BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
(ADJUDICATION ORDER NO: ORDER/BM/RK/2024-25/30281-30284)

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

In respect of:

Noticee Nos.	Name of the Noticees	PAN
1	Regency Commosale Pvt Ltd	AAECR5458C
2	LN Polyesters Ltd	AAACL4102B
3	Anupam Narain Gupta	AIQPG8113N
4	Ambe Securities Private Limited	AAACA7950L

In the matter of "**Jump Network Limited (presently known as WinPro Industries Ltd)**"

BACKGROUND

1. Securities and Exchange Board of India **("SEBI")** conducted an investigation in the matter of Jump Network Limited, presently known as WinPro Industries Ltd **("Company/Jump")**, a company listed on Bombay Stock Exchange Limited **("BSE")** and National Stock Exchange of India Limited **("NSE")**. The investigation was to ascertain whether there was any violation of the provisions of SEBI Act, Rules and Regulations thereunder by certain entities for the period from December 07, 2018 to January 15, 2021 (hereinafter referred to as "**Investigation period/IP").** However, wherever deemed necessary, reference was made outside this period.

2. During the course of investigation, it was observed that Regency Commosale Pvt Ltd **("Noticee No1")**, LN Polyesters Ltd (**Noticee No2**) had failed to make disclosures during the IP with respect to change in shareholding falling below 5% and Anupam Narain Gupta (**Noticee No3**) and Ambe Securities Private Limited (**Noticee No4**) had failed to make disclosures on several instances during the IP with respect to change in shareholding aggregating more than 5% and falling below 5%. (hereinafter all of them together referred to as the (**"Noticees"**). Accordingly, the Noticees allegedly failed to comply with the provisions of (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred as **"SAST Regulations"**).

3. SEBI had, therefore, initiated adjudication proceedings under the Securities and Exchange Board of India Act, 1992 (hereinafter referred as the **"SEBI Act"**) against the Noticees to inquire into and adjudge the alleged violations of the provisions of Regulation 29(2) r/w 29(3) of SAST Regulations by Noticee Nos 1 and 2 and Regulations 29(1) & 29(2) r/w 29(3) of SAST Regulations by Noticee Nos 3 and 4 and to impose penalties under section 15A(b) of the SEBI Act.

APPOINTMENT OF ADJUDICATING OFFICER

4. In this regard, SEBI appointed the undersigned as the Adjudicating Officer **("AO")** vide order dated January 15, 2024, communicated vide communique dated January 16, 2023 under Sub-section 1 of Section 15-I of the SEBI Act read with Rule 3 of the SEBI (Procedure of Holding Inquire and Imposing Penalties) Rules, 1995 (hereinafter referred to as **"Adjudication Rules"**) to inquire into and adjudge under Section 15A(b) of the SEBI Act for the aforesaid violations alleged to have been committed by the Noticees.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

5. A Common Show Cause Notice dated January 18, 2024 (hereinafter referred to as '**SCN**') was issued to the Noticees under rule 4 of the Adjudication Rules, to show cause as to why an inquiry should not be held against them and why penalty, if any, under Section 15A(b)of the SEBI Act be not imposed upon the Noticees.

6. The allegations levelled against the Noticees vide the said SCN are summarized below:

Alleged Violation 1: Failure to make disclosures w.r.t change in Shareholding falling below 5%

7. It was observed that the Noticee No1 had sold shares of the company on 1 occasion and Noticee No2 had sold shares of the company on 2 occasions on different dates. Owing to the said sale of shares by the Noticee Nos 1 and 2 their shareholding fell below 5% for which they were required to make disclosures and accordingly, it was observed that the relevant disclosures to the exchanges were not made by the Noticee Nos 1 and 2.

8. It was therefore, alleged that the Noticee Nos 1 and 2 had violated Regulation 29(2) r/w 29(3) of SAST Regulations by having failed to make disclosures during the IP with respect to the change in shareholding falling below 5%.

