including persons deemed to be acting in concert with such parties from participating in the open offer. We are reproducing Regulation 7(6) of SEBI (SAST) Regulations, 2011 for true meaning:
 7. 'Any open offer made under these regulations shall be made to all shareholders of the target company, other than the acquirer, persons acting in concert with him and the parties to any underlying agreement including persons deemed to be acting in concert with such parties, for the sale of shares of the target company.'
 8. We state that as per the SCN, we have been termed as being persons deemed to be acting in concert with the parties to any underlying agreement with regards to the open offer of JCCL. We state that it has been alleged that we are deemed to be acting in concert with Mr. Kamlesh J. Jhaveri, who was one of the Selling Promoters as per the Share Purchase Agreement (SPA) for selling 40,23,490 shares constituting 62.25% of the paid-up and voting equity share capital of Noticee No. 1.
 9. We state that since we are shown as a public shareholder since 31st December 2011 till the time of opening of tendering and hence under the bonafide belief that being a public shareholder we are eligible to participate in the open offer and hence accordingly we tendered our 4,500 shares of JCCL in the open offer.
 10. With reference to Para 4.1.11 of the SCN, we deny that due to our tendering of shares under the open offer of JCCL, any public shareholder has lost an opportunity to tender their shares in the open offer and suffer any monetary loss. We respectfully submit that our tendering of shares under the open offer has in no way prejudicially affected the public shareholders for the following two reasons.
 11. As per the information given under Para 3.2 of the SCN, the Acquirers have given an open offer to acquire 16,80,458 shares of JCCL representing 25% of the capital of JCCL. Against the said open offer to acquire 26% shares by the Acquirers, the public shareholders tendered 7,75,397 shares of JCCL (which includes 5,13,546 shares as detailed in Para 4.1.10 of the SCN) which constitute only 5.71% of the capital of JCCL and hence the open offer was unsubscribed by 9,05,061 shares (16,80,458 shares – 7,75,397 shares) i.e. 53.85 % of the open offer. It is submitted that as per information given under Para 4.1.10 of the SCN, we had tendered 4,500 shares of JCCL which constitute only 0.07 % capital of JCCL and 0.58 % of the total shares tendered by public shareholders. The said para has also given details of the shares tendered by other Noticees and the total shares tendered by the said Noticees including us, which were 5,13,546 shares constituting 7.95% of the capital of JCCL and 66.23% of the open offer shares.
 12. The open offer for tendering was open between 3.07.2023 to 14.07.2023 and the open offer price was Rs. 16/- per share and against the said offer price, the shares of JCCL were traded during the said tendering period between Rs. 89.20 (traded quantity 8,198 shares) to Rs. 89.21 (traded quantity 11,709) per shares. It is therefore clear that due to our participation in the open offer, the public shareholders' interest is not prejudicially affected. Annexure-1 is the printout taken from BSE website for the price and volume of JCCL shares during July 2023.
 13. We state that we have not been actively in participation of the affairs of Noticee No. 1 and were only part of the promoter's group based on SCN in Noticee No. 1 and our association with Jhaveri Credit and Capital Limited. We further state that it is only for this reason that we were classified under 'Public Category' of shareholders w.e.f. 31st December 2011 in the shareholding pattern filed by the company.
 14. We state that since we have never been involved in the working or management of Noticee No. 1 in our capacity as being part of the promoters' group, we are not aware of the procedure, if any, required to be followed for re-classification of shareholding from promoters' group to the public category. We further state that the violation, if any can be for non-compliance of the said procedure for re-classification and for which we are ready to comply with the said procedure or in the alternative, we have filed an application under the settlement agreement.
 15. In view of the above facts and documents, it is clear, that we have tendered our 4,500 shares of JCCL in the open offer as a public shareholder and not as person acting in concert with the selling promoters. As explained in Para 9 above, due to our tendering of said shares in the open offer, no public shareholder is prejudicially affected either monetarily or otherwise.

16. Without prejudice to the above, if it is admitted for the sake of arguments only, that our tendering of shares of JCCL in the open offer made by the Acquirers is violative of Regulation 7(6) of SAST Regulations, then also it is a technical violation and because of our tendering shares in the open offer has not impacted public shareholder in any manner. On the contrary, we suffered monetary losses of Rs. 3,30,615 by tendering our 4,500 shares in the open offer @ Rs. 14.00 per share against the existing market price of Rs. 87.47 per share. Without further prejudice to the above, we state that this is admittedly the first violation, as alleged, which had neither caused any monetary gain to us nor any monetary loss to any public shareholder and therefore provisions of Section 15J of the SEBI Act shall become applicable while adjudicating the alleged violation. We are reproducing provisions of Section 15J of the SEBI Act for ready reference:

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.

We, therefore, request you to kindly consider our submissions and the documents and close the proceedings against us, as there is no violation of Regulation 7(6) of SAST Regulations or atleast a technical violation which has caused no prejudice to any investors (including the public shareholders of JCCL). In the event you decide to proceed further, kindly grant us an opportunity of a personal hearing.

...

Noticee 5's submissions vide letter dated August 21, 2024:

...

2. We state that on 14th February 2019, we acquired 4,500 shares of Jhaveri Credits and Capital Ltd. ('JCCL') through the market which is 0.58 % of the capital of JCCL..
3. We state that since the inception, JCCL has shown us under the public shareholder category and the same status was continued till the Acquirers made the open offer in terms of their agreement dated 27th February 2023..
4. We state that the open offer commenced for tendering shares by the public shareholders on 3rd July 2023 and the same was due for closing on 14th July 2023.
5. We state that we, being a shareholder at the relevant time under the category of public shareholder, participated in the open offer and tendered our 4,500 shares of JCCL @ Rs. 14/- per share against the prevailing market price of Rs. 87.47 per share during the open offer period. It is pertinent to note that by tendering 4,500 shares of JCCL in the open offer @ Rs. 14/- per share on 10th July 2023 against the market price of Rs. 87.47 per share on 10th July 2023 has resulted in the loss of Rs. 3,30,615/- to us. It is submitted that our tendering of said shares in the open offer has neither prejudicially affected any investor nor the public shareholders of JCCL in any manner.
6. We state that Regulation 7(6) of SAST Regulations prohibit the acquirers, persons acting in concert with them and the parties to any underlying agreement including persons deemed to be acting in concert with such parties from participating in the open offer. We are reproducing Regulation 7(6) of SEBI (SAST) Regulations, 2011 for true meaning:
Any open offer made under these regulations shall be made to all shareholders of the target company, other than the acquirer, persons acting in concert with him and the parties to any underlying agreement including persons deemed to be acting in concert with such parties, for the sale of shares of the target company.'
7. We state that as per the SCN, we have been termed as being persons deemed to be acting in concert with the parties to any underlying agreement with regards to the open offer of JCCL. We state that it has been alleged that we are deemed to acting in concert with Mr. Kamlesh J. Jhaveri, who was one of the Selling Promoters as per the Share Purchase Agreement (SPA) for selling 40,23,490 shares constituting 62.25% of the paid-up and voting equity share capital of Noticee No. 1.
8. We state that since we are shown as a public shareholder since 31st March 2019 till the time of opening of tendering and hence under the bonafide belief that being a public shareholder we are eligible to participate in the open offer and hence accordingly we tendered our 4,500 shares of JCCL in the open offer.
9. With reference to Para 4.1.11 of the SCN, we deny that due to our tendering of shares under the open offer of JCCL, any public shareholder has lost an opportunity to tender their shares in the open offer and suffer any monetary loss. We respectfully submit that our tendering of shares under the open offer has in no way prejudicially affected the public shareholders for the following two reasons.
10. As per the information given under Para 3.2 of the SCN, the Acquirers have given an open offer to acquire 16,80,458 shares of JCCL representing 25% of the capital of JCCL. Against the said open offer to acquire 26% shares by the Acquirers, the public shareholders tendered 7,75,397 shares of JCCL (which includes

