BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/AN/PR/2024-25/30792]

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:

Nilesh Krushna Palande
PAN: AGLPP8818Q

In the matter of Insta Finance Ltd (erstwhile SDFC Finance Limited)

A. BRIEF BACKGROUND

1. Securities and Exchange Board of India (SEBI) initiated investigation in the matter wherein the scope of the investigation was to inter alia ascertain whether there was any violation of the provisions of the SEBI Act, 1992, SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 and disclosure violation of provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 [SEBI (SAST) Regulations, 2011] and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015 [SEBI (PIT) Regulations, 1992] by the suspected entities in the trading in the scrip of SDFC Finance Ltd.(interchangeably also referred to as ‘Insta Finance Ltd.’ / SDFC) The Investigation period was taken from March 01, 2012 to November 19, 2012 (IP). However, wherever deemed necessary, reference had been made to outside this period.

2. Pursuant to the investigation, it was inter alia observed and alleged by SEBI that sixteen entities as persons acting in concert including Nilesh Krushna

Palande (Noticee) failed to make the required disclosures of change in shareholding and thereby violated Regulation 29(1) and 29(2) read with 29(3) of SEBI (SAST) Regulations, 2011.

3. Based on the findings of investigation, inter alia SEBI initiated Adjudication Proceedings in respect of sixteen entities including Nilesh Krushna Palande inter alia for the alleged violation of Regulation 29(1), 29(2) read with 29(3) of SEBI (SAST) Regulations, 2011.

4. In this regard, Adjudication Order No. EAD-12/AO/SM/57-72/2017 dated October 30, 2017 (AO order dated October 30, 2017) was passed by erstwhile Adjudicating Officer in respect of sixteen Noticees including Nilesh Krushna Palande (being Noticee 2 in the said Adjudication proceedings) wherein monetary penalty of Rs. 200000/- (Rupees two lakhs only) was imposed upon Noticee 2 under Section 15A(b) of the SEBI Act, 1992 for the violation of Regulation 29(1), 29(2) read with 29(3) of SEBI (SAST) Regulations, 2011.

5. Noticee filed appeal before Hon'ble Securities Appellate Tribunal ('SAT') in respect of the AO order dated October 30, 2017 passed by the erstwhile Adjudicating Officer imposing the aforesaid monetary penalty upon the Noticee. Hon'ble SAT, vide its Order dated May 14, 2024 in Appeal no. 288 of 2024 ('Hon'ble SAT order') remitted the matter to SEBI for fresh consideration in accordance with law inter alia directing that:

> *"…*
> *Impugned order dated October 30, 2017 is set aside. Matter is remitted to the SEBI for fresh consideration in accordance with law with a direction to pass fresh order after hearing the appellant in an outer limit of three months from the date of appearance of appellant before SEBI*
> *…"*

B. APPOINTMENT OF ADJUDICATING OFFICER

6. Subsequent to the aforesaid Hon'ble SAT order, the Competent Authority, in exercise of the powers under Section 19 of the SEBI Act, 1992 read with Sub-section (1) of Section 15-I of the SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter also

referred as 'SEBI Adjudication Rules'), appointed the undersigned as Adjudicating Officer to inquire into and adjudicate upon the alleged violations by Nilesh Krushna Palande. The said proceedings of appointment were communicated to the undersigned vide Communique dated May 21, 2024.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

7. Vide letter dated May 22, 2024, Noticee was inter alia informed about appointment of the undersigned as the Adjudicating Officer in the instant proceedings and the details with respect to venue and time for appearance on June 18, 2024. The Noticee along with his Authorised Representative viz., Adv. Tejas Madhavi (AR) appeared before the Adjudicating Officer on June 18, 2024, as directed by Hon'ble SAT, wherein the AR requested for the copy of Show Cause Notice dated July 25, 2017 issued by the erstwhile Adjudicating Officer (SCN) and also sought time to file reply to the SCN. On the same day, Noticee was served with the copy of SCN along with the annexures to the SCN, in person, and time till July 02, 2024 was allowed for reply to the SCN.

8. I note, briefly stated, the following was inter alia alleged in the SCN in respect of the Noticee:

'…

3. It was observed in SEBI investigation that certain entities connected to each other were accumulating shares of SDFC, based on connection among Noticees…it is alleged that all Noticees were Persons Acting in Concert (PAC), in terms of Regulation 2(1)(q)(1) of SEBI(SAST)Regulation, 2011.

4. Noticees had started accumulating shares of SDFC and their shareholding as on November 19, 2012 was as under:

Sl No	*Names*	*Holding as % on 01/03/2012*	*Holding as % as on 19/11/2012*
1	*Stardom Trading Company Pvt Ltd*	*0*	*4.16*
2	*Dadima Capital (P) Ltd*	*0*	*3.67*
3	*Chirag Dineshkumar Shah*	*0*	*3.66*
4	*Ghanshyam Dayabhai Patel*	*0*	*3.28*
5	*Rajnee Rajan Gitaye*	*0.13*	*2.95*
6	*Jayshree Shankar Bhosle*	*0*	*2.11*
7	*Yogesh Bhogilal Chauhan*	*0*	*2.06*
8	*Parag Chandrkant Shah*	*0*	*2.02*
9	*Hansa Kakubhai Vadera*	*0*	*1.6*
10	*Vaishali Sharad Gawde*	*0.05*	*1.25*
11	*Kirti Kantilal Mehta*	*0.01*	*1.17*
12	*Neha Bipin Patel*	*0*	*0.93*
13	*Sonal International Ltd*	*0.11*	*0.58*
14	*Univarsal Credit And Sec. Ltd*	*0*	*0.34*
15	*Nilesh Krushna Palande*	*0.16*	*0.18*
16	*Jigar Mahesh Shah*	*0*	*0.15*

	Total	0.45	30.12

5. Noticees being PACs, through continuous acquisition of shares had increased their shareholding in SDFC from 0.45% as on March 01, 2012 to 30.12% by November19, 2012.

6. Among all Noticees, Stardom was the major buyer of the SDFC shares and it was holding 4.16% of the total share capital of SDFC as on November 19, 2012. Hence, Stardom is considered as the acquirer (under Regulation 2(1)(a) of SAST 2011) of the shares along with the PAC.

*7. Upon analysis of bank statement of Stardom (Axis Bank A/c no 9100200******00 for the period from January 01, 2012 to December 31, 2012), it was alleged that there were financial transactions between Stardom and 14 noticees viz Krushna Palande, Hansa Kakubhai Vadera, Rajnee Rajan Gitaye, Neha Bipin Patel, Sonal Interenational Ltd, Kirti Kantilal Mehta, Chirag Dinesh Kumar Shah, Ghanshyam Dayabhai Patel, yogesh Bhogilal Chauhan, Universal Credit and Sec. Ltd, Jayshree Shankar Bhosle, Parag Chandrkant Shah, Jigar Mahesh Shah and Vaishal Sharad Gawde during the period of investigation when noticees were acquiring the shares of SDFC. It is alleged that Stardom had transferred Rs. 20.83 crores to above mentioned 14 noticees and it had received Rs. 0.64 crores from 10 noticees viz. Nilesh Krushna Palande, Hansa Kakubhai Vadera, Rajnee Rajan Gitaye, Kirti Kantilal Mehta, Ghanshaym Dayabhai Patel, Yogesh Bhogilal Chauhan, Universal Credit And sec. Ltd, Jayshree Shankar Bhosle, Jigar Mahesh Shah, Vaishali Sharad Gawde. The details of financial transactions executed between Stardom and below mentioned noticees, is as follows*

Particulars	Amount transferred by Stardom	Amount transferred to Stardom
Nilesh Krushna Palande	6,405,000	(540,000)
Hansa Kakubhai Vadera	13,416,000	(230,000)
Rajnee Rajan Gitaye	19,650,000	(240,000)
Neha Bipin Patel	17,486,000	-
Sonal International Ltd	9,493,000	-
Kirti Kantilal Mehta	29,814,000	(670,000)
Chirag Dineshkumar Shah	40,371,064	-
Ghanshyam Dayabhai Patel	17,543,000	(675,000)
Yogesh Bhogilal Chauhan	15,303,648	(760,000)
Univarsal Credit And Sec. Ltd	540,000	(735,000)
Jayshree Shankar Bhosle	19,895,339	(360,000)
Parag Chandrkant Shah	12,778,622	-
Jigar Mahesh Shah	5,683,000	(1,315,000)
Vaishali Sharad Gawde	3,000	(940,000)
Total	**208,381,673**	**(6,465,000)**

8. In addition to the above mentioned 14 entities who were having financial transactions during the period of investigation with Stardom, Noticee 15 (Dadima Capital (P) Ltd was also considered as PAC since it was having off-market transactions with Stardom.

9. All noticees (being PAC) were acquiring shares of SDFC, however, it is alleged that they did not make disclosure as specified under Regulation 29(1), 29(2) of SEBI (SAST) Regulations, 2011. Instances of the same are as under:

Date when the Regulation was triggered	Name of the PAC entity	Acquisition Quantity	Cumulative holding of the PAC on the date of regulation triggered	Change % from last disclosure required to be made
11-Jun-12	Dadima Capital (P) Ltd .	37500	5.25%	5.00%
17-Aug-12	Parag Chandrkant Shah	10000	7.33%	2.08%
27-Aug-12	Jayshree Shankar Bhosle	19999	9.51%	2.17%
30-Aug-12	Jigar Mahesh Shah	10000	12.08%	2.57%
04-Sep-12	Jigar Mahesh Shah	75	14.20%	2.12%
12-Sep-12	Parag Chandrkant Shah	20	16.39%	2.19%
17-Sep-12	Parag Chandrkant Shah	10535	19.01%	2.62%
26-Sep-12	Jayshree Shankar Bhosle	5000	21.12%	2.11%
12-Oct-12	Kirti Kantilal Mehta	5000	23.35%	2.23%
19-Oct-12	Parag Chandrkant Shah	25000	25.52%	2.17%
30-Oct-12	Chirag Dineshkumar Shah	23800	27.73%	2.21%
19-Nov-12	Neha Bipin Patel	43379	30.12%	2.39%

10. …

11. SEBI had sought confirmation from SDFC about the aforesaid non disclosures by the noticees. SDFC in its reply dated December 20, 2014..had confirmed that it had not received any disclosures from any of its shareholders during the period from March 01, 2012 to November 30, 2012.

