BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO.: Order/VV/NK/2021-22/13963]

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

In respect of:
Meeta Kapoor
(PAN: AGEPK5269M)

In the matter of Golden Capital Services Limited

FACTS OF THE CASE IN BRIEF

1. The Securities and Exchange Board of India (hereinafter referred to as **"SEBI"**) received a reference from Bombay Stock Exchange Limited (hereinafter referred as "BSE") vide letter dated December 15, 2016 regarding violation of disclosure norms under SAST Regulations, 2011 during the course of investigation in the scrip of Golden Capital Services Limited (hereinafter referred as "Target Company/GCSL")

2. During the examination period, It was observed that shareholding of one public shareholder of the Target Company viz. Meeta Kapoor (PAN: AGEPK5269M) (hereinafter referred to as **"Noticee"**) decreased her shareholding from 6.06% to 1.92% in the Target Company in a series of transactions during the period October 26, 2016 to November 04, 2016. In one such transaction on October 27, 2016, the shareholding of Noticee decreased from 6.06% to 4.72%.the transaction triggered disclosure under Regulation 29 (2) of SAST Regulations, 2011, as the change was

more than was more than 2% from the last disclosure made. The details of the transaction executed on October 27, 2016 is given below.

Date	Pre-transaction Shareholding (%)	Quantity of shares sold	Post-transaction Shareholding (%)	Disclosure Requirement	Status of Disclosure
October 27, 2016	6.06	42700	4.72 %	29(2) of SAST Regulations, 2011	Not Complied.

3. It is noted from the table above that the shareholding of the Noticee decreased from 6.06% to 4.72% which triggered disclosure requirement under Regulation 29(2) read with Regulation 29(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as "**SAST Regulations**") as the change in the shareholding on October 26, 2016 was 1.16% and then on October 27, 2016 was 1.34% which cumulatively was more than 2% from the last disclosure made. BSE vide its letter dated December 18, 2019 has submitted that no such disclosure has been made by the Noticee.

4. In view of the above SEBI has initiated adjudication proceedings against Noticee regarding violation of disclosure norms under Regulation 29 (2) read with Regulation 29 (3) of SAST Regulations during the course of investigation in the scrip of GCSL

APPOINTMENT OF ADJUDICATING OFFICER

5. The undersigned has been appointed as Adjudicating Officer vide order dated May 14, 2021 in the matter of investigation in the scrip of Golden Capital Services Limited under

Section 15 I (1) of Securities and Exchange Board of India Act, 1992 ("SEBI Act") to inquire and adjudge the alleged violations and if satisfied that the Noticee is liable for imposition of penalty, may impose such penalty in terms of rule 5 of SEBI (Procedure for Holding Inquiry and imposing penalties) Rules, 1995 (hereinafter referred as 'AO Rules') and under the provisions of section 15A(b) of the SEBI Act.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

6. Show Cause Notice dated August 13, 2021 (hereinafter referred to as **"SCN"**) was issued to the Noticee in terms of Rule 4 of the Adjudication Rules read with Section 15-I of the SEBI Act, 1992 through Speed Post Acknowledgment due (hereinafter referred to as **"SPAD"**) to show cause as to why an inquiry should not be initiated and penalty should not be imposed under Section 15A (b) of the SEBI Act, on the Noticee for the violations of Regulation 29 (2) read with Regulation 29 (3) of SAST Regulations alleged to have been committed by the Noticee.

7. The said SCN was duly served upon the Noticee through Speed Post Acknowledgment due. A time period of 14 days from the date of receipt of the SCN was granted to the Noticee to present her reply to the SCN. However, no reply to the SCN was received.

8. Subsequently an opportunity of personal hearing in terms of Rule 7(d) of the Rules, was granted to the Noticee on October 26, 2021 through WebEx video conference.

9. Noticee vide email dated October 23, 2021 authorised her representative to appear for the hearing through Webex on October 26, 2021.

10. The Noticee vide email dated October 25, 2021 also submitted her reply to the SCN. Noticee in the said email has *inter-alia* made the following submissions:

"At the outset, I sincerely apologize for delay in reply of your above notice as I was stuck in some urgent family issues. I sincerely regret for the same.

With reference to your above notice, I would like to clarify my stand as under.

(1) I understand that I was holding shares in M/S Golden capital services Ltd which was allotted to me in its infancy stages. I disposed of my stake in the company to settle my personal liabilities and reduce the debt as I was facing severe financial crisis at that time.