5,13,546 shares as detailed in Para 4.1.10 of the SCN) which constitute only 5.71% of the capital of JCCL and hence the open offer was unsubscribed by 9,05,061 shares (16,80,458 shares – 7,75,397 shares) i.e. 53.85 % of the open offer. It is submitted that as per information given under Para 4.1.10 of the SCN, we had tendered 4,500 shares of JCCL which constitute only 0.07 % capital of JCCL and 0.58% of the total shares tendered by public shareholders. The said para has also given details of the shares tendered by other Noticees and the total shares tendered by the said Noticees including us, which were 5,13,546 shares constituting 7.95% of the capital of JCCL and 66.23% of the open offer shares.

11. The open offer for tendering was open between 3rd July 2023 to 14th July 2023 and the open offer price was Rs. 16/- per share and against the said offer price, the shares of JCCL were traded during the said tendering period between Rs. 89.20 (traded quantity 8,198 shares) to Rs. 89.21 (traded quantity 11,709) per share. It is therefore clear that due to our participation in the open offer, the public shareholders' interest is not prejudicially affected. Annexure-1 is the printout taken from BSE website for the price and volume of JCCL shares during July 2023
 12. We state that we have not been actively in participation of the affairs of Noticee No. 1 and were only part of the promoters' group based on SCN in Noticee No. 1 and our association with Jhaveri Credit and Capital Limited. We further state that it is only for this reason that we were classified under 'Public Category' of shareholders w.e.f. 31st March 2019 in the shareholding pattern filed by the company.
 13. We state that since we have never been involved in the working or management of Noticee No. 1 in our capacity as being part of the promoters' group, we are not aware of the procedure, if any, required to be followed for re-classification of shareholding from promoters' group to the public category. We further state that the violation, if any can be for non-compliance of the said procedure for re-classification and for which we are ready to comply with the said procedure or in the alternative, we have filed an application under the settlement agreement.
 14. In view of the above facts and documents, it is clear that we have tendered our 4,500 shares of JCCL in the open offer as public shareholder and not as person acting in concert with the selling promoters. As explained in Para 9 above, due to our tendering of said shares in the open offer, no public shareholder is prejudicially affected either monetarily or otherwise.
 15. Without prejudice to the above, if it is admitted for the sake of arguments only that our tendering of shares of JCCL in the open offer made by the Acquirers is violative of Regulation 7(6) of SAST Regulations, then also it is a technical violation and because of our tendering shares in the open offer has not impacted public shareholder in any manner. On the contrary, we suffered monetary losses by tendering our 4,500 shares in the open offer @ Rs. 14/- per share against the existing market price of Rs. 87.47 per share. Without further prejudice to the above, we state that this is admittedly the first violation, as alleged, which had neither caused any monetary gain to us nor any monetary loss to any public shareholder and therefore provisions of Section 15J of the SEBI Act shall become applicable while adjudicating the alleged violation. We are reproducing provisions of Section 15J of the SEBI Act for ready reference:
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.
- We, therefore, request you to kindly consider our submissions and the documents and close the proceedings against us, as there is no violation of Regulation 7(6) of SAST Regulations or atleast a technical violation which has caused no prejudice to any investors (including the public shareholders of JCCL). In the event you decide to proceed further, kindly grant us an opportunity of a personal hearing.

...

Noticee 6's submissions vide letter dated September 21, 2024:

...

2. I state that on 3rd July 2023, when the open offer opened for public shareholders tendering, I was holding 92,909 shares of Jhaveri Credits and Capital Ltd ('JCCL') and the same was shown by the company under the category of public shareholding.
3. I state that the open offer commenced for tendering shares by the public shareholders on 3rd July 2023 and the same was due for closing on 14th July 2023.
4. I state that I, being a shareholder at the relevant time under the category of public shareholder, participated in the open offer and tendered 92,909 shares of JCCL @ Rs. 16/- per share against the prevailing market price of Rs. 87.47 per share during the open offer period. It is pertinent to note that by tendering 92,909 shares of JCCL in the open offer @ Rs. 16/- per share on ...against the market price of Rs. 87.47 per share has resulted in a notional loss of Rs. 66,40,206.23 to me. It is also pertinent to note that my tendering of said shares in the open offer has neither prejudicially affected any investor nor the public shareholders of JCCL in any manner. It is also pertinent to note that due to higher market price than the open offer price given by the acquirers, the public shareholders have not participated in the open offer and the open offer given by the Acquirers for acquiring 26% of the public shareholding was not fully

subscribed. Therefore, there was no loss to the public shareholder which is the main object of Regulation 7(6) of SEBI Takeover regulations.