Alleged Violation 2: Failure to make disclosures on several instances w.r.t change in Shareholding aggregating more than 5 % and falling below 5%

9. It was observed that the Noticee No3 had acquired shares of the company on 2 instances and had sold on 1 instance and Noticee No4 had acquired shares of the company on 2 instances and had sold on 1 instance. It was further observed that due to the said acquiring of shares by Noticee Nos 3 and 4, their respective shareholdings aggregated more than 5% and due to selling of shares by the Noticee Nos 3 and 4 their shareholding fell below 5% for which they were required to make disclosures to the exchanges which allegedly were not made by the Noticee Nos 3 and 4.

10. Accordingly, it was alleged that the Noticee Nos 3 and 4 had violated Regulations 29(1) & 29(2) r/w 29(3) of SAST Regulations by having failed to make disclosures on several instances during the IP with respect to change in shareholding aggregating more than 5% and falling below 5%.

11. The said SCN was served on the Noticees via SPAD and also through email. The proof of service is on record. The material available on record shows that barring Noticee Nos 3 and 4, the remaining Noticees have not submitted their replies to the SCN till date.

12. The details of mode of delivery of the SCN and the hearing Notice are mentioned in the table 1 below:

Table 1

Noticee Nos.	Name of the Noticee	SCN Delivered (Y/N)(MODE)	Reply Received Y/N	Hearing Notice Date	HN Delivered (Mode of Service)	Hearing Date	Hearing Attended(Y/N)
1	Regency Commosale Pvt Ltd	Y, EMAIL	N	March 22, 2024 and April 10, 2024	EMAIL	April 10, 2024 and April 16, 2024	N
2	LN Polyesters Ltd	Y, EMAIL	N	March 22, 2024 and April 10, 2024	EMAIL	April 10, 2024 and April 16, 2024	N
3	Anupam Narain Gupta	Y, EMAIL	Y	March 22, 2024	EMAIL	April 10, 2024	Y
4	Ambe Securities Private Limited	Y, EMAIL	Y	March 22, 2024	EMAIL	April 10, 2024	Y

13. As no reply was received from the Noticees, reminder emails were sent to all the Noticees which remained unanswered in respect of Noticee Nos 1 and 2. In response, Noticee Nos 3 and 4 vide emails dated February 16, 2024 sought additional time to reply to the SCN and clarification with respect to the SEBI

Settlement (Proceedings), Regulations 2018. Accordingly, vide email dated February 21, 2024, both the Noticees were advised to submit reply to the SCN by March 2024. Noticee Nos 3 and 4 vide email dated March 4, 2024 submitted their reply to the SCN and also expressed their intention to opt for Settlement in the matter. However, the said Noticees failed to apply for Settlement within the stipulated timeframe.

14. In the interest of natural justice and in order to conduct an inquiry in terms of Rule 4(3) of the Adjudication Rules, the Noticees were provided with an opportunity of personal hearing as detailed in table 1 above. In respect of Noticee Nos1 and 2, they neither attended the hearing nor submitted their replies to the SCN till date. A final opportunity was provided to the Noticee Nos 1 and 2 to submit reply by April 12, 2024 and appear for hearing on April 16, 2024. However, the said Noticee Nos 1 and 2 neither submitted their reply nor attended the hearing.

15. Vide hearing Notice dated March 22, 2024, the Noticee Nos 3 and 4 were granted an opportunity of hearing in the matter. The said hearing was attended to by the Authorized Representative (AR) of the said Noticees wherein he reiterated the submission made earlier by the Noticee Nos 3 and 4 vide letter dated March 04, 2024 and sought time to make additional submission in the matter which was accordingly granted. Noticee Nos 3 and 4 made an additional submission in the matter vide letter dated April 12, 2024.

16. In view of the above, I am of the view that principles of natural justice have been duly complied with, as SCN and hearing Notices were duly served upon the Noticee Nos 1 and 2 and sufficient opportunities were also granted to them to reply to the SCN and appear for the hearing. However, the Noticee Nos 1 and 2 have failed to reply and avail the opportunity of personal hearing twice. Noting that no prejudice has been caused to them and that the principal of natural justice has been duly followed in the matter. I am, therefore, inclined to take a view that Noticee Nos 1 and 2 have nothing to submit in their contention in the matter and in terms of Rule 4(7) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, the proceedings in respect of the Noticees shall be conducted ex-parte taking into account material, facts and figures available on record.