(2) I am a simple graduate lady doing only household chores.

(3) I came to know that such disposal needs to be intimated to stock exchanges/company where company is listed pursuant to SEBI takeover code, only after receipt of your above mentioned notice.

(4) AS such more than 5 years have elapsed for the said transaction and disclosure requirement, it will be futile if I disclose now.

(5) I am not holding any shares of the said company or any other company as of now.

(6) As I was not aware about the requirement/norms, I could not disclose the disposal to exchanges/company on time. I could not also hire an expert to advise me due to financial crunch at that time.

(7) I am a law abiding person and have not committed a single securities market violation till date.

(8) The said violation has occurred unintentionally without proper knowledge of law.

(1) I am already facing financial crunch due to covid as I had lost my job previous year. I request your good authority to take lenient view of the matter and waive any penalty provisions for me and I undertake to take proper care in future."

11. The Authorized Representative (AR) of the Noticee appeared for the hearing on October 26, 2021 through WebEx video conference, and reiterated the written submissions made vide the said email.

12. As the inquiry in the matter has been completed, I now proceed to decide the case on the basis of SCN issued, reply made by the Noticee and material available on record

ISSUES FOR CONSIDERATION AND FINDINGS

13. I have carefully perused the SCN, the documents / material available on record. The issues that arise for consideration in the present case are:

1) **Whether the Noticee violated the provisions of Regulation 29 (2) read with Regulation 29 (3) of SAST Regulations?**

2) **Whether the Noticee is liable for imposition of monetary penalty under Section 15A (b) of the SEBI Act?**

3) **If yes, then what should be the quantum of monetary penalty?**

14. It is pertinent to mention here the relevant provisions of Regulation 29 (2) read with Regulation 29 (3) of SAST Regulations, allegedly violated by the Noticee: -

SAST Regulations

Disclosure of acquisition and disposal.

(1)…

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

(3) The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within two working days of the receipt of intimation of allotment of shares, or the acquisition or the disposal of shares or voting rights in the target company to,—

(a) every stock exchange where the shares of the target company are listed; and

(b) the target company at its registered office.

15. I note that the allegation levelled in the SCN is mainly to the effect that the Noticee did not made disclosures with respect to the aforesaid transactions in the scrip of target company, in terms of Regulation 29 (2) read with Regulation 29 (3) of SAST Regulations. On perusal of the documents, reply of the Noticee and material available on record, I record my findings hereunder.

16. It is noted that Noticee decreased her shareholding from 6.06% to 1.92% in the Target Company in a series of transactions during the period October 26, 2016 to November 04, 2016. I note from material available on record that, on October 26, 2016, Noticee sold 37050 shares which resulted in change in shareholding of 1.16% and in another

transaction i.e., on October 27, 2016, Noticee sold 42700 shares of GCSL, which further resulted changed in shareholding of 1.34%.Hence, in terms of Regulation 29 (2) read with Regulation 29 (3) of SAST Regulations, Noticee was required to make disclosures to GCSL and to the Stock Exchanges (BSE) with respect to the aforesaid transactions within 2 days of the transactions as the change in the shareholding was more than 2% from the last disclosure made.

17. As per materials/documents available on record, I note that, BSE vide its letter dated December 18, 2019 has submitted that no such disclosure has been made by the Noticee. Further, information was sought by operational department(OD) of SEBI from the Target Company vide email dated September 01, 2020, October 22, 2020 and October 27, 2020. However, no response has been received from the Target Company regarding the disclosures made by Noticee.

18. Information was also sought by OD from Noticee vide letter dated March 02, 2021. The letter has been delivered successfully. However, Noticee did not respond to the dated March 02, 2021 at that time.

19. Thereafter, Noticee during instant adjudication proceedings has admitted in her email dated October 25, 2021 that, she has not made the said disclosure in terms of Regulation 29 of the SAST Regulations.

20. Noticee in her reply has inter-alia stated that, she was not aware about the disclosure requirements and the said violation was unintentional without proper knowledge of law. In this regard, I note that, although the action of the Noticee to comply with the disclosure requirements in terms of Regulation 29 of the SAST Regulations indicates ignorance of law, Her statement that, *the said violation was unintentional without proper knowledge of law* is not justified. It is a well-established legal maxim that "Ignorantiajuris non excusat", or "ignorance of the law excuses no one".