5. I state that Regulation 7(6) of SAST Regulations prohibit the acquirers, persons acting in concert with him and the parties to any underlying agreement including persons deemed to be acting in concert with such parties from participating in the open offer. We are reproducing Regulation 7(6) of SEBI (SAST) Regulations, 2011 for true meaning:
6. 'Any open offer made under these regulations shall be made to all shareholders of the target company, other than the acquirer, persons acting in concert with him and the parties to any underlying agreement including persons deemed to be acting in concert with such parties, for the sale of shares of the target company.'
7. I state that as per the SCN, I have been termed as being person deemed to be acting in concert with the parties to any underlying agreement with regards to the open offer of JCCL. I state that it has been alleged that I am deemed to acting in concert with Mr. Kamlesh J. Jhaveri, who was one of the Selling Promoters as per the Share Purchase Agreement (SPA) for selling 40,23,490 shares constituting 62.25% of the paid-up and voting equity share capital of Noticee No. 1.
8. I state that since I was shown as a public shareholder at the time when the open offer opened for tendering, and hence under the bonafide belief that being a public shareholder, I am eligible to participate in the open offer and hence accordingly I had tendered my 92,909 shares of JCCL in the open offer.
9. With reference to Para 4.1.11 of the SCN, I deny that due to my tendering of shares under the open offer of JCCL, any public shareholder has lost an opportunity to tender their shares in the open offer and suffer any monetary loss. I respectfully submit that my tendering of shares under the open offer has in no way prejudicially affected the public shareholders for the following two reasons.
10. As per the information given under Para 3.2 of the SCN, the Acquirers have given an open offer to acquire 16,80,458 shares of JCCL representing 25% of the capital of JCCL. Against the said open offer to acquire 26% shares by the Acquirers, the public shareholders tendered 7,75,397 shares of JCCL (which includes 5,13,546 shares as detailed in Para 4.1.10 of the SCN) which constitute only 5.71% of the capital of JCCL and hence the open offer was unsubscribed by 9,05,061 shares (16,80,458 shares – 7,75,397 shares) i.e. 53.85 % of the open offer. It is submitted that as per information given under Para 4.1.10 of the SCN, I had tendered 92,909 shares of JCCL which constitute only 1.44 % capital of JCCL and 11.98 % of the total shares tendered by the public shareholders. The said para has also given details of the shares tendered by other Noticees and the total shares tendered by the said Noticees including me, which were 5,13,546 shares constituting 7.95% of the capital of JCCL and 66.23% of the open offer shares.
11. The open offer for tendering was open between 3rd July 2023 to 14th July 2023 and the open offer price was Rs. 16/- per share and against the said offer price, the shares of JCCL were traded during the said tendering period between Rs. 89.20 (traded quantity 8,198 shares) to Rs. 89.21 (traded quantity 11,709) per shares. It is therefore clear that due to my participation in the open offer, the public shareholders' interest is not prejudicially affected. Annexure-1 is the printout taken from BSE website for the price and volume of JCCL shares during July 2023.
12. The public shareholders had an opportunity to sell their shares in the market where the market rate was much higher than the open offer price, therefore the public shareholders preferred sale of shares in the market than the open offer. Due to my tendering of shares in the open offer, as explained above, no prejudice is caused to any public shareholder.
13. In view of the above facts and documents, it is clear, that I have tendered my 92,909 shares of JCCL in the open offer as a public shareholder and not as person acting in concert with the selling promoters. As explained in Para 9 above, due to my tendering of the said shares in the open offer, no public shareholder is prejudicially affected either monetarily or otherwise.
14. Without prejudice to the above, if it is admitted for the sake of arguments only, that my tendering of shares of JCCL in the open offer made by the Acquirers is violative of Regulation 7(6) of SAST Regulations, then also it is a technical violation and because of my tendering shares in the open offer has not impacted public shareholder in any manner. On the contrary, I suffered monetary losses by tendering my 92,909 shares in the open offer @ Rs. 16/- per share against the existing market price of Rs. 87.47 per share.
15. Without further prejudice to the above, I state that this is admittedly the first violation, as alleged, which had neither resulted in any monetary gain to me nor any loss to any public shareholder and therefore provisions of Section 15J of the SEBI Act shall become applicable while adjudicating the alleged violation. I am reproducing provisions of Section 15J of the SEBI Act for ready reference:
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.
I, therefore, request you to kindly consider my submissions and the documents and close the proceedings against me, as there is no violation of Regulation 7(6) of SAST Regulations or atleast a technical violation which has caused no prejudice to any investors (including the public shareholders of JCCL). In the event you decide to proceed further, kindly grant me an opportunity of a personal hearing.

...

D. CONSIDERATION OF ISSUES AND FINDINGS

14. The issues that arise for consideration in the instant matter are:

Issue No. I: Whether the Noticees had violated provisions of LODR Regulations, Listing Agreement, SEBI Master Circular dated July 11, 2023 and SEBI (SAST) Regulations, as alleged?

Issue No. II: If yes, whether the violations on the part of the Noticees would attract monetary penalty under Section 15A(b) and Section 15HB of the SEBI Act, 1992, as applicable?

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

15. I now proceed to deal with the matter on merits as regards alleged violations in respect of the Noticees, as per the SCN.

Issue No. I: Whether the Noticees had violated provisions of LODR Regulations, SEBI Master Circular dated July 11, 2023 and SAST Regulations, as alleged?

In respect of Noticee 1:

16. It was inter alia observed and alleged in respect of Noticee 1 that there was:

- (i) Disclosure of incorrect shareholding pattern from the quarter September 2011 to June 30, 2023. In view thereof, it was alleged that Noticee 1 had violated the provisions Regulation 31(1) read with 31(4) of LODR Regulations.
- (ii) Non-compliance with the methods prescribed for achieving Minimum Public Shareholding ('MPS'). In view thereof, it was alleged that Noticee 1 had violated Regulation 38 read with Chapter VI of SEBI Master Circular dated July 11, 2023.

Incorrect Shareholding Pattern filed by the Company

- 16.1. Here it would be pertinent to refer to the text of the provisions alleged to have been violated, which inter alia reads as under:

Regulation 31(1) read with 31(4) of LODR Regulations:

‘ ...

Holding of specified securities and shareholding pattern.

31.(1) The listed entity shall submit to the stock exchange(s) a statement showing holding of securities and shareholding pattern separately for each class of securities, in the format specified by the Board from time to time within the following timelines –
(a) one day prior to listing of its securities on the stock exchange(s);
(b) on a quarterly basis, within twenty one days from the end of each quarter; and,
(c) within ten days of any capital restructuring of the listed entity resulting in a change exceeding two per cent of the total paid-up share capital:

Provided that in case of listed entities which have listed their specified securities on SME Exchange, the above statements shall be submitted on a half yearly basis within twenty one days from the end of each half year.

...’

226[(4) All entities falling under promoter and promoter group shall be disclosed separately in the shareholding pattern appearing on the website of all stock exchanges having nationwide trading terminals where the specified securities of the entity are listed, in accordance with the formats specified by the Board.]

...’

’

Clause 35 of the Listing Agreement:

‘ ...

35. “The company agrees to file with the exchange the following details, separately for each class of equity shares/ security in the formats specified in this clause, in compliance with the following timelines, namely :-

- a. One day prior to listing of its securities on the stock exchanges.
- b. On a quarterly basis, within 21 days from the end of each quarter.
- c. Within 10 days of any capital restructuring of the company resulting in a change exceeding +/-2% of the total paid-up share capital”

....