17. In this regard, it is pertinent to note that the Hon'ble Securities Appellate Tribunal (SAT) in the matter of **Classic Credit Ltd. vs. SEBI** (Appeal No. 68 of 2003 decided on December 08, 2006) has, inter alia, observed that, "......*the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them"*.

18. Further, the Hon'ble SAT in the matter of **Sanjay Kumar Tayal & Others vs SEBI** (Appeal No. 68 of 2013 decided on February 11, 2014), has also, inter alia, observed that: *"........... appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against them in the show cause notices..."*

19. Additionally, the same position was reiterated by the Hon'ble Securities Appellate Tribunal (SAT) in the matter of **Dave Harihar Kirtibhai vs SEBI** (Appeal No. 181 of 214 dated December 19, 2014), wherein the Hon'ble SAT observed as under:

"...further, it is being increasingly observed by the Tribunal that many persons/entities do not appear before SEBI (Respondent) to submit reply to SCN or, even worse, do not accept notices/letters of Respondent and when orders are passed ex-parte by Respondent, appear before Tribunal in appeal and claim non-receipt of notice and do not appear and/or submit reply to SCN but claim violation of principles of natural justice due to not being provided opportunity to reply to SCN or not provided personal hearing. This leads to unnecessary and avoidable loss of time and resources on part of all concerned and should be eschewed, to say the least. Hence, this case is being decided on basis of material before this Tribunal...".

20. In view of the observations made by the Hon'ble SAT, I find no reason to take a different view and accordingly, I deem it appropriate to proceed against the Noticee Nos 1and 2 ex parte, based on the material available on record and in absence of

response of the Noticee Nos 1 and 2, presume that the allegations/charges have been admitted by them.

21. The submissions of the Noticee Nos 3 and 4 vide letter dated March 04, 2024 and April 12, 2024 are summarized as under:

Submission of Noticee No3

a) *Non-disclosure had no market vide impact nor did it cause any loss to the investor. Further, it also did not affect the integrity of the market.*
b) *They were not price sensitive information which would impact the price of the scrip.*

Submission of Noticee No4

a) *Noticee submitted that it promptly files disclosures under SAST Regulations and that disclosures under Regulation 29 of SAST are procedural in nature.*
b) *Non-disclosure by the Noticee did not cause any loss to the investors at that time and that it did not have any influence in price shares of the company.*

Common Submissions of Noticee Nos 3 and 4

a) *First date of transaction with respect to Noticee Nos 3 and 4 respectively, was May 17, 2019 and December 31, 2018 followed by a few transactions in 2019 and 2020 and that the details were obtained by SEBI in September 2023 and SCN has been issued on January 18, 2024 i.e. after 4 years from the date of first transaction and accordingly, the said SCN has not been issued within a reasonable time and is legally invalid.*
b) *The defaults alleged in the SCN has not caused prejudice to anyone and not any third party rights had been created.*

CONSIDERATION OF ISSUES AND FINDINGS: -

22. I have carefully perused the charges levelled against the Noticees, the documents / material available on record and the submissions of the Noticee Nos 3 and 4. The issues that arise for consideration in the present case are:

Issue No. I: Whether Noticee Nos 1and 2 are in violation of the Regulation 29(2) r/w 29(3) of SAST Regulations and Noticee Nos 3 and 4 are in violation of the Regulations 29(1) & 29(2) r/w 29(3) of SAST Regulations?

Issue No. II: If yes, does the violation, on the part of the Noticees would attract monetary penalty under Section 15A(b) of the SEBI Act?

Issue No. III: If so, what would be the monetary penalty that can be imposed upon the Noticees taking into consideration the factors stipulated in Section 15J of the SEBI Act?