12. SEBI had also sought information from BSE in the matter, on which BSE in its reply dated November 20, 2014, had confirmed that no disclosures were received in the scrip of SDFC during the period February 01, 2012 to November 30, 2012

13. …

14. Noticees Viz., Nilesh Krushna Palande, …have violated Regulation 29(1) and 29(2) read with 29(3) of SAST Regulations, 2011

…'

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9. Vide email and letter dated July 01, 2024, inter alia Noticee sought inspection of documents and copies thereto. Vide email dated July 03, 2024, Noticee was informed that the copies of relevant documents as relied upon in the instant matter had already been provided as annexures to the SCN. Further, copy of Investigation Report was provided and Noticee was afforded an opportunity of inspection of documents on July 04, 2024. On the scheduled date, the Noticee

availed the opportunity of inspection of documents through his AR. During the inspection of documents, Noticee was provided with copy of relevant Investigation Report (IR) along with the annexures thereto. Pursuant to availing the inspection of documents by the AR, inter alia Noticee again sought copies of all the documents requested vide his letter dated July 01, 2024 and the documents identified during the inspection. In this regard, vide email dated July 31, 2024, Noticee was provided with the copies of bank statements, KYC documents, details of off market transactions and stardom's shareholding in SDFC, as being relevant documents as relied upon and available on record. Further, vide email dated August 22, 2024, Noticee again sought certain documents inter alia citing other adjudication proceedings. In this regard, vide email dated September 12, 2024, Noticee was inter alia informed that relevant documents as relied upon in the instant matter had already been provided to the Noticee as annexures to the SCN, as part of the inspection of documents held on July 04, 2024 and also vide email dated July 31, 2024 and that as regards other proceedings, Noticee may approach the competent Authority.

10. In the interest of Principles of Natural Justice, vide Hearing Notice dated August 02, 2024, inter alia Noticee was afforded an opportunity of hearing on August 09, 2024 and was also advised to submit reply to the SCN latest by August 07, 2024. Vide email dated August 05, 2024, Noticee sought time to file reply to the SCN and to reschedule the hearing. Vide email dated August 06, 2024, having regard to the facts and circumstances of the matter, no extension was allowed. Vide email dated August 07, 2024, Noticee again sought extension citing reasons of ill health. Vide email dated August 08, 2024, having regard to the request of the Noticee, hearing was rescheduled to August 14, 2024. Vide email and letter dated August 12, 2024, Noticee submitted reply to the SCN.

11. On the scheduled date viz. August 14, 2024, Noticee availed the opportunity of hearing through his Authorised Representatives (ARs) viz. Adv. Tejas Madhavi and Ms. Poorvi Jain. The ARs relied upon and reiterated the submissions made vide Noticee's letter dated August 12, 2024. Further, the

ARs sought time to make additional submissions as complete and final submissions in the instant proceedings, accordingly, time till August 16, 2024 was allowed. Vide email and letter dated August 16, 2024, Noticee filed additional written submissions. Further, vide email dated September 14, 2024, certain details, as sought, were provided by the Noticee.

12. The key submissions made by the Noticee inter alia as replies to the SCN vide letter dated August 12, 2024 and August 16, 2024, are as under:

Submissions dated August 12, 2024:

'…

3. *The Noticee submits that the Noticee has pursued his education in Marathi Medium and unfortunately has not cleared the Higher Secondary Certificate (HSC) examination. The Noticee was very young when he joined Mr. Narendra Shah as an employee in the year 2003 and continued working under Mr. Narendra Shah up until the year 2017. The Noticee was working as sweeper at Mr. Narendra Shah's office for initial years of his employment and thereafter was assigned with various duties like collection of funds etc. The Noticee further submits that he attended night-college alongside his employment to meet his day to day expenses.*
4. *The Noticee submits that he is currently residing with his mother, wife, and two sons. The Noticee's mother, being senior citizen aged 84 years, and both the sons being minors, the Noticee and his wife are serving as the primary financial support for their family. Consequently, the Noticee and his wife are bearing the sole responsibility for meeting the economic needs and obligations of their dependents. The Noticee further submits that at present he receives a modest monthly salary of Rs. 33,800/- (Rupees Thirty-Three Thousand Eight Hundred only) through NEFT in his bank account. However, due to several financial obligations, including an ongoing Bachat gat loan, DHFL Home Loan, Office loan, Piramal TopUp Loan, Life Insurance Premium expenses, Educational expenses of both his minor sons and other Household Expenses, the entire amount of 33,800/- is depleted by the end of each month, leaving no room for any savings.*
5. *The Noticee repeats and reiterates that the Noticee from the year 2003 up until 2017 was working under Mr. Narendra Shah. During this period of approximately 14 years of employment, all expenses associated to the Noticee's education, accommodation, and meals were borne by Mr. Narendra Shah. The Noticee asserts that his salary was exclusively paid through cheques, with his last recorded salary being approximately Rs. 15,000/- (Rupees Fifteen Thousand only) in the year 201.*
6. *The Noticee contends that for the duration spanning from the Year 2009 to Year 2012, the Noticee was residing at B 201, Dhanyalaxmi Apt, Jivdani Road, Virar East, Vasai, Palghar – 401305, on a rental basis. The Noticee further contends that for the duration spanning from 2012 to 2015 the Noticee was residing at 104/b Dhanyalaxmi Apt, Jivdani Road, Virar East, Vasai, Palghar – 401305. Thereafter, the Noticee on 18th November, 2015 acquired the property situated at B 201, Dhanyalaxmi Apt, Jivdani Road, Virar East, Vasai, Palghar – 401305, and has been residing at the said address since 2015.*
7. *The Noticee asserts that he was never engaged in any Securities Market transactions and possesses no familiarity of trading in Securities Market and moreover he never initiated the opening of a Demat account.*
8. *It is respectfully submitted that the Noticee had formally requested an inspection of documents, including the Bank Statements of M/s Stardom Trading Company Private Limited (hereinafter referred to as "Stardom"), which had been relied upon by SEBI vide letter dated 1st July 2024 on the same date. However, these documents were only provided to the Noticee in a Compact Disc when the authorized representative of the Noticee visited SEBI's office at Bandra Kurla Complex on 1st August 2024 for some another matter, thereby resulting in a delay of one month from the date of the initial request.*
   Upon a detailed examination of the documents furnished in the Compact Disc, it is observed that the Bank Statements of Stardom, which constitute a critical piece of evidence in the ongoing proceedings, are completely illegible.
   As a result, despite the Noticee having waited for an entire month, the documents provided are rendered unusable due to their illegibility. Further, the Noticee during the course of Inspection was provided with Bank Statement of Stardom for the period ranging between 1st January, 2012 to 31st December, 2012. However, the Bank statement provided during inspection and in the compact disc are two different documents. Hence, it is unclear as to which document were relied upon during the Investigation.
9. *It is further submitted that Mr. Narendra Shah in his statement dated 24th December 2014 recorded by SEBI, admitted that he has received introducing commission for introducing entities to brokers and has been doing so for the past 15-20 years. Furthermore, Mr. Narendra Shah has also admitted in his statement to SEBI that he knows the Noticee personally since a long time.*
10. *<u>On the ground of Delay and Laches:</u>*

   10.1. *The Noticee submits that SEBI had forwarded the IMSS alert to the Bombay Stock Exchange (BSE) in 2012 for examination, indicating that SEBI was very well aware of the alleged violation since 2012. The Noticee further contends that the investigation by SEBI into the scrip of SDFC Finance Limited (now known as Insta Finance Ltd) commenced in the year 2012, as evidenced by the Investigation Report. The Noticee further submits that the Annexure 13 to the Investigation Report clearly indicates that SEBI's… on 20th November, 2014 requested BSE to provide detail of disclosures received, if any under SAST Regulations, 2011. The Noticee further submits that SEBI took more than 2 years, from the initial IMSS Alert which was forwarded to BSE on 13th September, 2012, to seek information with regards to disclosure required under SAST Regulation, 2011, thus, clearly indicating that SEBI was very well aware of alleged transaction in the year 2012 itself. Further, the alleged violation against the Noticee is only with respect to disclosure requirement which does not require an extensive Investigation. Further, the Adjudicating Officer was appointed vide noting dated 17th May, 2017, i.e., more than five years after the investigation began.*

10.2. *The Noticee further submits that determining whether the Noticee has adhered with the disclosure norms does not necessitate an exhaustive investigation and can be established by merely examining the records of the Stock Exchange and the Company. Thus, despite of SEBI being well aware of the alleged violation in the year 2012, the Investigation Report was not finalised until the year 2017. Therefore, it can be concluded that SEBI took approximately 5 years to investigate whether the Noticee is to be termed as a Person Acting in Concert for the alleged non-disclosure violation noted in the year 2012. Furthermore, with respect to the alleged trade which had taken place in the year 2012 and considering that SEBI was already aware of the said transaction in the same year, it is beyond reasonable contemplation that the investigation could require a lengthy period of 5 years to conclude.*

10.3. The Noticee emphasizes that he was provided with a copy of the SCN on June 18, 2024, resulting in a delay of 12 years since the execution of the alleged trades. The Noticee argues that this unexplained and significant delay in initiating proceedings is unreasonable and unjustifiable. As a result, the Noticee contends that the Captioned SCN should be quashed, and the Adjudicating Proceedings under Section 15I of the SEBI Act, 1992, to inquire into and adjudge the alleged violations under Section 15A(b) of the Act, should be dropped.