(l)(b) Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category “Promoter and Promoter Group

...’

Note: for detailed/ complete text of the provisions, relevant Acts, Circulars etc., may please be referred.

From the plain reading of the text of the provision, as reproduced above, I note that in terms of Regulation 31(1) read with 31(4) of LODR Regulations, a listed entity is inter alia required to submit to the stock exchange(s) the shareholding pattern separately for each class of securities, from time to time within timelines prescribed therein. Further,

for all entities falling under promoter and promoter group shall be disclosed separately in the shareholding pattern appearing on the website of all stock exchanges having nationwide trading terminals where the specified securities of the entity are listed, in accordance with the formats specified by the Board. Further, I also note that in terms of clause 35 of the listing agreement, the company agrees to file with the exchange, a statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Promoter and Promoter Group, within the timelines stated therein.

- 16.2. In this regard, I note from material available on record that an open offer under SEBI (SAST) Regulations, 2011 to acquire 16,80,458 (representing 26% of share capital of the Target Company at a price of Rs. 16/-) was announced in February 2023 by Vishnukumar Vitthaldas Patel and Kamlaben Vitthalbhai Patel ("Acquirers") to the shareholders of the Target Company. The aforesaid open offer was triggered under Regulation 3(1) and 4 of SEBI (SAST) Regulations, 2011 on February 27, 2023, due to the Acquirer and Selling Promoters entering into a Share Purchase Agreement ("SPA") for acquisition of 40,23,490 Equity Shares representing 62.25% of the Paid Up and voting Equity Share capital of Target Company at a price of INR 14/-. Post closure of tendering period in the open offer, Kunvarji Finstock Private Limited ('MB') vide letter dated July 19, 2023, informed SEBI that six shareholders had tendered their 7,75,596 shares in the open offer at a price of INR 16/- as against the price of INR 87.47/- prevailing in the market during that time, which was an economically irrational decision.
- 16.3. In this regard, clarification was sought by SEBI from the MB regarding the number of shares tendered by each of the six entities in the open offer, as mentioned by the MB in its letter dated July 19, 2023. MB vide email dated March 12, 2024 provided the details of shares tendered by each of the shareholders as under:

S.No	Name of the entity	Number of shares tendered
1	Jhaveri Infrastructure Pvt. Ltd	4500
2	Jhaveri Hightech Agro Ltd.	229500
3	Karan Jeet Resources Pvt.Ltd.	182137
4	Maulik Kruti Resources Ltd.	4500
5	Smita Nitinkumar Patel	262050
6	Yash Bhadresh Jhaveri	92909

- 16.4. In this regard, I note from material available on record that SEBI inter alia observed that out of the above said 6 entities, 4 entities were body corporates. The MB in Letter of Offer (LOF) had mentioned the Company had been disclosing the entities at 1 to 4 (body corporates) as public shareholders in the shareholding pattern (SHP). MB had further disclosed in the LOF that the existing Promoters of the target company were the directors in these body corporates. In this regard clarification was sought by SEBI from the MB inter alia as to since when these entities were shown as public shareholders of the target company. In this regard, SEBI inter alia observed from disclosures in the Letter of Offer that the shareholding pattern of these 4 body corporates was as under:

Name of the entity	Shareholding of the entity (in case of body corporate)
Karan Jeet Resources Private Limited	Sangita B. Jhaveri - 5.20% Kamlesh J.Jhaveri - 75.27% B.J Jhaveri - HUF - 3.33% Karan K. Jhaveri - 8.00%
Jhaveri Hightech Agro Private Limited	Sangita B. Jhaveri - 3.72% Bhadesh J. Jhaveri - 1.69% Kamlesh J.Jhaveri - 72.26% Jeet B. Jhaveri - 0.48% Karan K. Jhaveri - 10.05% B.J Jhaveri -HUF - 1.35%
Jhaveri Infrastructure Private Limited	Kamlesh J.Jhaveri - 74.66% Jeet B. Jhaveri - 0.01% Bhadesh J. Jhaveri - 0.03% Sangita B. Jhaveri - 0.03% B.J Jhaveri (HUF) - 4.88% Karan K. Jhaveri - 10.17%
Maulik Kruti Resources Private Limited	Sangita B. Jhaveri - 0.30% Kamlesh J.Jhaveri - 71.81% Bhadesh J. Jhaveri - 13.47% Karan K. Jhaveri - 7.21%

- 16.5. In this regard, I note from material available on record that SEBI had inter alia observed from the shareholding pattern of these 4 body corporates (as mentioned in the table above) that Kamlesh J. Jhaveri (the seller promoter in the Share Purchase Agreement (SPA) which

triggered the open offer) held more than 70% shareholding in each of these four companies.

- 16.6. In this regard, it was inter alia observed by SEBI that in terms of definition of the promoter group, as specified under Regulation 2(1) (pp) of SEBI (Issue of Capital and Disclosure Requirements) Regulations 2018 ['ICDR Regulations'], any body corporate in which twenty percent or more of the equity share capital is held by the promoter is part of the promoter group. In the instant case, Kamlesh J Jhaveri was the promoter of the JHACC prior to the open offer. Therefore, by virtue of his shareholding being more than 20% in the above 4 body corporates, it was alleged that the above entities should have been disclosed as part of the promoter group in the SHP.
- 16.7. Further, SEBI inter alia found that Yash Bhadresh Jhaveri was a designated person of the Target Company. Upon perusal of the KYC Application Form, PAN Card and Driving License, it was observed by SEBI that Yash Bhadresh Jhaveri is son of Shri Bhadresh Jitendra Jhaveri, who in turn was the promoter of JHACC. Yash Bhadresh Jhaveri was an immediate relative (i.e. son) of the promoter and should have been disclosed as part of the promoter group of the JHACC.
- 16.8. In this regard, it was inter alia observed by SEBI that Karan Jeet Resources Private Limited, Jhaveri Hightech Agro Private Limited, Jhaveri Infrastructure Private Limited, Maulik Kruti Resources Private Limited and Yash Bhadresh Jhaveri should have been disclosed as part of the promoter group in the SHP filed with the Stock Exchanges prior to the open offer.
- 16.9. In this regard, I note from material available on record that SEBI inter alia observed that the non-compliance was from the date of acquisition of the shares by the promoter group, given as under:

S.No	Name of the entity	Date of acquisition of shares in the Company
1	Jhaveri Infrastructure Pvt. Ltd	30/09/2011
2	Jhaveri Hightech Agro Ltd.	March 2001*
3	Karan Jeet Resources Pvt.Ltd.	30/09/2011
4	Maulik Kruti Resources Ltd.	14/02/2019