21. Thus, I find that in the instant matter, it is undisputed fact that the Noticee has not made disclosure in respect of aforesaid transactions. Needless to say that there is no exemption from making disclosures in terms of Regulation 29 of the SAST Regulations. It is important to note that timely disclosure of information prescribed under relevant provisions, is an important regulatory tool intended for proper functioning of the securities market and failure to do so results in preventing investors from taking well informed decision.

22. At this context, it is pertinent to mention the observations made by the Hon'ble Securities Appellate Tribunal (**SAT**) in the matter of ***Coimbatore Flavors & Fragrances Ltd. vs SEBI (Appeal No. 209 of 2014 order dated August 11, 2014)***, that: - "*Undoubtedly, the purpose of these disclosures is to bring about more transparency in the affairs of the companies. True and timely disclosures by a company or its promoters are very essential from two angles. Firstly; investors can take a more informed decision to invest or not to invest in a particular scrip secondly; the Regulator can properly monitor the transactions in the capital market to effectively regulate the same*."

23. I find that the obligation to make disclosures within the stipulated time frame is mandatory and penalty is attracted for non-compliance with the mandatory obligation.

24. In view of the forgoing, I am of the opinion that the Noticee has violated the provisions of Regulation 29 (2) read with Regulation 29 (3) of SAST Regulations which makes the Noticee liable for imposition of monetary penalty under Section 15A (b) of the SEBI Act, which *inter-alia* read 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, —*

(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, he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees.”

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

“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 ”

26. At this juncture, reliance is placed upon the Order of The Hon’ble Supreme Court in the matter of ***Chairman, SEBI Vs Shriram Mutual Fund {[2006]5 SCC 361}*** – where the Hon’ble Supreme Court of India held that *“In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant…..”*

27. With regard to the factors mentioned under Section 15J, to be considered while determining the quantum of penalty, it may be noted that the materials available on record have not quantified the profit/loss for the violations committed by the Noticee. No quantifiable figures or data are made available on record to assess the disproportionate gain or unfair advantage and amount of loss caused to an investor or group of investors as a result of the default of the Noticee.

28. I am of the view that the details of the shareholding of the persons having substantial stake and the timely disclosures thereof, are of significant importance from the point of view of the investors, as such information received by them in a time bound manner would facilitate them immensely in taking a balanced investment decision as regards their holdings in the Company. In the instant case, the timely disclosures of selling of shares of GCSL by the Noticee under the relevant provisions of the SAST Regulations were of significant importance from the point of view of the investors. Further, the purpose of these disclosures is to bring about transparency in the transactions and to assist the Regulator to effectively monitor the transactions in the securities market.

ORDER

29. After Taking into consideration the nature and gravity of the charges established in the preceding paragraphs, various submissions made by the Noticee, factors mentioned under Section 15J of the SEBI Act along with facts and circumstances of the case and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act, read with Rule 5 of the Adjudication Rules, I hereby impose a penalty of Rs.1,00,000/- (Rupees one Lakh Only) on the Noticee viz. Meeta Kapoor in terms of Section 15 A(b) of the SEBI Act, for her failure to make disclosures in terms of the provisions of Regulation 29 (2) read with Regulation 29 (3) of SAST Regulations. In my view, the

aforesaid penalty is commensurate with level of violation committed by the Noticee in the case.

PENALTY PAYMENT OPTIONS

30. The amount of penalty shall be paid either by way of demand draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, or by online payment through following path at SEBI website www.sebi.gov.in ENFORCEMENT → Orders → Orders of AO → Click on PAY NOW or at link https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html

31. The said demand draft and its details OR details of online payments made (in the format as given in table below) should be forwarded to "The Division Chief, (Enforcement Department-1, Division of Regulatory Action -IV), the Securities and Exchange Board of India, SEBI Bhavan II, Plot No. C7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051" and also send an email to tad@sebi.gov.in with the following details:

Case Name :	
Name of Payee :	
Date of Payment:	
Amount Paid :	
Transaction No. :	
Bank Details in which payment is made :	
Payment is made for : (like penalties/ disgorgement/ recovery/ settlement amount and legal charges along with order details)	

32. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated 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.

33. In terms of Rule 6 of the Adjudication Rules, 1995, copy of this Order is sent to the Noticee and also to the Securities and Exchange Board of India.

Date : October 29, 2021
Place : Mumbai

Vijayant Kumar Verma
Adjudicating Officer