23. Before proceeding further, I would like to refer to the relevant provisions of law alleged to have been violated by the Noticees:

Relevant provisions of SEBI Act, 1992.

SAST Regulations

Disclosure of acquisition and disposal.
29(1) *Any acquirer who acquires shares or voting rights in a target company, which taken together with shares or voting rights, if any, held by him and by person acting in concert with him in such target company, aggregating to five per cent or more of the shares of such target company, shall disclose their aggregate shareholding and voting rights in such target company in such form as may be specified.*

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

29(3) *The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within two working days of the receipt of intimation of allotment of shares, or the acquisition 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.

Issue No. I: Whether Noticee Nos 1and 2 are in violation of the Regulation 29(2) r/w 29(3) of SAST Regulations and Noticee Nos 3 and 4 are in violation of the Regulations 29(1) & 29(2) r/w 29(3) of SAST Regulations?

24. Before I proceed to deal with the matter on merits, I would like to settle preliminary issue raised by the Noticee Nos 3 and 4. The said Noticees in their reply submitted that there has been a delay of 4 years in the issuance of SCN, hence the SCN is not legally valid.

25. With regard to the aforesaid contention of Noticee Nos 3 and 4 that there is a delay in issuing the SCN, it is to be noted that, there is no provision under SEBI Act which prescribes a time limit for taking cognizance of a breach of the provision of SEBI Act and Rules and Regulations made thereunder. Further, as per Section 11C of SEBI Act, SEBI can initiate investigation at any point of time, for any period of alleged violation or any period of alleged transactions. In this regard, I note that SEBI initiated the investigation as soon as information regarding the issue came to its notice. I also note that the investigation relating to this case is a time consuming process, which may require detailed analysis of the case facts as the current case involves multiple transactions. Subsequently, pursuant to the completion of investigation in October 2023, Adjudicating Officer was appointed on January 15, 2024 and SCN was issued on January 18, 2024. Thus, I note that there was no delay of issuance of SCN as has been argued by Noticee Nos 3 and 4.

26. In this regard, I rely on the judgment of the Hon'ble SAT in the matter of ***Pooja Vinay Jain vs SEBI***(Appeal No. 152 of 2019 decided on March 17, 2020) held that, "*The record would show that all the documents concerning the defence of the appellant were filed by her before the AO. Therefore, for want of any prejudice the proceedings cannot be quashed simply on the ground of delay in launching the same".*

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

28. In view of the above, and considering the facts and circumstances, I find that the said contention of Noticee Nos 3 and 4 in this regard is without merits.

Alleged Violation 1: Failure to make disclosures w.r.t change in Shareholding falling below 5%

29. I note that SEBI had sought details vide emails dated May 25, 2023 and September 14, 2023 from BSE w.r.t to the disclosure made by the Noticee Nos 1 and 2. In response BSE vide its email dated May 25, 2023 and September 18, 2023 respectively submitted the disclosure related details wherein it was observed that the said Noticee Nos 1 and 2 were holding more than 5% of total shares of the company and decreased their holdings to less than 5% during the quarter ended March 2019. Details of their holdings and disclosure related details are mentioned in Table 2 below:

Table 2:

Name & PAN	Date of Transaction	No. of shares Sold	New Shareholding	Disclosures required under	Date of Receipt of disclosure by BSE	Period of Delay
Regency Commosale Pvt Ltd (Noticee No.1)	26/03/2019	1,00,00,000 (-10%)	0%	29(2) r/w 29(3) of SEBI(SAST) Regulations, 2011	Not Received	NA
LN Polyesters Ltd (Noticee No2)	26/03/2019	50,00,000 (-5%)	5.002%	29(2) r/w 29(3) of SEBI(SAST) Regulations, 2011	Not Received	NA
LN Polyesters Ltd (Noticee No2)	27/03/2019	48,00,000 (-4.8%)	0.2%	29(2) r/w 29(3) of SEBI(SAST) Regulations, 2011	Not Received	NA

30. In terms of Regulation 29(2) r/w 29(3) of SAST Regulations, disclosures w.r.t the change in shareholding is required to be made to the exchanges and the company as mentioned below:

29(2) *Any person 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.*

29(3) *The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within two working days of the receipt of intimation of allotment of shares, or the acquisition 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.