**The last available SHP in public domain is for the quarter ending March 2001 in which Jhaveri Hightech Agro Ltd. has been classified as promoter.*

- 16.10. Further, upon perusal of the shareholding pattern of JHACC, it was inter alia observed by SEBI that Yash B. Jhaveri, holding 1.44% shares of the Company, had been classified under Public category. Upon perusal of the previous SHPs, it was observed that Yash B. Jhaveri was shown as promoter group since the quarter ending June, 2006. However, with effect from the quarter ending September 2020, he had been shown in SHP under public category. Corporate announcements of the Company were perused by SEBI to verify whether the reclassification process was followed by the Company. However, there was no such corporate announcement evidencing reclassification. SEBI observed from the above that the Company had filed incorrect SHP w.r.t. Yash Jhaveri for the period September 30, 2020 to June 30, 2023.
- 16.11. In this regard, I note that the submissions of Noticee 1 as part of its reply are in the nature of admission in so far as the Noticee 1 has submitted that *‘..., the Company under the bonafide belief shown them under the category of public shareholding. It is therefore clear that the said alleged violation happened due to no knowledge of the Company and as such showing the said companies as public shareholders has not prejudicially affected any other public shareholders and/or any other investors....’*
- 16.12. In this regard, I note that Noticee 1, as part of its reply had inter contended that *‘...the said shareholders have acquired shares long ago and never intimated the Company about the said acquisition... It is therefore clear that the said alleged violation happened due to no knowledge of the Company ...’*

In this regard, I note that Noticee 1 has neither denied nor disputed that Noticee 2 to Noticee 6 had to be treated as part of promoter group. In this regard, as regards Noticee 1's contention that the incorrect reporting was made due to no knowledge about the shareholding, I note that in terms of Regulation 31(1) and 31(4) of the LODR Regulations and Clause 35 of the Listing Agreement, the obligation for compliance is on the Company for such disclosures. It was Noticee 1's responsibility to make true and correct disclosure regarding shareholding pattern.

Further in this regard, I note from material available on record and BSE website that in respect of two of the Noticees (Noticee 3 and Noticee 6), Noticee 1 had shown their shareholding in JHACC as belonging to category of Promoter and Promoter Group viz., in respect of Noticee 3 for the quarter ended December 2011; and in respect of Noticee 6 from quarter ending June 2006 until quarter ending September 2020 i.e. for almost 14 years.

In this regard, I also note from material available on record that Kamlesh Jitendra Jhaveri who was Noticee 1's Whole Time Director and promoter then, held more than 70% in each of Noticee 2 to Noticee 5 during relevant period. Further in this regard, I note that in terms of Regulation 2(1) (pp) of SEBI (ICDR) Regulations, 2018, promoter group includes, in case the promoter is an individual, any body corporate in which twenty per cent or more of the equity share capital is held by the promoter or an immediate relative of the promoter or a firm or Hindu Undivided Family in which the promoter or any one or more of their relative is a member.

Considering that Noticee 1's own Promoter and Whole Time Director was holding more than 70% in each of the Noticee 2 to Noticee 5 and that Noticee 6 was son of the Promoter of Noticee 1 and that certain of the Noticees had been reflected as part of the promoter group in its shareholding filed by the Noticee 1 itself, the contentions of the Noticee

1 in this regard claiming no knowledge are devoid of merit and hence not acceptable.

16.13. In view thereof, I note that the allegation that Noticee 1 made disclosure of incorrect shareholding pattern from the quarter September 2011 to June 30, 2023, stands established. Therefore, I hold that Noticee 1 had violated Regulation 31(1) read with 31(4) of LODR Regulations and Clause 35 of the Listing Agreement.

MPS Non-compliance

16.14. Here it would be pertinent to refer to the text of the provisions alleged to have been violated in this regard, which inter alia reads as under:

Regulation 38 of LODR Regulations:

‘ ...

Minimum Public Shareholding.

38.*The listed entity shall comply with the minimum public shareholding requirements specified in Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957 in the manner as specified by the Board from time to time:*

Provided that provisions of this regulation shall not apply to entities listed on ²⁷⁷[Innovators Growth Platform]without making a public issue.

...’

Note: for detailed/ complete text of the provisions, relevant Acts, Circulars etc., may please be referred.

From the plain reading of the text of the provision, as reproduced above, I note that in terms of Regulation 38 of LODR Regulations, the listed entity shall comply with the minimum public shareholding requirements specified in Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957 in the manner as specified by the Board from time to time. In this regard, section VI-A under chapter VI of the SEBI Master circular for compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure

Requirements) Regulations, 2015 by listed entities dated July 11, 2023 provides the Manner of achieving Minimum Public Shareholding. The relevant text of the provisions in this regard, inter alia reads as under:

‘ ...

CHAPTER VI: OTHER OBLIGATIONS AND DISCLOSURE REQUIREMENTS
Section VI-A: Manner of achieving Minimum Public Shareholding²⁰

2. Accordingly, a listed entity shall adopt any of the following methods in order to achieve compliance with the MPS requirements mandated under rules 19(2)(b) and 19A of the SCRR read with regulation 38 of the LODR Regulations:

No.	Method	Specific conditions, if any, applicable
...	...	...
7.	<i>Sale of shares held by promoter(s) / promoter group in the open market in any one of the following ways, subject to compliance with the conditions specified:</i> <i>i. Promoter(s) / Promoter group can sell up to 2% of the total paid-up equity share capital of the listed entity, subject to five times' average monthly trading volume of the shares of the listed entity, every financial year till the due date for MPS compliance as per the SCRR (or)</i> <i>ii. Promoter(s) / Promoter group can sell upto a maximum of 5% of the paid-up capital of the listed entity during a financial year subject to the condition that the public holding in the listed entity shall become 25% after completion of such sale. The sale can be a single tranche or in multiple tranches not exceeding a period of 12 months and the amount of shares to be sold shall not exceed the trading volume of the shares of the listed entity during the preceding 12 months from the date of announcement.</i>	<i>i. Promoter(s) / Promoter group can use either the mechanism specified at Sl. No. 7(i) or 7(ii) to comply with MPS requirements, but not both.</i> <i>ii. The listed entity shall, at least one trading day prior to every such proposed sale, announce the following details to the stock exchange(s) where its shares are listed:</i> <i>a) the intention of the promoter(s) / promoter group to sell and the purpose of sale;</i> <i>b) the details of promoter(s)/promoter group, who propose to divest their shareholding;</i> <i>c) total number of shares and percentage of shareholding in the listed entity that is proposed to be divested; and</i> <i>d) the period within which the entire divestment process will be completed.</i> <i>iii. The listed entity shall also give an undertaking to the recognized stock exchange(s) obtained from the persons belonging to the promoter and promoter group that they shall not buy any shares in the open market on the dates on which the shares are being sold by promoter(s)/promoter group as stated above.</i> <i>iv. The listed entity, its promoter(s) and promoter group shall ensure compliance with all applicable legal provisions including that of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011</i>

...’