The Noticee refers to and relies upon Judgment of the Hon'ble SAT in the matter of Kiran M Joshi Vs. SEBI - Order dated 28-06-2023 (Appeal No. 524 of 2023)

> *"6. Having heard the learned counsel for the parties, we are of the opinion that there has been an inordinate delay in the issuance of the show cause notice. The transaction is of the year 2013. Show cause notice was issued in 2022, after 9 years. The justification given by the AO is wholly erroneous and cannot be accepted. The investigation was started in 2014 and concluded soon thereafter. The contention that fresh investigation was initiated again in 2017 is clearly an afterthought especially when we find that for a transaction which had taken place in 2013 and which transaction was in the public domain, by no conceivable imagination one can think that the investigation could take such period of time."*

10.4. *The Noticee places its reliance on the following Judgment/ Orders passed by the Hon'ble Securities Appellate Tribunal and Hon'ble Supreme Court:*

a) *The Hon'ble SAT in the matter of Mr. Ashok Shivpal Rupani & Ors, - Order dated 22-08-2019 (Appeal Nos. 417 and 440 of 2018)*

"5. We have heard the learned counsel for the parties. It was contended that there was an inordinate delay in the issuance of the show cause notice for violation of provisions of PIT Regulations or of the LODR Regulations and therefore on the ground of inordinate delay the proceeding should have been dropped and no penalty could have been imposed. It was contended that the alleged violation occurred in the year 2010 whereas the show cause notice was issued in the year 2018 after eight years for which no explanation has been given.

7.In Mr. Rakesh Kathotia & Ors. vs. SEBI (Appeal No. 07 of 2016 decided by this Tribunal on 27.05.2019) proceedings were quashed on account of inordinate delay. The said decision is squarely applicable to the instant case. For facility, the relevant paragraph of the order is extracted hereunder:

"23. It is no doubt true that no period of limitation is prescribed in the Act or the Regulations for issuance of a show cause notice or for completion of the adjudication proceedings. The Supreme Court in Government of India vs, Citedal Fine Pharmaceuticals, Madras and Others, [AIR (1989) SC 1771] held that in the absence of any period of limitation, the authority is required to exercise its powers within a reasonable period. What would be the reasonable period would depend on the facts of each case and that no hard and fast rule can be laid down in this regard as the determination of this question would depend on the facts of each case.

This proposition of law has been consistently reiterated by the Supreme Court in Bhavnagar University v. Palitana Sugar Mill (2004) Vol.12 SCC 670, State of Punjab vs. Bhatinda District Coop. Milk P. Union Ltd (2007) Vol.11 SCC 363 and Joint Collector Ranga Reddy Dist. & Anr. vs. D. Narsing Rao & Ors. (2015) Vol. 3 SCC 695. The Supreme Court recently in the case of Adjudicating Officer, SEBI vs. Bhavesh Pabari (2019) SCC Online SC 294 held: "There are judgments which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. What would be reasonable time, would depend upon the facts and circumstances of the case, nature of the default/statute, prejudice caused, whether the third-party rights had been created etc."

8. In the light of the aforesaid, we are of the opinion that there has been an inordinate delay in the issuance of the show cause notice and for completion of the adjudication proceedings. Since the power to adjudicate has not been exercised within a reasonable period no penalty could have been imposed for the alleged violations.

9. As a result, without going into the merits of the case, we are of the opinion that on account of inordinate delay the initiation of proceedings by issuance of the show cause notice which culminated into a penalty order cannot be sustained. The show cause notice and the impugned orders passed by the AO are quashed. Both the appeals are allowed."

Further, Civil Appeal No. 8444 –8445 of 2019 Securities and Exchange Board of India vs. Ashok Shivlal Rupani & Anr, etc. filed by the SEBI against the aforesaid Order has been dismissed by the Hon'ble Supreme Court of India vide its Order dated 15th November, 2019 thus affirming the decision of the Hon'ble Tribunal.

b) *The Hon'ble SAT in Anilkumar Nandkumar Harchandani & Others vs SEBI in Appeal No. 75 of 2019 - Order dated 10th October, 2019 in Para 7 held as under:*

"The time line of the events would show that the alleged violation had occurred between March, 2004 to June, 2004. The show cause notice however was issued in the present case dated 7th November, 2017. The investigation report itself would show that for non availability of the documentary evidences the investigating authority did not recommend taking drastic action to direct making of public announcement. Thus, there was inordinate delay in initiation of the proceedings."

c) *The Hon'ble SAT in Rakesh Kathotia & Others vs SEBI in Appeal No. 7 of 2016 – Order dated 27th May, 2019 in Para 23 held as under:*

"It is no doubt true that no period of limitation is prescribed in the Act or the Regulations for issuance of a show cause notice or for completion of the adjudication proceedings. The Supreme Court in Government of India vs, Citedal Fine Pharmaceuticals, Madras and Others, [AIR (1989) SC 1771] held that in the absence of any period of limitation, the authority is required to exercise its powers within a reasonable period. What would be the reasonable period would depend on the facts of each case and that no hard and fast rule can be laid down in this regard as the determination of this question would depend on the facts of each case. This proposition of law has been consistently reiterated by the

Supreme Court in Bhavnagar University v. Palitana Sugar Mill (2004) Vol.12 SCC 670, State of Punjab vs. Bhatinda District Coop. Milk P. Union Ltd (2007) Vol.11 SCC 363 and Joint Collector Ranga Reddy Dist. & Anr. vs. D. Narsing Rao & Ors. (2015) Vol. 3 SCC 695. The Supreme Court recently in the case of Adjudicating Officer, SEBI vs. Bhavesh Pabari (2019) SCC Online SC 294 held:

"There are judgments which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. What would be reasonable time, would depend upon the facts and circumstances of the case, nature of the default/statute, prejudice caused, whether the third-party rights had been created etc."

d) In Rajeev Bhanot & Ors vs SEBI the Hon'ble Securities Appellate Tribunal in its Order dated 09.07.2021 held as under:

"18. We are constrained to observe that inspite of specific orders being issued from time to time on the question of delay the WTM chooses to ignore those decisions as if they do not exist or is not binding upon them. In the instant case, we find that the WTM has trenchantly asserted that it is a settled position that there is no time limit for issuing notice and that an order cannot be set aside on the ground of delay. Such assertion being used time and again in the order passed by the AO or the WTM is patently erroneous. This Tribunal in a large number of appeals have set aside the orders only on the ground of delay… "

10.5. The Noticee submits that it is alleged that the he has acquired shares of the Company in the year 2012 and that the SCN was served to the Noticee only in the year 2024, this inordinate delay in the proceedings has caused huge prejudice to the interest of the Noticee. The Noticee submits that for the alleged violation of non-disclosure of which SEBI was aware in the year 2012 itself, the Noticee has been put to harm after a period of 12 years without any valid explanation provided for the delay.

10.6. Further on requisition of documents pursuant to the Inspection carried out on 4th July, 2024 and despite of explicit directions of the Hon'ble SAT to complete the proceedings within 3 months, it was only after a period of 27 days from the date of inspection, …responded to the reminder emails and provided incomplete set of documents in a Compact Disc on 1st August, 2024. This delay and the provision of incomplete documents further exacerbates the prejudice faced by the Noticee.

11. On the Ground of breach of Principles of Natural Justice by not providing all relevant documents to the Noticee

11.1. The Noticee vide letter dated 1st July, 2024 had requested SEBI to provide inspection of all relevant documents to enable the Noticee to give effective reply to the Captioned SCN. SEBI vide email dated 3rd July, 2024 afforded an opportunity of Inspection of the Documents to be conducted on 4th July, 2024. On the scheduled date of Inspection, the Authorised Representative were provided with various physical documents for Inspection including Bank Statements of the Noticees to the Captioned SCN, Investigation Report along with its Annexures, KYC documents of certain Entities, Green Notes, Statement of Narendra Shah dated 24th December, 2014 record by SEBI, Minutes of CIDC-1, etc. The Authorised Representative had requested various documents including Statement of Narendra Shah, Bank Statements, KYC Documents, Investigation Report along with its Annexure, Green Notes, Minutes of CIDC-1 etc however, was only provided with Investigation Report along with its Annexures. Further, …, had informed the Authorised Representative that other requested documents identified during the course of Inspection alongwith the documents requested vide letter dated 1st July, 2024 will be delivered through fastest mode of delivery i.e., either via post, hand delivery, or email at the earliest.

11.2. The Noticee further submits that the following additional documents were only provided on 1st August, 2024 after several reminders through emails and voice mails:

a. Bank Statements;
b. KYC of Dadimaa Capital Private Limited, Kriti Kantilal Mehta, Vaishali Sharad Gawade and the Noticee;
c. Details of Off-Market transaction
d. Shareholding Pattern of Stardom Trading Company Private Limited.

11.3. The Noticee further submits that the Statement of Narendra Shah, Green Notes, IMSS alert forwarded by SEBI on 13th September, 2012, BSE Report, KYC documents of Noticee Nos. 1, 3, 4, 5, 9, 11, 12, 13, are not provided to the Noticee. The Noticee further submits that by not providing relevant documents, SEBI has deprived the Noticee of a free and fair opportunity to defend itself thus, breaching Principle of Natural Justice. It is submitted that the documents and information sought by the Noticee are very basic, crucial and relevant to meet and to answer the allegations levelled against him, if any. Such a non-provision of these documents is in complete disregard of the well-settled law laid down by the Hon'ble Supreme Court in T. Takano. The deprivation of such documents and information has evidently led to the violation of Principles of Natural Justice that further results in the vitiation of the proceedings against the Noticee. It is submitted that such a non- provision of the basic documents has caused great prejudice to the Noticee and is in complete gross violation of the Principles of Natural Justice

11.4. The Noticee places its reliance on the following Judgment/ Orders passed by the Hon'ble Securities Appellate Tribunal and Hon'ble Supreme Court:

a. The Hon'ble Supreme Court in T. Takano v. SEBI, (2022), decided on 18-02-2022. The relevant extracts of T Takano are reproduced herein below:

"23. The purpose of disclosure of information is not merely individualistic, that is to prevent errors in the verdict but is also towards fulfilling the larger institutional purpose of fair trial and transparency. Since the purpose of disclosure of information targets both the outcome (reliability) and the process (fair trial and transparency), it would be insufficient if only the material relied on is disclosed. Such a rule of disclosure, only holds nexus to the outcome and not the process. Therefore, as a default rule, all relevant material must be disclosed.

39. The following principles emerge from the above discussion:

i) A quasi-judicial authority has a duty to disclose the material that has been relied upon at the stage of adjudication

ii). An ipse dixit of the authority that it has not relied on certain material would not exempt it of its liability to disclose such material if it is relevant to and has a nexus to the action that is taken by the authority. In all reasonable probability, such material would have influenced the decision reached by the authority.