31. From the table 2 above, I note that the Noticee No1 had sold 1,00,000 shares on March 26, 2019 of the company and subsequent to the said sale, its shareholding dropped from 10 % to 0 %. Similarly, Noticee No 2 sold 50,00,000 shares of Jump on March 26, 2019 and 48,00,000 shares on March 27, 2019 owing to which the shareholding of the Noticee No 2 dropped from 10.002% to 5.002% on March 26, 2019 and from 5.002% to 0.2% on March 27, 2019.

32. In view of the above, I note that the Noticee Nos 1 and 2 were required to make disclosures as per Regulation 29(2) r/w 29(3) of SAST Regulations which they failed to make. Accordingly, it stands established that the Noticee Nos 1 and 2 have violated Regulation 29(2) r/w 29(3) of SAST Regulations by having failed to make disclosures during the IP with respect to the change in shareholding falling below 5%.

Alleged Violation 2: Failure to make disclosures on several instances w.r.t change in Shareholding aggregating more than 5 % and falling below 5%

33. With respect to the disclosures made by the Noticee No3 and 4 during the IP, I note that SEBI vide email dated September 21, 2023 had sought shareholding details from RTA “Skyline Financial Services Private Limited”), which vide its email dated September 22, 2023 submitted the weekly holding details of the Noticee Nos 3 and 4. As there was a change in shareholding, in order to ascertain whether disclosures were made by the Noticee Nos 3 and 4, SEBI vide email dated September 21, 2023 had sought details of disclosures w.r.t the said Noticees from BSE, which vide its email dated October 12, 2023 submitted the disclosure related

details of the said Noticees. The disclosure related details of the Noticee Nos 3 and 4 is tabulated in Table 3 below:

Table 3

Name & PAN	**Date of Transaction**	**No. of shares Acquired/ Sold**	**Shareholding**	**Disclosures required under**	**Date of Receipt of disclosure by BSE**	**Period of Delay**
Anupam Narain Gupta (Noticee No.3)	17/05/2019	555000	5.39%	29(1) r/w 29(3) of SEBI(SAST) Regulations, 2011	Not Received	NA
Anupam Narain Gupta (Noticee No.3)	18/10/2019	2592748	7.63%	29(1) r/w 29(3) of SEBI(SAST) Regulations, 2011	Not Received	NA
Anupam Narain Gupta (Noticee No.3)	07/08/2020	(3931099)	3.07%	29(2) r/w 29(3) of SEBI(SAST) Regulations, 2011	Not Received	NA
Ambe Securities Pvt Ltd (Noticee No.4)	31/12/2018	490467	5.34%	29(1) r/w 29(3) of SEBI(SAST) Regulations, 2011	Not Received	NA
Ambe Securities Pvt Ltd (Noticee No.4)	11/10/2019	144135	7.46%	29(2) r/w 29(3) of SEBI(SAST) Regulations, 2011	Not Received	NA
Ambe Securities Pvt Ltd (Noticee No.4)	20/12/2019	(710480)	4.45%	29(2) r/w 29(3) of SEBI(SAST) Regulations, 2011	Not Received	NA

34. From the table 3 above, I note that the Noticee No 3 had acquired 5,55,000 shares of Jump on May 17, 2019, 25,92,748 shares on October 18, 2019 and sold 39,31,099 shares on August 07, 2020. The shareholding of Noticee No3 hiked to 5.39% after acquiring shares on May 17, 2019 and 7.63% on October 18, 2019 whereas it dropped to 3.07% on August 07, 2020, subsequent to selling of shares as mentioned above. With respect to Noticee No4, I note that he had acquired 4,90,467 shares of Jump on December 31, 2018, 1,44,135 shares on October 11, 2019 and sold 7,10,480 shares on December 20, 2019. Further, I note that the shareholding of Noticee No4 hiked to 5.34% after acquiring of shares on December 31, 2018 and 7.46% on October 11, 2019 whereas it dropped to 4.45% on December 20, 2019, when the shares were sold.