Note: for detailed/ complete text of the provisions, relevant Acts, Circulars etc., may please be referred.

From the plain reading of the text above, I note that in terms of section VI-A under chapter VI of the SEBI Master circular dated July 11, 2023, MPS requirements mandated under rules 19(2)(b) and 19A of the SCRR read with regulation 38 of the LODR Regulations can be achieved by inter alia sale of shares held by promoter(s) / promoter group in the open market in any one of the ways provided therein, subject to compliance with the conditions specified. The conditions specified therein includes that the listed entity shall, at least one trading day prior to every such proposed sale, announce the following details to the stock exchange(s) where its shares are listed viz., the intention of the promoter(s) / promoter group to sell and the purpose of sale; the details of promoter(s)/promoter group, who propose to divest their shareholding; total number of shares and percentage of shareholding in the listed entity that is proposed to be divested; and the period within which the entire divestment process will be completed. Further, the listed entity shall also give an undertaking to the recognized stock exchange(s) obtained from the persons belonging to the promoter and promoter group that they shall not buy any shares in the open market on the dates on which the shares are being sold by promoter(s)/promoter group.

- 16.15. In this regard, I note from material available on record that in the open offer, as against 26% shares to be tendered, only 12% shares were tendered and the shareholding of the Acquirers post open offer (who have become new promoters) became 76.66% as disclosed in the Post Offer Advertisement dated July 31, 2023. As a result of the open offer, the public shareholding went below the threshold of 25%.
- 16.16. The Company had one-year time to comply with the MPS requirement and to increase the public shareholding to at least 25%. SEBI observed from the shareholding pattern for the quarter ended September 30, 2023

that the Company became MPS compliant and the public shareholding in the Company became 25.75%. To ascertain how the company maintained the minimum public shareholding of 25%, the corporate announcements of JHACC were perused by SEBI.

16.17. Upon perusal of the disclosure under Regulation 29(2) of SEBI (SAST) Regulations, 2011 dated September 29, 2023 made by Kamlaben Vitthalbhai Patel along with Vishnukumar Vitthaldas Patel, SEBI observed that Kamlaben Vitthalbhai Patel sold 1,55,672 equity shares amounting to 2.41% of the Target Company during the period August 23, 2023 to September 27, 2023 in the open market, due to which the public shareholding increased in the Company from 23.33% to 25.75% and the Company became MPS non compliant.

16.18. In this regard, SEBI observed that the Company was required to achieve compliance only by using one of the methods as mentioned in Chapter VI-A: *Manner of achieving Minimum Public Shareholding* of SEBI Master Circular dated July 11, 2023. Further, considering that the sale of shares was made in the open market (as mentioned in the disclosure dated September 29, 2023), the listed entity should have announced the following information to the Stock Exchange atleast one trading day prior to the proposed sale:

- a) the intention of the promoter(s) / promoter group to sell and the purpose of sale;*
- b) the details of promoter(s)/promoter group, who propose to divest their shareholding;*
- c) total number of shares and percentage of shareholding in the listed entity that is proposed to be divested; and*
- d) the period within which the entire divestment process will be completed.*

16.19. The listed entity shall also give an undertaking to the recognized stock exchange(s) obtained from the persons belonging to the promoter and promoter group that they shall not buy any shares in the open market on the dates on which the shares are being sold by promoter(s)/promoter group as stated above.

- 16.20. SEBI observed from the corporate announcements and as also confirmed by the BSE, that the Company failed to make the prior intimation to the Stock Exchange. The Company also failed to give aforesaid undertaking to the recognized stock exchange(s). The Company had therefore allegedly failed to comply with Regulation 38 of LODR Regulations read with SEBI Master Circular dated July 11, 2023.
- 16.21. In this regard, I note that the submissions of the Noticee 1 are in the nature of admission in so far as the Noticee 1 had submitted that '*...it is submitted that the intention of the promoter(s) was only to comply with the MPS requirements as required under Regulation 38 of LODR, however due to non-awareness about the specific conditions, the promoter(s)/Company have inadvertently not made the prior intimation and undertaking(s) to the stock exchange....*'
- 16.22. In view thereof, I find that the allegation that Noticee 1 was non-compliant with the methods prescribed for achieving Minimum Public Shareholding, stands established. Therefore, I hold that Noticee 1 had violated provisions of Regulation 38 of LODR Regulations read with Chapter VI of SEBI Master Circular dated July 11, 2023.

In respect of Noticee 2 to Noticee 6:

17. It was inter alia observed and alleged in respect of Noticee 2 to Noticee 6 that they tendered shares in the open offer despite not being eligible to tender their shares as they were part of the promoter group. In view thereof, it was alleged that they had violated provisions of Regulation 7(6) of SEBI (SAST) Regulations, 2011.
- 17.1. Here it would be pertinent to refer to the text of the provisions alleged to have been violated, which inter alia reads as under:

Regulation 7(6) of SEBI (SAST) Regulations, 2011:

‘...
Offer Size.

7.(1)..

(6) Any open offer made under these regulations shall be made to all shareholders of the target company, other than the acquirer, persons acting in concert with him and the parties to any underlying agreement including persons deemed to be acting in concert with such parties, for the sale of shares of the target company.

...’

Note: for detailed/ complete text of the provisions, relevant Acts, Circulars etc., may please be referred.

From the plain reading of the text above, I note that in terms of Regulation 7(6) of SAST Regulations, 2011, any open offer made under these regulations shall be made to all shareholders of the target company, other than the acquirer, persons acting in concert with him and the parties to any underlying agreement including persons deemed to be acting in concert with such parties, for the sale of shares of the target company.