Thus, the actual test is whether the material that is required to be disclosed is relevant for purpose of adjudication. If it is, then the principles of natural justice require its due disclosure.

51 (iii). The disclosure of material serves a threefold purpose of decreasing the error in the verdict, protecting the fairness of the proceedings, and enhancing the transparency of the investigatory bodies and judicial institutions."

(emphasis supplied)

b. Order of Hon'ble SAT passed in the matter of Smitaben N Shah vs SEBI (decided on 30th July, 2010). The relevant extracts from the said Order are reproduced below:

"7. We may now deal with the contentions raised by the learned counsel for the appellant. The first argument of Shri P N Modi Advocate is that the principles of natural justice had been violated in as much as the appellant had not been furnished with trades and order logs repeatedly asked for by her which formed the basis of the charges levelled against her. There is merit in this contention. As already noticed, the primary charge against the appellant is that she alongwith other buyers who had a similar pattern of trading had devised a scheme to all QIB an exit route to offload their shares on the first day of trading. In support of this charge, the Board in the show cause notice had given the appellant charts containing some selective data culled out from the trade and order logs of the exchange pertaining only to trades of the so called connected buyers including the appellant. We do not think that this data was enough. On the first available opportunity, that is, in response to the ex-parte order dated January 17, 2007, the appellant demanded from the Board complete trading history of the scrip on BSE and NSE for December 29, 2006 and January 2, 2007 and more particularly such data that was prevalent at the time when she executed her trades/ transactions. Again in her reply to the show cause notice she demanded the trade and order logs and stated "…it is pertinent to note that SEBI is yet to furnish me with the copies of the trade and order logs based on which the tables in paragraphs 4, 6 and 7 are based. Thereby, SEBI has denied me an opportunity to submit complete and comprehensive replies to the allegations made against me." She asked for this material because, according to her, she was not a connected buyer and wanted to know whether she and the alleged connected buyer were the only ones who had similar trading pattern or whether there were other buy and sell orders as well on the trading screen which showed a similar pattern of modification of orders. This information could come only from the trade and order logs which were not supplied to the appellant. It was legitimate for her to know how many other orders were there on the screen and at what rate and how many of those orders were modified and to what extent and how many of those resulted in trades. If this information has been favourable to her it could have changed the fate of the case. The learned counsel for the respondent Board contended that the trade and order logs pertaining to the two days of trade were voluminous and therefore, it was not feasible to furnish the same to the appellant. We cannot accept this plea. If the records asked for were voluminous, the appellant should have been allowed inspection and since they were in electronic form, she could have been furnished with a soft copy at her own expense. We may hasten to add that her trade and order logs asked for by the appellant are on the records of the stock exchanges as well as with the Board and there is nothing confidential about them. The grievance that the appellant had not been supplied with the trade and order logs was also made before the whole time member and he rejected this contention with his observation in para 8 of the impugned order and this is what he said:

"There is absolutely no dispute about the facts- the order timing and the transaction values. The trade log and order log are relevant if there is dispute about the trades/ orders placed by the noticees. In any case, SEBI is not under obligation to arrange and provide all the records and documents that the accused may need and even may not need to defend itself. The test of natural justice are met if the records relied upon are provided and I find that the same has been provided."

We do not agree with the whole time member. If the documents asked for are relevant and may help the delinquent to prepare his/ her defence they have to be furnished and it is not correct to say that only the documents relied upon in the show cause notice alone are to be submitted to meet the ends of justice. Let us not forget that the details in the charts relied upon in the show cause notice have been culled out from the trade and order logs and in the circumstances of the case, it was not only relevant but even necessary that the appellant be furnished with those trades and order logs so that she could possibly make out a case based on other orders punched into the system. The appellant had repeatedly pointed out the relevance of these documents to prepare her defence. We are therefore satisfied that non furnishing of the trade and order logs to the appellant in the circumstances of this case resulted in the violation of the principles of natural justice. In the view of the matter, we were inclined to remand the case to the Board for a fresh equity. However, learned counsel for the appellant strenuously urged that we should decide on merits the issue and that he did not want the case to be sent back to the Board on this ground."

c. The Order of Hon'ble Supreme Court in the matter of SEBI vs Price Waterhouse (decided on 10th January, 2017). The relevant extract from the said Order is reproduced below:

"We direct, that all statements recorded during the course of investigation shall be provided to the respondents. We further direct, that all documents collected during investigation shall be permitted to be inspected by the respondents. The authors of such statements (recorded during investigation), which are to be relied upon (against the respondents), shall be offered for cross-examination to the respondents. Only thereupon, it will be permissible to rely upon the same.

d. Order of Hon'ble SAT passed in the matter of Vikas Gourihar Narnavar vs SEBI (decided on 15th June, 2010). The relevant extracts from the said Order are reproduced below:

"2. We have heard the learned authorised representative of the appellant and the learned counsel appearing for the Board and it is their common case that relevant portions of the investigation report and the trade logs as referred to in the show cause notice which depicted the role played by the appellant had not been furnished to him along with the show cause notice. This being so, we are satisfied that the principles of natural justice had been violated and that the appellant was not afforded proper opportunity to file his reply. It was necessary that he should have been made aware of the details of the role that he played in the manipulation of the scrip of the company which was said to have been described in the investigation report."

e. The Hon'ble Supreme Court in (1992) 3 SCC 343: AIR 1992 SC 1033) held that:

"A public body invested with statutory powers must take care not to exceed or abuse its power. It must keep within the limits of the authority committed to it. It must act in good faith and it must act reasonably".

12. *The Noticee repeats and reiterates that the Noticee was in employment with Mr. Narendra Shah when the alleged violation occurred. Upon employment, the Noticee was asked to submit various KYC documents. Additionally, Mr. Narendra Shah obtained the Noticee's signatures on various forms under the pretense of providing a loan.*
13. *The Noticee submits that Mr. Narendra Shah has fraudulently misused the KYC documents and signatures of the Noticee to deceive the Noticee by opening of demat account in Noticee's name and that of another individual, Vaishali Gawde. This contention of the Noticee can be substantiated on the basis of following:*
    i. *The Noticee repeats and reiterates that he has never opened any demat account and thus the question of trading in the scrip does not arise. However, the Individual Client Registration Form of the Noticee received from Pilot Credit Capital Limited indicates that a fraudulent demat account was opened using the Noticee's KYC documents and forged signature. Furthermore, both the Telephone Numbers mentioned on the said Form also does not belong to the Noticee, in fact the Telephone Number- 28****09 belongs to office of Mr. Narendra Shah situated at 23, Jalaram Nagar, Near Chamunda Circle, Borivali West, Mumbai- 400092*
    ii. *The Noticee further submits that he has been shown as the Introducer in the KYC documents of Vaishali Gawde, however the signature of the Noticee as appearing in point No. 16 of the Individual Client Registration Form of Vaishali Gawde does not align with the actual signature of the Noticee. Thus, it appears on the face of it that Noticee's name has been fraudulently shown as the Introducer and that the signature of the Noticee has been forged.*
    iii. *The Noticee further submits that the both address of the Noticee as appearing on the SCN viz., D/28/205, Yogi Nagar Excer Road, Borivali (W), Mumbai- 400092 and 23, Jalaram Nagar, Opp. Chamunda Circle, Ganjwala Lane, Borivali (W), Mumbai- 400092 belongs to Mr. Narendra Shah. This contention of the Noticee can be corroborated by the statement of Mr. Narendra Shah dated 24th December, 2014 recorded by SEBI wherein, Mr. Narendra Shah has specifically stated "D/28/205, Yogi Nagar Excer Road, Borivali (W), Mumbai- 400092" as his Residential address. Furthermore, as per the Basis of Connection annexed as Annexure 3 to the Investigation Report, at Sr. No. 15 it is stated as follows:*

    > *"As per KYC (Inventure), address is 24, Jalaram Nagar, Opp. Chamunda Circle, Ganjwala Lane, Borivali (West), Mumbai Maharashtra India 400091 is same as that of Nilesh Palande (Sr. No. 1); Jagdish Jani (director of SDFC Finance Limited) and Narendra Shah are the directors of Dadima as KYC Info…"*

    Thus, it is evident from the above that Mr. Narendra Shah is one of the Directors of M/s Dadimaa Capital Private Limited.
    iv. *Furthermore, Mr. Narendra Shah in the said statement has also admitted the fact that he has traded on behalf of M/s Dadimaa Capital Private Limited. It is pertinent to mention that the KYC document of Dadimaa Captial Private Limited received from Inventure Growth and Securities Limited are signed by Mr. Narendra Shah as Director of M/s Dadimaa Capital Private Limited. The said document reflects the address of M/s Dadimaa Capital Private Limited as 23, Jalaram Nagar, Opp. Chamunda Circle, Ganjwala Lane, Borivali (W), Mumbai- 400092. Thus, drawing conclusion that the aforementioned addresses has been repeatedly misused by Mr. Narendra Shah. Additionally on comparison of the KYC documents of the Noticee and the KYC documents of M/s Dadimaa Captial Private it is also found that the Telephone Number and Fax Number mentioned on the KYC document of the Noticee matches exactly with the Telephone Number and Fax Number mentioned on the KYC documents of M/s Dadimaa Capital Private Limited which has been signed by Mr. Narendra Shah in the capacity of Director of M/s Dadimaa Capital Private Limited.*
    v. *It is imperative to mention herein that the KYC documents of M/s Dadimaa Capital Private Limited are dated 23rd September, 2002 whereas the KYC documents of the Noticee are dated 23rd February, 2006. Hence, Mr. Narendra Shah has used his own addresses, Telephone Number, Fax Number while submitting personal details in the KYC documents of Noticee. Consequently, Mr. Narendra Shah has fraudulently misused the personal documents of the Noticee and has filed fraudulent forms for opening of demat account and undertaking trading activities in the said demat account.*
    vi. *The Noticee further submits that in the Basis of Connection annexed as Annexure 3 to the Investigation Report the entities at Sr. No.4, 11, 15 and 17 have been shown connected to the Noticee on the basis of common address viz., 23, Jalaram Nagar, Opp. Chamunda Circle, Ganjwala Lane, Borivali (W), Mumbai- 400092. However, as stated in the foregoing points it is evidently clear that the said address does not belong to the Noticee and that the same is used by Mr. Narendra Shah as business premises for various Entities including M/s Dadimaa Capital Private Limited.*
    vii. *Further it is also pertinent to mention that Mr. Narendra Shah in his statement dated 24th December, 2014 has stated that he is the Director of M/s Universal Credit and Securities Private Limited which is the entity at Sr. No. 11. This, proves that Mr. Narendra Shah has been the perpetrator of fraud and have used the personal documents not only of the Noticee but also of other Entities/ Individuals.*
    viii. *The Noticee submits that during the period when he was in employment with Mr. Narendra Shah, Mr. Narendra Shah had opened the Bank Account of the Noticee for salary purpose, however the said Bank Account was operated by Mr. Narendra Shah. The Noticee further submits that the Bank Account was open using Telephone Number belonging to Mr. Narendra Shah and the Noticee had no access to the Bank Account except depositing cheque for withdrawal of Salary credited by Mr. Narendra Shah through various proprietary firms. A few instances of withdrawal of salary by the Noticee immediately either on the same day or next of credit in his account by way of self cheque are enumerated below:*

Sr.No	Particulars	Amount (in Rs.)	Date of Credit	Date of withdrawal
1.	Salar yCredited by Alpha Graphic India Limited	10450	07-04-2012	07-04-2012
2.	Salary Credited by Alpha Graphic India Limited	11495	12-05-2012	12-05-2012
3.	Salary Credited by Alpha Graphic India Limited	11130	04-06-2012	04-06-2012
4.	Salary Credited by Alpha Graphic India Limited	10755	04-07-2012	04-07-2012
5.	Salary Credited by Alpha Graphic India Limited	11500	06-08-2012	06-08-2012

Thus, it is evidently clear that the Noticee had a limited access to his own account that too only for the purpose of withdrawal of his salary.
Furthermore, the Bank Statement of the Noticee provided by your goodself also bears the address as 23, Jalaram Nagar, Opp. Chamunda Circle, Ganjwala Lane, Borivali (W), Mumbai- 400092, which as stated in the earlier

paragraphs belongs to Mr. Narendra Shah.

ix. *As per Annexure 3 of Investigation Report, the email Ids namely, nova********@yahoo.co.in and nova********@gmail.com are used for entities mentioned at Serial No. 1, 3, 5, 8 and 13. The said email id is been linked to various entities/ Individuals in the Investigation Report as well as in various other cases adjudicated by SEBI. Thus, it is apparent that the said email id cannot be construed to be as the email id of the Noticee. The Noticee has never used these emails, which appear to have been created or misused by Mr. Narendra Shah. Further, the Noticee has not been provided with the LKP KYC documents as referred to and relied upon in the said Annexure.*

x. *As per Annexure 3 of Investigation Report the email id namely, nish********@rediffmail.com is used for entities mentioned at Serial No. 2, 4 and 9. However, it is pertinent to mention that all the personal details viz, the contact details, address and email id required for opening of the Bank Account &/ or Demat Account were used either of Mr. Narendra Shah himself or Mr. Narendra Shah created false details with an intent to fraudulently deceive various Individuals/ Entities including the Noticee.*
*This claim of the Noticee can be substantiated by the fact that the Bank Statement of the Noticee bears the address of Mr. Narendra Shah and email ID namely nish.p******@rediffmail.com and contact 93******55 belongs to Mr. Narendra Shah whereas another contact 93******60 belongs to one of the Noticees being Noticee No. 12 namely Jayshree Shankar Bhosale. It is also pertinent to mention that one of the contact numbers viz., 28****25 mentioned in Annexure 3 at Sr. No. 1 is the landline number of Mr. Narendra Shah's office situated at Jalaram Nagar. Thus, Mr. Narendra Shah has misused the Bank Account of the Noticee and has also used his personal details viz., contact and email id or created false email for fraudulent opening of Bank Account and Demat Account.*

xi. *It is further submitted that Mr. Narendra Shah in his statement dated 24th December 2014 recorded by SEBI, has admitted that he has received introducing commission for introducing entities to brokers and has been doing so for the past 15-20 years. Furthermore, Mr.Narendra Shah has also admitted in his statement to SEBI that he knows the Noticee personally since a long time.*

xii. *The Noticee submits that it was only pursuant to the inspection dated 4th July, 2024 and after receipt of KYC documents and Bank Statements on 1st August, 2024 in compact disc (CD) the Noticee became aware of the fact that Mr. Narendra Ramanlal Shah has fraudulently misused his KYC documents viz., Aadhar Card, PAN Card and passport-sized photograph to open Bank and Demat Account in his name without his knowledge and consent. Furtherance to the same, the Noticee has filed a complaint with the Greater Mumbai Police against Mr. Narendra Shah, alleging therein that Mr. Narendra Shah, being the employer of the Noticee, misused the KYC Documents and also created false Email ID and used his Contact No. with an intent to deceive the Noticee. Annexed hereto and marked as 'Exhibit A' is copy of Online Complaint filed with Greater Mumbai Police.*

…

xiv. *The Noticee further submits that the SCN alleges that the Noticee has received a sum of Rs. 64,05,000/- from Stardom and that the Noticee has transferred a sum of Rs. 5,40,000/- to Stardom during the period starting from 1st of January, 2012 to 31st December, 2012. The compilation of the alleged receipts and payments to Stardom as per the Bank Statement of Stardom annexed as Annexure 12 to the Investigation Report is as follows:*

…

However, the Bank Statement of the Noticee provided by your goodself on 1st August, 2024 through a compact disc merely possess entries mentioned at Sr. No. 1, 2, 5, 7 and 8 during the said period. The Noticee wishes to highlight that these entries do not account for all the alleged transactions, leading to a discrepancy in the records.
The Noticee is not aware of any additional bank or Demat accounts that might exist in his name. The limited entries in the provided statement, combined with the Noticee's lack of knowledge regarding any other accounts, raise significant concerns that Mr. Narendra Shah may have engaged in unauthorized and potentially illegal actions using the Noticee's identity.

…

14. The Noticee therefore submits that, in light of the fraudulent activities perpetrated against the Noticee by Mr. Narendra Shah, the Noticee cannot be construed to be as person acting in concert. The Basis of Connection alleged in the SCN is predicated on details such as contact number, address, and other information which, as established in the foregoing paragraphs, pertains to Mr. Narendra Shah and of the entities operated by him. Thus, it is evident that Mr. Narendra Shah, with the intent to deceive the Noticee, has falsely created the appearance of connection between the individuals/ entities including the Noticee herein. Hence, no reliance can be placed on the Basis of Connection arrived at in the SCN, consequently the prima facie allegation on the basis of which the SCN has been issued against the Noticee herein of being a person acting in concert cannot sustained. Therefore, the Show Cause Notice insofar as it pertains to the Noticee, ought to be quashed.

…'
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Submissions dated August 16, 2024:

'…

A. *ON THE GROUND OF DELAY AND LACHES*

1. *At the very outset the Noticee says and submits that the Investigation conducted by Securities and Exchange Board of India (SEBI) in the scripof Insta Finance Limited (IFL) to ascertain the alleged violation by the Noticee regarding the disclosure requirements under Regulation 29(1), 29(2) read with 29(3) of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 (hereinafter referred to as "SAST Regulations, 2011"), a violation which does not necessitate a prolongedInvestigation, has been rendered vitiated by inordinate delay and laches.*
2. *The Noticee submits that SEBI became aware of the alleged non- disclosure as early as 2012, when on 13th September, 2012, SEBI forwarded an IMSS alert to the Bombay Stock Exchange (BSE) for examination. Further, SEBI vide email dated 20th November, 2014, sought information from BSE to ascertain whether any disclosure under the SEBI (SAST) Regulations, 2011 had been received from any person in the scrip of IFL. Thus, despite the commencement of the Investigationin the year 2012, SEBI only sought to collect information from BSE 2 years later, in 2014 regarding to the alleged non-disclosure.*
3. *The Noticee further submits that, although SEBI was aware of the allegedviolation in the year 2012, Show Cause Notice was only issued on 25th July, 2017. SEBI despite having knowledge of the alleged violation in theyear 2012, took*

approximately 5 years to Investigate and issue a SCN.

4. Furthermore, the Noticee submits that, although the Investigation in the captioned matter was concluded in the year 2015 and the initiation of Adjudication proceedings against the Noticee was approved on 7th July, 2015, the Show Cause Notice was issued on 25th July, 2017 which is aftera lapse of more than 2 years from the date of completion of the Investigation and approval of the Adjudication Proceedings against the Noticee. To substantiate this contention, the Noticee relies upon the Investigation Report in the trading activities of certain entities in the scripof GFL Financials Limited wherein the name of the Noticee appears at Sr.No. 6 in the table on Page No. 21. The Investigation Report in the matterof GFL Financials Limited has been annexed hereto and marked as Exhibit-"B". The relevant portion of the table has been reproduced hereinfor your ready reference:

26.0 Past Actions (as per ATR):

On perusal of the database (dated Nov 5, 2015, 15:11) in respectof the entities against whom action are proposed to be initiated,the following was observed: -

…

Despite, the approval of the Adjudication Proceedings against the Noticeeon 7th July, 2015, SCN was issued only after an unreasonable delay of more than 2 years i.e., on 25th July, 2017. Further, the Noticee was provided with the copy of the SCN only on 18th June, 2024, which is approximately 12 years since the execution of the alleged trades in the year 2012. Thus, the inordinate and unexplained delay on part of SEBI initially in completion of Investigation of the matter which pertains to non-disclosure and thereafter in issuance of Show Cause Notice is unreasonable and unjustifiable and thus on this ground itself the captioned SCN ought to be quashed and consequently the Adjudication Proceedings initiated against Noticee should be dismissed in entirety.