17.2. In this regard, the details relating to shares tendered by these five entities in the open offer, as noted from material available on record, are as under:

S. No	Name of the entity	Holding prior to the open offer (in shares)	% holding in the target company	Number of shares tendered in the open offer	shares tendered in the open offer [as % of total shares tendered]
1	Jhaveri Infrastructure Pvt. Ltd	4,500	0.07	4,500	0.58
2	Jhaveri Hightech Agro Ltd.	2,29,500	3.55	2,29,500	29.59
3	Karan Jeet Resources Pvt.Ltd.	1,82,137	2.82	1,82,137	23.48
4	Maulik Kruti Resources Ltd.	4,500	0.07	4,500	0.58
5	Yash Bhadresh Jhaveri	92,909	1.44	92,909	11.98
Total		5,13,546	7.95	5,13,546	66.23%

17.3. In this regard, I note from material available on record that SEBI inter alia observed that the purpose of an open offer is to provide an exit option to the public shareholders of the Company subsequent to change in management and control of the Company. With the above intent, the regulation 7(6) of SEBI (SAST) Regulations, 2011 specifically excludes the acquirer, persons acting in concert with him and the parties to any

underlying agreement including persons deemed to be acting in concert with such parties, from the sale of shares of the target company in the open offer. In view of the above, SEBI observed that these 5 entities (4 body corporates and Yash Bharesh Jhaveri), by virtue of being part of the promoter group of the Company were not permitted to tender their shares in the open offer as these entities are part of the promoter group and therefore deemed PACs with the selling promoters. However, these 5 entities had, in total, tendered 5,13,546 shares in the open offer, constituting approximately 2/3rd of the total shares tendered in the open offer.

- 17.4. In this regard, I note that in terms of Regulation 7(6) of SAST Regulations, 2011, any open offer made under these regulations shall be made to all shareholders of the target company other than to the parties to any underlying agreement including persons deemed to be acting in concert with such parties, for the sale of shares of the target company. In this regard, I note from material available on record that Kamlesh Jitendra Jhaveri; Bhadresh Jitendra Jhaveri; Sangita Bhadresh Jhaveri; Karan Kamlesh Jhaveri; Jeet Bhadresh Jhaveri; and Bhadresh Jitendra Jhaveri were parties to an underlying agreement being the seller promoter in the Share Purchase Agreement (SPA) which had triggered the open offer.

In this regard, I note that in terms of Regulation 2(q)(2)(iv) of SEBI (SAST) Regulations, 2011, inter alia the persons falling within the category of promoters and members of the promoter group shall be deemed to be persons acting in concert with other persons within the same category.

In view thereof, I note that Noticee 2 to Noticee 6 were deemed to be persons acting in concert with the selling promoter in so far as Noticee 2 to Noticee 5 were part of promoter group in terms of Regulation Regulation 2(1) (pp) of SEBI (ICDR) Regulations, 2018 as Kamlesh

Jitendra Jhaveri held more than 20% equity share capital in each of Noticee 2 to Noticee 5 and Noticee 6 was part of promoter group in terms of Regulation 2(1) (pp) of SEBI (ICDR) Regulations, 2018 being son of another promoter.

- 17.5. In this regard, I note that Noticee 2, as part of its reply to the SCN, contended that *‘...since we are shown as a public shareholder since 31st December 2011 and hence under the bonafide belief that being a public shareholder we are eligible to participate in the open offer and hence accordingly we tendered our 1,82,137 shares of JCCL in the open offer. ...’* and that *‘...no public shareholder is prejudicially affected either monetarily or otherwise...’*

In this regard, I note that Noticee 2 being part of the promoter group during relevant period, was deemed to be person acting in concert, as already brought out in the foregoing, and in terms of Regulation 7(6) of the SEBI (SAST) Regulations, 2011, should not have tendered the shares for open offer. However, as observed in the foregoing, Noticee 2 had tendered 1,82,137 shares which was 23.48% of the total shares tendered in the open offer. In view thereof, the contention of Noticee 2 in this regard is devoid of merit and hence cannot be accepted.

- 17.6. In this regard, I note that Noticee 3, as part of its reply to the SCN, contended that *‘...We state that on 22nd December 2001, we acquired 80,000 shares of Jhaveri Credits and Capital Ltd, (‘JCCL’) through IPO and on 2nd December 2022 we acquired 1,49,500 through the market which is 29.59% of the capital of JCCL. At the relevant time, SEBI (SAST) Regulations were not in force as it was notified on 23rd September 2011 vide Notification No F. No. LAD-NRO/GN/2011-12/24/30181. Similarly, SEBI (LODR) was notified on 2nd September 2015 vide Notification No. SEBI/LAD-NRO/GN/2015-16/013....’*

I note that the contentions of the Noticee 3 in this regard, are out of context and misplaced in so far as the allegation in respect of Noticee 3 are regarding having tendered shares in the open offer during the tendering period (April 26, 2023 to May 11, 2023) when both SEBI

(SAST) Regulations, 2011 and LODR Regulations were in force and applicable inter alia on Noticee 3 whereas the contention is with regard to acquisition during 2001. In view thereof, the contentions of the Noticee in this regard are devoid of merit and hence cannot be accepted.

- 17.7. In this regard, I note that Noticee 3, as part of its reply to the SCN, also contended that '*...since the inception, JCCL has shown us under the public shareholder category and the same status continued till the Acquirers made an open offer in terms of their agreement dated 27th February 2023....We state that we, being a shareholder at the relevant time under the category of public shareholders, participated in the open offer...We state that we have not been actively in participation of the affairs of Noticee No. 1 and were only part of the promoters' group based on the SCN to Noticee No. 1 and our association with Jhaveri Credit and Capital Limited. We further state that it is only for this reason that we were classified under the 'Public Category' of shareholders w.e.f. 31st March 2001 in the shareholding pattern filed by the company....*'.

In this regard, I note from the shareholding pattern disclosed on BSE website for quarter ended December 2011 that shareholding of Noticee 3 had been disclosed under category Promoter and Promoter Group. In view thereof, the contention of the Noticee that it had been shown under the public shareholder category since the inception is devoid of merit and hence cannot be accepted.

I note that Noticee 3 being part of the promoter group, was deemed to be person acting in concert, as already brought out in the foregoing, and in terms of Regulation 7(6) of the SEBI (SAST) Regulations, 2011, should not have tendered the shares for open offer. However, as observed in the foregoing, Noticee 3 had tendered 2,29,500 shares which was 29.59% of the total shares tendered in the open offer. In view

thereof, the contention of Noticee 3 in this regard is devoid of merit and hence cannot be accepted.

- 17.8. In this regard, I note that Noticee 4, as part of its reply to the SCN, contended that *'...being a shareholder at the relevant time under the category of public shareholder, participated in the open offer and tendered our 4,500 shares of JCCL @ Rs. 14/- per share against the prevailing market price of Rs. 87.47 per share during the open offer period....'*

In this regard, I note that Noticee 4 being part of the promoter group, was deemed to be person acting in concert, as already brought out in the foregoing, and in terms of Regulation 7(6) of the SEBI (SAST) Regulations, 2011, should not have tendered the shares for open offer. However, as observed in the foregoing, Noticee 4 had tendered 4500 shares which was 0.58% of the total shares tendered in the open offer. In view thereof, the contention of Noticee 4 in this regard is devoid of merit and hence cannot be accepted.