B. *ON THE GROUND OF FRAUDULENT ACTIVITIES PERPETRATED BY MR. NARENDRA SHAH*

At the outset the Noticee submits that, the Noticee was never engaged in anySecurities Market transaction and possess no familiarity of trading in Securities Market and moreover he never initiated opening of any Demat Account. The Noticee also states that Mr. Narendra Shah with whom he wasin employment for a period from 2003 to 2017 has fraudulently misused the KYC documents of the Noticee, forged the signature of the Noticee, misusedthe signature of the Noticee under the pretext of providing loan and have either used his own KYC details viz, address, contact etc or created fake emailid's for opening and operation of Bank/ Demat account in names of various entities including the Noticee

1. *The Noticee submits that the address of the Noticee as appearing in the Show Cause Notice viz., Add.1: D/28/205, Yogi Nagar Excer Road, Borivali (W), Mumbai- 400092, belongs to Mr. Narendra Shah. This factcan be established from the Statement of Mr. Narendra Shah dated 24th December, 2014 recorded by SEBI wherein, Mr. Narendra Shah has specifically stated the above-mentioned address as his Residential address.*
2. *Further, another address of the Noticee as appearing on Show Cause Notice, Bank Statement of the Noticee and KYC document of M/s Dadimaa Capital Private Limited (hereinafter referred to as "Dadimaa") provided through Compact Disc viz., 23, Jalaram Nagar, Opp. Chamunda Circle, Ganjwala Lane, Borivali (W), Mumbai- 400092, also belongs to Mr. Narendra Shah. This fact can be substantiated by a conjointreading of Statement of Mr. Narendra Shah dated 24th December, 2014 wherein he has accepted that he has traded on behalf of Dadimaa, Sr. No.15 of the Annexure 3 to the Investigation Report which states that he is one of the Directors of Dadimaa and KYC Document of Dadimaa whichhave been signed by Mr. Narendra Shah in his capacity as Director of Dadimaa, which depicts its address as 23, Jalaram Nagar, Opp. Chamunda Circle, Ganjwala Lane, Borivali (W), Mumbai- 400092.*

It is also pertinent to note that the KYC document of Dadimaa is dated 23rd September, 2002 which is a year prior to the Noticee joining Mr. Narendra Shah as an employee, whereas the KYC document of the Noticee is dated 23rd February, 2006. Thus, it can be established that the address as stated above belonged to Mr. Narendra Shah since 2002, whichis even prior to Noticee knowing him.

3. *The Noticee further submits that in the KYC Document provided by yourgoodself of Pilot Credit Capital Limited lists the address as "D/8, Trisharan Nagar, Moregoan, Virar Road, Nallasopara (E)", which isthe residential address of Noticee's Uncle. The Noticee submits that the Noticee resided with his uncle from the year 2003 until the year 2007 and had provided the said address to Mr. Narendra Shah at the time of employment. The Noticee asserts that Mr. Narendra Shah has misused this address when submitting the KYC Documents.*
4. *The Noticee further submits that, the Contact Number viz., 93******55 and Telephone Number viz., 28929109 both these number appearing before the name of the Noticee in Annexure 3 to the Investigation Report,belongs to Mr. Narendra Shah. The said contention of the Noticee is not only based on the True Caller ID data which has been annexed hereto andmarked as Exhibit-"C", but also on the KYC Document of Dadimaa which has been signed by Mr. Narendra Shah in his capacity as Director stating therein the Telephone Number of Dadmiaa as 28****09. Thus, both these Numbers evidently belong to Mr. Narendra Shah and has no link of whatsoever nature with the Noticee.*
5. *Further with regards to Contact Number viz., 93******60 and TelephoneNumber viz., 28****25, the Noticee submits that the Contact Number- 9322476560 belongs to one of the Noticees being Noticee No. 12 namely Jayshree Shankar Bhosale and the Telephone Number- 28834825 belongsto the office of Mr. Narendra Shah situated at Jalaram Nagar. Thus, boththese Numbers cannot be construed to be as Number belonging to the Noticee.*
6. *Further with regards to Fax Number appearing before the name of the Noticee in Annexure 3 to the Investigation Report viz., 28925300, the saidFax Number also belongs to Mr. Narendra Shah which is evident from theKYC document of Dadimaa signed by Mr. Narendra Shah in his capacityas Director stating therein the Fax Number as 28****00. Thus, it is evident that the said Fax Number evidently belong to Mr. Narendra Shahand has no connection of whatsoever nature with the said Fax Number.*
7. *The Noticee further submits that, with regards to the email id's viz.,nova********@yahoo.co.in, nova********@gmail.com have been used for entities mentioned at Sr. No. 1, 3, 5, 8 and 13, whereas the email id namely nish********@rediffmail.com have been used for entities mentioned at Sr. No. 2, 4 and 9. However, none of these email id's belongto the Noticee and the Noticee have never used these emails, which appearto have been created or misused by Mr. Narendra Shah. Thus, it is apparent that the said email id's have been used by various entities and therefore, it cannot be construed that the said email id's belong to the Noticee.*
8. *The Noticee submits that during the period of his employment with Mr. Narendra Shah, Mr. Narendra Shah had opened the Bank Account of theNoticee, however the said Bank Account was operated by Mr. Narendra Shah. The Noticee further submits that the Bank Account was opened using the KYC details belonging to Mr. Narendra Shah and that the Noticee had no access to the Bank Account except for depositing self cheque for withdrawal of salary deposited by Mr. Narendra Shah throughvarious proprietary firms and companies operated by Mr. Narendra Shahnamely Alpha*

Graphic India Limited, Pragati Shares and StockServices etc. Further the Bank Statement of the Noticee provided throughCompact Disc bears the address as 23, Jalaram Nagar, Opp. ChamundaCircle, Ganjwala Lane, Borivali (W), Mumbai- 400092, which as statedin the earlier paragraphs belongs to Mr. Narendra Shah.
The Noticee further contends that few of the alleged transactions as appearing in the Bank Statement of Stardom does not correspond with thetransactions appearing in the Bank Statement of the Noticee provided byyour goodself through Compact Disc, thereby raising serious concerns that Mr. Narendra Shah may have engaged in unauthorized and illegalopening of more Bank/ Demat Account in the name of the Noticee.
Thus, considering the fact that a Police Complaint has been filed by the Noticee against Mr. Narendra Shah and that all the details mentioned before the name of the Noticee in Annexure 3 to the Investigation Report evidently belong to Mr. Narendra Shah, the Noticee shall not be considered as a PersonActing in Concert. Thus, on this ground itself the captioned SCN ought to bequashed and consequently the Adjudication Proceedings initiated against Noticee should be dismissed in entirety.

…'
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D. CONSIDERATION OF ISSUES AND FINDINGS

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

Issue No. I: **Whether the Noticee had violated the provisions of Regulation 29(1) and 29(2) read with 29(3) of SEBI (SAST) Regulations, 2011, as alleged?**

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

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

14. Before proceeding on merits, it would be pertinent to firstly deal with the preliminary contentions raised by the Noticee. The Noticee vide its submissions had inter alia contended that:

14.1. The Noticee, as part of his submissions, made contentions on ground of delay relating to completion of investigation, appointment of Adjudicating Officer and issuance of SCN thereto. In this regard, Noticee placed reliance on following cases viz. Kiran M Joshi Vs. SEBI - Order dated 28-06-2023 (Appeal No. 524 of 2023; The Hon'ble SAT in the matter of Mr. Ashok Shivpal Rupani & Ors, - Order dated 22-08-2019 (Appeal Nos. 417 and 440 of 2018); The Hon'ble SAT in Rakesh Kathotia & Others vs SEBI in Appeal No. 7 of 2016; In Rajeev Bhanot

& Ors vs SEBI the Hon'ble Securities Appellate Tribunal in its Order dated 09.07.2021

14.2. In this regard, firstly I note that each matter may be peculiar in its facts and circumstances based and are accordingly dealt with and decided. Hence, any generic parallel drawn would be devoid of merit. Further in this regard, it would be relevant to state that the Hon'ble Supreme Court in Securities and Exchange Board of India v. Sunil Krishna Khaitan and Others [Civil Appeal No. 8249 of 2013] had inter alia observed and held that reasonable period to initiate proceeding would depend on the facts of each case and that no hard and fast rule can be laid down in this regard as the determination of this question would depend on the facts of each case. I note that initiation of adjudication proceedings under the appropriate provisions of SEBI Act is a regulatory prerogative of SEBI depending upon the outcome of the fact finding exercise, which is the investigation done in this case, and just because the alleged violation was committed in a distant past cannot be a ground to vitiate initiation of the proceedings.

14.3. In this regard, I note from material available on record that initially BSE had examined the matter and had put up their report during 2013. Thereafter, the report was examined by SEBI and was forwarded for further investigation. The matter was taken up for investigation during January, 2014 for the investigation period March 01, 2012 to November 19, 2012 and the investigation was completed during July, 2015 wherein multiple proceedings were approved including adjudication proceedings. I note that the scope of the investigation involved not just investigation with respect to SEBI (SAST) Regulations, 2011 as contended by the Noticee but also to ascertain whether there was any violation of the provisions of SEBI Act 1992, SEBI (PFUTP) Regulations, 2003 and disclosure violation of provisions of SEBI (SAST) Regulations, 2011 and SEBI (PIT)

Regulations, 1992 by the suspected entities in the trading in the scrip of SDFC Finance Ltd.

14.4. Further, I note from the material available on record that investigation in the instant matter involved analysis of various data like trading data and trade logs, UCC data, bank statements, off market data, mobile numbers and email IDs, transfer of funds etc. involving multiple entities. During the investigation, information was sought from various entities including but not limited to the stock exchanges, depositories, banks, stock brokers, various suspected entities etc. Further in this regard, I also note that there was change of investigating authority(IA) during investigation in the matter by SEBI requiring reallocation of the matter from one IA to another. In view of the above facts and circumstances, I am of the view that investigation is an exhaustive and time consuming process, which requires detailed analysis of various aspects especially considering that there were multiple entities involved in the instant matter including the Noticee and multiple violations leading to multiple proceedings.

14.5. In view thereof, in particular that investigation inter alia involves seeking of information and /or documents from various sources and analysis thereof with respect to multiple entities and multiple violations as in the instant case, transfer of IAs, etc. and judgments relied upon as cited above, I am of the view that there was no inordinate delay in the investigation.

14.6. I note that the erstwhile Adjudicating Officer was appointed vide communique dated July 17, 2017 and the SCN was issued on July 25, 2017.

14.7. I further note that no limitation is prescribed in SEBI Act or Regulations for issuance of SCN or for completion of the Adjudication proceedings. In this respect, reliance is also placed on following Orders passed by the Hon'ble SAT:

(i) In Rajendra Aggarwal vs. SEBI (Misc. Application No. 426 of 2020 and Appeal No. 552 of 2019), dated September 17, 2021, the Hon'ble SAT inter alia observed and held that:

> *'...13. On issue of delay, we find that the show cause notice was issued in the year 2013 and the trades were executed in 2009. The investigation was against a large number of entities which apparently took time and ultimately notices were issued to 35 entities. Consequently, we do not find any inordinate delay in the issuance of the show cause notice nor do we find any merit in the contention that there was an inordinate delay in the delivery of the impugned order after the last date of hearing by the AO. We are of the opinion that after the conclusion of the arguments the data of 35 entities was required to be analysed and collated which took time and, therefore, we do not see any reason to vitiate the judgment only on the ground of delay in delivering the order. In any case, such delay in the delivery of the judgment does not cause any prejudice to the appellants....'*

ii) In Hemant Sheth and Ors. vs. SEBI, Appeal No. 521 of 2021, decided on January07,2022, the Hon'ble SAT inter alia observed and held that:

> *'...9. Insofar as the delay is concerned we find that after the observation madeby the WTM in its order of May 10, 2013 SEBI took action and appointed the AO dated July 4, 2013. No doubt the show cause notice was issued in January 2016 but the delay in the issuance of the show cause notice in the instant case will not vitiate the proceedings initiated against the appellants in the peculiar facts and circumstances of the case. Consequently, we are not inclined to quash the proceedings only on theground of inordinate delay as asserted by the learned counsel for the appellant....'*

14.8. The Noticee, as part of his submissions, also contended that there was breach of Principles of Natural Justice by not providing all relevant documents to the Noticee. In this regard, the Noticee cited the following judgements viz. The Hon'ble Supreme Court in T. Takano v. SEBI, (2022), decided on 18-02-2022; Order of Hon'ble SAT passed in the matter of Smitaben N Shah vs SEBI (decided on 30th July, 2010); The Order of Hon'ble Supreme Court in the matter of SEBI vs Price Waterhouse (decided on 10th January, 2017); Order of Hon'ble SAT passed in the matter of Vikas Gourihar Narnavar vs SEBI (decided on 15th June, 2010).

14.9. In this regard, I note that the Noticee was provided with the copy of SCN and annexures thereto on June 18, 2024. Vide email dated July 03, 2024, the Noticee was provided with the copy of investigation report. Thereafter, the Noticee availed the opportunity of inspection of documents and was provided with all the annexures to the IR. Further, pursuant to the inspection, vide email dated July 31, 2024, the Noticee was provided with the copies of bank statements, KYC documents, details of off market transactions and stardom's shareholding in SDFC, as available on record. In view thereof, I note that the Noticee was provided with the relevant documents as relied upon in the instant proceedings and therefore, the contention of the Noticee in this regard are devoid of merit and hence not acceptable.

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

Issue No. I: Whether the Noticee had violated the provisions of Regulation 29(1) and 29(2) read with 29(3) of SEBI (SAST) Regulations, 2011, as alleged?

16. In this regard, I note from material available on record that it had inter alia been observed and alleged in respect of the Noticee that Noticee failed to make disclosures of change in shareholding along with persons acting in concert. It was observed and alleged that inter alia Noticee, being persons acting in concert along with the acquirer i.e. Stardom Trading Company Pvt. Ltd. (Stardom) had failed to make required disclosure of change in shareholding in SDFC from 0.45% as on March 01, 2012 to 30.12% as on November 19, 2012. In view thereof, it was alleged that Noticee had violated Regulation 29(1) and 29(2) read with 29(3) of SEBI (SAST) Regulations, 2011. In this regard, inter alia the following was observed:

16.1. Stardom Trading Company Pvt. Ltd. (Stardom) was the major buyer of the SDFC Finance Ltd. shares during the investigation period and it was holding 4.16% of the total share capital of SDFC Finance Ltd. as on November 19, 2012. Subsequently analysis of the bank statements was carried out. From the analysis of bank statement of Stardom (Axis Bank A/c no 9100*********00 for the period from January 01, 2012 to December 31, 2012), it was observed that there were financial transactions with 14 entities by Stardom during the period of investigation when they were acquiring the shares of SDFC. It was observed that Stardom had transferred Rs. 20.83 cores to the 14 entities and it had received Rs. 64.65 lakhs from 10 entities.

16.2. Details of financial transactions by Stardom with 14 entities are as follows:

Particulars	**Amount transferred by Stardom**	**Amount transferred to Stardom**
Nilesh Krushna Palande	6,405,000	(540,000)
Hansa Kakubhai Vadera	13,416,000	(230,000)
Rajnee Rajan Gitaye	19,650,000	(240,000)
Neha Bipin Patel	17,486,000	-
Sonal International Ltd	9,493,000	-
Kirti Kantilal Mehta	29,814,000	(670,000)
Chirag Dineshkumar Shah	40,371,064	-
Ghanshyam Dayabhai Patel	17,543,000	(675,000)
Yogesh Bhogilal Chauhan	15,303,648	(760,000)
Univarsal Credit And Sec. Ltd	540,000	(735,000)
Jayshree Shankar Bhosle	19,895,339	(360,000)
Parag Chandrkant Shah	12,778,622	-
Jigar Mahesh Shah	5,683,000	(1,315,000)
Vaishali Sharad Gawde	3,000	(940,000)
Total	**208,381,673**	**(6,465,000)**

16.3. Considering the financial transactions, the 15 entities together with one entity viz. Dadima Capital (P) Ltd (having only off-market transactions with Stardom) and the continuous acquisition of shares and thereby increasing their shareholding from 0.45% as on March 01, 2012 to 30.12% of the total share capital of the company SDFC Finance Ltd. by November 19, 2012, these 16 entities together were treated as Persons Acting in Concert.

16.4. Out of 16 entities, Stardom was the major buyer of the SDFC Finance Ltd. shares and it was holding 4.16% of the total share capital of SDFC Finance Ltd. as on November 19, 2012. Hence, Stardom was considered as the acquirer of the SDFC Finance Ltd shares along with the Persons acting in concert.

16.5. Persons acting in concert and their shareholding in SDFC Finance Ltd. on November 19, 2012, as noted from material available on record, were as follows:

Sl No	Names	Holding as % on 01/03/2012	Holding as % as on 19/11/2012
1	Stardom Trading Company Pvt Ltd	0	4.16
2	Dadima Capital (P) Ltd	0	3.67
3	Chirag Dineshkumar Shah	0	3.66
4	Ghanshyam Dayabhai Patel	0	3.28
5	Rajnee Rajan Gitaye	0.13	2.95
6	Jayshree Shankar Bhosle	0	2.11
7	Yogesh Bhogilal Chauhan	0	2.06
8	Parag Chandrkant Shah	0	2.02
9	Hansa Kakubhai Vadera	0	1.6
10	Vaishali Sharad Gawde	0.05	1.25
11	Kirti Kantilal Mehta	0.01	1.17
12	Neha Bipin Patel	0	0.93
13	Sonal International Ltd	0.11	0.58
14	Univarsal Credit And Sec. Ltd	0	0.34
15	Nilesh Krushna Palande	0.16	0.18
16	Jigar Mahesh Shah	0	0.15
	Total	**0.45**	**30.12**

16.6. Stardom, the acquirer, along with PAC had acquired the shares of SDFC Finance Ltd. and crossed the shareholding limits specified under Regulation 3(1), 29(1), 29(2) of SEBI (SAST) Regulations, 2011. Dates when the regulation was triggered along with trade which triggered the regulation, as noted from material available on record, are as follows:

Date when the Regulation was triggered	Name of the PAC entity	Acquisition Quantity	Cumulative holding of the PAC on the date of regulation triggered	Change % from last disclosure required to be made
11-Jun-12	Dadima Capital (P) Ltd .	37500	5.25%	5.00%
17-Aug-12	Parag Chandrkant Shah	10000	7.33%	2.08%
27-Aug-12	Jayshree Shankar Bhosle	19999	9.51%	2.17%
30-Aug-12	Jigar Mahesh Shah	10000	12.08%	2.57%
04-Sep-12	Jigar Mahesh Shah	75	14.20%	2.12%
12-Sep-12	Parag Chandrkant Shah	20	16.39%	2.19%
17-Sep-12	Parag Chandrkant Shah	10535	19.01%	2.62%
26-Sep-12	Jayshree Shankar Bhosle	5000	21.12%	2.11%
12-Oct-12	Kirti Kantilal Mehta	5000	23.35%	2.23%
19-Oct-12	Parag Chandrkant Shah	25000	25.52%	2.17%
30-Oct-12	Chirag Dineshkumar Shah	23800	27.73%	2.21%
19-Nov-12	Neha Bipin Patel	43379	30.12%	2.39%

17. In this regard, the Noticee, as part of his submissions, has broadly contended that he was not persons acting in concert with the acquirer as he did not open any demat account and his KYC details etc. were misused to open the demat account, in this regard the Noticee has inter alia submitted the following:

17.1. *Noticee was in employment with Mr. Narendra Shah when the alleged violation occurred… Mr. Narendra Shah obtained the Noticee's signatures on various forms under the pretense of providing a loan….Mr. Narendra Shah has fraudulently misused the KYC documents and signatures of the Noticee to deceive the Noticee by opening of demat account in Noticee's name and that of another individual, Vaishali Gawde…*

17.2. *The Noticee..has never opened any demat account and thus the question of trading in the scrip does not arise. However, the Individual Client Registration Form of the Noticee received from Pilot Credit Capital Limited indicates that a fraudulent demat account was opened using the Noticee's KYC documents and forged signature…both the Telephone Numbers mentioned on the said Form also does not belong to the Noticee, in fact the Telephone Number- 28****09 belongs to office of Mr. Narendra Shah situated at 23, Jalaram Nagar, Near Chamunda Circle, Borivali West, Mumbai- 400092*