- 17.9. In this regard, I note that Noticee 5, as part of its reply to the SCN, contended that *'...being a shareholder at the relevant time under the category of public shareholder, participated in the open offer and tendered our 4,500 shares of JCCL @ Rs. 14/- per share against the prevailing market price of Rs. 87.47 per share during the open offer period..'*

In this regard, I note that Noticee 5 being part of the promoter group, was deemed to be person acting in concert, as already brought out in the foregoing, and in terms of Regulation 7(6) of the SEBI (SAST) Regulations, 2011, should not have tendered the shares for open offer. However, as observed in the foregoing, Noticee 5 had tendered 4500 shares which was 0.58% of the total shares tendered in the open offer. In view thereof, the contention of Noticee 5 in this regard is devoid of merit and hence cannot be accepted.

- 17.10. In this regard, I note that Noticee 6, as part of its reply to the SCN, contended that *'...being a shareholder at the relevant time under the*

category of public shareholder, participated in the open offer and tendered 92,909 shares of JCCL @ Rs. 16/- per share against the prevailing market price of Rs. 87.47 per share during the open offer period...'.

In this regard, I note that Noticee 6 being part of the promoter group, was deemed to be person acting in concert, as already brought out in the foregoing, and in terms of Regulation 7(6) of the SEBI (SAST) Regulations, 2011, should not have tendered the shares for open offer. However, as observed in the foregoing, Noticee 6 had tendered 92,909 shares which was 11.98% of the total shares tendered in the open offer. Further, I note that it is not the case that Noticee 6 was never shown as a promoter. Noticee 6 was reclassified from promoter category to public category in since quarter ending September 2020. I note that the Noticee has not provided any rationale regarding this reclassification. In view thereof, the contention of Noticee 6 in this regard is devoid of merit and hence cannot be accepted.

- 17.11. As regards, Noticee 2 to Noticee 6's contention that they tendered the shares in open offer under the bona fide belief that they were public shareholders, I note that it was for Noticee 2 to Noticee 6 to reply on the basis of factual position and having regard to the extant applicable provisions of law and not basis something which was filed incorrectly, as brought out in the violations established in respect of Noticee 1 viz. incorrect shareholding pattern filed by the company.

In this regard, I note that it is a cardinal principle of law that, 'Ignorantia juris non excusat'. In other words, ignorance of the law cannot be an excuse. As brought out in the foregoing, Noticee 2 to Noticee 6 were part of the promoter group and the same had not been denied or disputed by them. Regulation 7(6) of SEBI (SAST) Regulations, 2011, does not allow persons acting in concert with the parties to the underlying agreement from tendering shares in an open offer, irrespective of their classification by the target company. The

classification as 'public' by the company does not alter the substantive legal relationship between the promoters and the company and such claims of ignorance cannot be accepted as an exemption from the legal requirements.

- 17.12. In view thereof, I find that the allegation that Noticee 2 to Noticee 6 had tendered shares in the open offer despite not being eligible to tender their shares as they were part of the promoter group, stands established. Therefore, I hold that Noticee 2 to Noticee 6 violated provisions of Regulation 7(6) of the SEBI (SAST) Regulations, 2011.

Issue No. II: If yes, whether the violations on the part of the Noticees would attract monetary penalty under Sections 15A(b) of the SEBI Act, 1992, as applicable?

18. It has been established in the foregoing paragraphs that Noticee 1 had violated provisions of LODR Regulations, Listing Agreement and SEBI Master Circular dated July 11, 2023 and Noticee 2 to Noticee 6 had violated provisions of SEBI (SAST) Regulations, 2011.

19. In this regard, it is noted that the Hon'ble Supreme Court of India in the matter of SEBI v/s Shri Ram Mutual Fund [2006] 68 SCL 216(SC) inter alia held that:

"...In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established...."

20. Therefore, for the established violation, as brought out in the foregoing paragraphs, I find that the Noticees are liable for monetary penalty under section 15A(b) of the SEBI Act, 1992 which reads as under:

" ...

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,—

(a)...

(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations 66[or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents], he shall be liable to 67[a 21 penalty 68[which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees]];

...”

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

21. While determining the quantum of penalty under Section 15A(b) of the SEBI Act, 1992, it is important to consider the factors as stipulated in Section 15J of the SEBI Act, 1992, which inter alia reads as under: -

SEBI Act, 1992

“ ...

Factors to be taken into account while adjudging quantum of penalty.

15J. While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely:—

- a. the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
- b. the amount of loss caused to an investor or group of investors as a result of the default;
- c. the repetitive nature of the default.

Explanation.—For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.

....”

22. In the instant case, I note that the material available on record does not quantify any disproportionate gain or unfair advantage or consequent loss caused to investor or group of investors by the Noticees as a result of the violations committed by the Noticees. Further, there is nothing on record to show that the violations committed by the Noticees are repetitive in nature. However, I cannot ignore that requirement of provisions of LODR Regulations, SEBI circular and SAST Regulation, as in the instant matter, were obligatory upon the Noticees which the Noticees failed to comply with, as dealt with and established in the foregoing and which SEBI is duty-bound

to inter alia enforce compliance of. In view thereof, I am of the view that such violation on part of the Noticees needs to be dealt with suitably penalty.

E. ORDER

23. After taking into consideration the facts and circumstances of the case, material available on record, submissions made by the Noticees and also the factors mentioned in the preceding paragraphs, in exercise of the powers conferred upon me under section 15-I of the SEBI Act, 1992 read with Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, I hereby impose the following penalty, as per the table below, on the Noticees, for the aforementioned violations, as discussed in this order. In my view, the said penalty will be commensurate with the violations committed by the Noticees in this case:

S. No.	Noticee Name	Penalty under Section	Penalty Amount (in Rs.)
1	Jhaveri Credits and Capital Limited	Section 15A(b) and Section 15HB of the SEBI Act, 1992	Rs. 2,00,000/- (Rupees Two Lakhs Only)
2	Karan Jeet Resources Private Limited	Section 15HB of the SEBI Act, 1992	Rs. 1,00,000/- (Rupees One Lakh Only), to be paid jointly & severally.
3	Jhaveri Hightech Agro Limited		
4	Jhaveri Infrastructure Private Limited		
5	Maulik Kruti Resources Private Limited		
6	Yash Bhadresh Jhaveri		

24. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT > Orders > Orders of AO > PAY NOW

25. 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.
26. In terms of the provisions of Rule 6 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, a copy of this order is being sent to the Noticees and also to the Securities and Exchange Board of India.

DATE: DECEMBER 12, 2024
PLACE: MUMBAI

AMAR NAVLANI
ADJUDICATING OFFICER