17.3. *The Noticee further submits that the both address of the Noticee as appearing on the SCN viz., D/28/205, Yogi Nagar Excer Road, Borivali (W), Mumbai- 400092 and 23, Jalaram Nagar, Opp. Chamunda Circle, Ganjwala Lane, Borivali (W), Mumbai- 400092 belongs to Mr. Narendra Shah.*

17.4. *It is pertinent to mention that the KYC document of Dadimaa Captial Private Limited received from Inventure Growth and Securities Limited are signed by Mr. Narendra Shah as Director of M/s Dadimaa Capital Private Limited.The said document reflects the address of M/s Dadimaa Capital Private Limited as 23, Jalaram Nagar, Opp. Chamunda Circle, Ganjwala Lane, Borivali (W), Mumbai- 400092. …on comparison of the KYC documents of the Noticee and the KYC documents of M/s Dadimaa Captial Private it is also found that the Telephone Number and Fax Number mentioned on the KYC document of the Noticee matches exactly with the Telephone Number and Fax Number mentioned on the KYC documents of M/s Dadimaa Capital Private Limited which has been signed by Mr. Narendra Shah in the capacity of Director of M/s Dadimaa Capital Private Limited. KYC documents of M/s Dadimaa Capital Private Limited are dated 23rd September, 2002 whereas the KYC documents of the Noticee are dated 23rd February, 2006. Hence, Mr. Narendra Shah has used his own addresses, Telephone Number, Fax Number while submitting personal details in the KYC documents of Noticee. It is also pertinent to note that the KYC document of Dadimaa is dated 23rd September, 2002 which is a year prior to the Noticee joining Mr. Narendra Shah as an employee, whereas the KYC document of the Noticee is dated 23rd February, 2006. Thus, it can be established that the address as stated above belonged to Mr. Narendra Shah since 2002, whichis even prior to Noticee knowing him.*

17.5. *On the Basis of Connection annexed as Annexure 3 to the Investigation Report the entities at Sr. No.4, 11, 15 and 17 have been shown connected to the Noticee on the basis of common address viz., 23, Jalaram Nagar, Opp. Chamunda Circle, Ganjwala Lane, Borivali (W), Mumbai- 400092. However,as stated in the foregoing points it is evidently clear that the said address does not belong to the Noticee*

17.6. *The Noticee submits that during the period when he was in employment with Mr. Narendra Shah, Mr. Narendra Shah had opened the Bank Account of the Noticee for* *salary purpose, howeverthe said Bank Account was operated by Mr. Narendra Shah. The Noticee further submits that the Bank Account was open using Telephone Number belonging to Mr. Narendra Shah and the Noticeehad no access to the Bank Account except depositing cheque for withdrawal of Salary credited by Mr. Narendra Shah through variousproprietary firms.*

17.7. *As per Annexure 3 of Investigation Report, the email Ids namely, nova********@yahoo.co.in and nova********@gmail.com areused for entities mentioned at Serial No. 1, 3, 5, 8 and 13. The said email id is been linked to various entities/ Individuals in the Investigation Report as well as in various other cases adjudicated by SEBI. Thus, it is apparent that the said email id cannot be construed to be as the email id of the Noticee*

17.8. *As per Annexure 3 of Investigation Report the email id namely, nish********@rediffmail.com is used for entities mentioned at Serial No. 2, 4 and 9. However, it is pertinent to mention that all the personal details viz, the contact details, address and email id required for opening of the Bank Account &/ or Demat Account were used either of Mr. Narendra Shah himself or Mr. Narendra Shah created false details with an intent to fraudulently deceive various Individuals/ Entities including the Noticee.*

17.9. *It is also pertinent to mention that one of the contact numbers viz., 28****25 mentioned in Annexure 3 at Sr. No. 1 is the landline number of Mr. Narendra Shah's office situated at Jalaram Nagar. The Noticee further submits that, the Contact Number viz., 93******55 and Telephone Number viz., 28****09 both these number appearing before the name of the Noticee in Annexure 3 to the Investigation Report,belongs to Mr. Narendra Shah. The said contention of the Noticee is not only based on the True Caller ID data … but also on the KYC Document of Dadimaa which has been signed by Mr. Narendra Shah in his capacity as Director stating therein the Telephone Number of Dadmiaa as 28****09 . Further with regards to Contact Number viz., 93******60 and Telephone Number viz., 28****25 , the Noticee submits that the Contact Number- 93******60 belongs to one of the Noticees being Noticee No. 12 namely Jayshree Shankar Bhosale and the Telephone Number- 28****25 belongs to the office of Mr. Narendra Shah situated at Jalaram Nagar. Thus, both these Numbers cannot be construed to be as Number belonging to the Noticee.with regards to Fax Number appearing before the name of the Noticee in Annexure 3 to the Investigation Report viz., 28****00, the saidFax Number also belongs to Mr. Narendra Shah which is evident from theKYC document of Dadimaa signed by Mr. Narendra Shah in his capacityas Director stating therein the Fax Number as 28****00.*

17.10. *the Noticee has filed a complaint with the Greater Mumbai Police against Mr. Narendra Shah, alleging therein that Mr. Narendra Shah, being the employer of the Noticee, misused the KYC Documents and also created false Email ID and used his Contact No. with an intent to deceive the Noticee*

18. I note from material available on record that Noticee's individual shareholding in SDFC was 0.16% as on March 01, 2012 which was increased to 0.18% as on November 19, 2012, thereby a change of 0.02% in the shareholding.

19. In this regard, I note from material available on record that the Noticee was considered as persons acting in concert basis common mobile number, email ID and addresses on the KYC documents, bank statements and financial transaction with Stardom. I note that the Noticee has contended that his KYC details etc. had been misused to open a demat account and that he did not open or was aware of any such demat account. Further, he has contended that his bank account was misused and unauthorised transaction were carried out using his account.

20. I note from material available on record that as regards address, Noticee has contended that both address of the Noticee as appearing on the SCN belongs to Mr. Narendra Shah as in the statement of Mr. Narendra Shah dated 24th December, 2014 he had specifically stated “D/28/205, Yogi Nagar Excer Road, Borivali (W), Mumbai- 400092” as his Residential address and that Mr. Narendra Shah as Director of M/s Dadimaa Capital Private Limited had signed KYC documents of Dadimaa Capital Private Limited and the said document reflects the address of M/s Dadimaa Capital Private Limited as 23, Jalaram Nagar, Opp. Chamunda Circle, Ganjwala Lane, Borivali (W), Mumbai- 400092. In this regard, I note from material available on record that the said addresses are indicated to be of Narendra Shah.

21. As regards the mobile numbers/ contact numbers, the Noticee has contended that the Telephone Number and Fax Number mentioned on the KYC document of the Noticee matches exactly with the Telephone Number and Fax Number mentioned on the KYC documents of M/s Dadimaa Capital Private Limited which has been signed by Mr. Narendra Shah in the capacity of Director of M/s Dadimaa Capital Private Limited. The KYC documents of M/s Dadimaa Capital Private Limited are dated 23rd September, 2002 whereas the KYC documents of the Noticee are dated 23rd February, 2006. Hence, Mr. Narendra Shah had used his own Telephone Number, Fax Number while submitting personal details in the KYC documents of Noticee. In this regard, I note from material available on record that there are no primary documents on record to evidence that the said mobile numbers/ contact numbers belonged to Noticee.

22. As regards email IDs, the Noticee has contended that the email Ids namely, nova*******@yahoo.co.in, nova********@gmail.com and nish********@rediffmail.com had been linked to various entities/ Individuals in the Investigation Report Thus, it is apparent that the said email id cannot be construed to be as the email id of the Noticee. In this regard, I note from material available on record that there are no primary documents on record to evidence that the said email IDs belonged to the Noticee.

23. As regards the bank account transactions, the Noticee has contended that the Bank Statement of the Noticee bears the address of Mr. Narendra Shah and email ID namely nish********@rediffmail.com and contact 93******55 belongs to Mr. Narendra Shah whereas another contact 93******60 belongs to one of the Noticees being Noticee No. 12 namely Jayshree Shankar Bhosale. It is also pertinent to mention that one of the contact numbers viz., 28****25 mentioned in Annexure 3 at Sr. No. 1 was the landline number of Mr. Narendra Shah's office situated at Jalaram Nagar. Thus, Mr. Narendra Shah has misused the Bank Account of the Noticee. In this regard, I note from material available on record that there are no record to support that the said bank account and financial transactions were operated by the Noticee.

24. Further, in this regard, I note that the Noticee as part of his submissions inter alia providing copy of police compliant dated August 07, 2024, as reply to the SCN has inter alia submitted that on becoming aware Noticee of the fact that Mr. Narendra Ramanlal Shah had fraudulently misused his KYC documents viz., Aadhar Card, PAN Card and passport-sized photograph to open Bank and Demat Account in his name without his knowledge and consent, had filed the complaint with the Greater Mumbai Police against Mr. Narendra Shah alleging therein that Mr. Narendra Shah, being the employer of the Noticee, misused the KYC Documents and also created false Email ID and used his Contact No. with an intent to deceive the Noticee.

25. Vide email dated September 19, 2024, Noticee has placed reliance on Adjudication Order dated September 13, 2024 in the matter of GFL Financials Limited stating that the Noticee had been exonerated on similar grounds as contended by the Noticee in the instant matter i.e. grounds of misutilisation of personal documents including KYC Documents, forging of Noticee's signature, etc.

26. In view of the totality of facts and circumstances of the instant matter and the material available on record, I am of the view that the allegation that the Noticee failed to make disclosure of change in shareholding along with the persons acting in concert and therefore, violated Regulation 29(1) and 29(2) read with 29(3) of SEBI (SAST) Regulations, 2011, does not stand established.

27. Considering that the alleged violation against the Noticee does not stand established, Issue No. II and Issue No. III do not require any consideration.

E. ORDER

28. After taking into consideration the facts and circumstances of the case, material available on record, submissions made by the Noticee, the adjudication proceedings initiated in respect of the Noticee i.e., Nilesh Palande vide SCN dated July 25, 2017 stands disposed of.

29. 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 Noticee and also to the Securities and Exchange Board of India.

DATE: SEPTEMBER 19, 2024
PLACE: MUMBAI

AMAR NAVLANI
ADJUDICATING OFFICER