35. Regulations 29(1), 29(2) and 29(3) of SAST Regulations states as follows:

Disclosure of acquisition and disposal.

29(1) *Any acquirer who acquires shares or voting rights in a target company, which taken together with shares or voting rights, if any, held by him and by person acting in concert with him in such target company, aggregating to five per cent or more of the shares of such target company, shall disclose their aggregate shareholding and voting rights in such target company in such form as may be specified.*

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

29(3) *The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within two working days of the receipt of intimation of allotment of shares, or the acquisition 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.

36. In view of the above, I note that due to acquiring of shares by Noticee Nos 3 and 4, their respective shareholdings aggregated more than 5% and due to selling of shares by the Noticee Nos 3 and 4 their shareholding fell below 5% for which they were required to make disclosures as per the provisions of Regulation 29(1) & 29(2) r/w 29(3) of SAST Regulations during the IP, which they failed to make.

37. In this regard, I note that the Noticee Nos 3 and 4 submitted that non-disclosure had no market vide impact nor did it cause any loss to the investor and that it also did not affect the integrity of the market and that they were not price sensitive information which would impact the price of the scrip.

38. As regards submission of the Noticee Nos 3 and 4 that non-disclosure had no market vide impact nor did it cause any loss to the investor and that it was not a price sensitive information and no third party rights had been created, they are now trying to absolve themselves of the responsibility of making disclosures which they were duty bound as per the extant SAST Regulations. At this juncture, I find it pertinent to refer to the judgment of ***Komal Nahata v. Securities and Exchange Board of India***(Appeal No. 5 of 2014 dated January 27, 2014) held that-"*Argument that no investor has suffered on account of non disclosure and that the AO has not considered the mitigating factors set out under Section 15J of SEBI Act, 1992 is without any merit because firstly penalty for non compliance of SAST Regulations, 1997 and PIT Regulations, 1992 is not dependent upon the investors actually suffering on account of such non disclosure.*

39. I also note that in Appeal No. 66 of 2003 – ***Milan Mahendra Securities Pvt. Ltd. Vs. SEBI***–the Hon'ble Securities Appellate Tribunal(SAT) has observed that, *"the purpose of these disclosures is to bring about transparency in the transactions and assist the Regulator to effectively monitor the transactions in the market".*

40. Therefore, submissions of the Noticee Nos 3 and 4 are bereft of merits.

41. Thus, it stands established that the Noticee Nos 3 and 4 have violated Regulations 29(1) & 29(2) r/w 29(3) of SAST Regulations by having failed to make disclosures on several instances during the IP with respect to change in shareholding aggregating more than 5% and falling below 5%.

Issue No. II: If yes, does the violation, on the part of the Noticees would attract monetary penalty under Section 15A(b) of the SEBI Act?

42. As it has been established that the

a) Noticee Nos 1 and 2 have violated have violated Regulation 29(2) r/w 29(3) of SAST Regulations and;
b) Noticee Nos 3 and 4 have violated Regulations 29(1) & 29(2) r/w 29(3) of SAST Regulations.

43. In the context of the above, I refer to the observations of Hon'ble Supreme Court in the matter of Chairman, ***SEBI vs. Shriram Mutual Fund*** {[2006] 5 SCC 361} wherein the Hon'ble Court had 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......."*

44. Further, I would like to place reliance on the order of the Hon'ble SAT in the matter of ***Virendrakumar Jayantilal Patel vs. SEBI*** (Appeal No. 299 of 2014 order dated October 14, 2014), wherein Hon'ble SAT held that:

"………. obligation to make disclosures within the stipulated time is a mandatory obligation and penalty is imposed for not complying with the mandatory obligation."

45. Therefore, in view of the foregoing and placing reliance on the above judgement of the SAT as well as the Hon'ble Apex Court, I am of the view that it is a fit case for penalty under Section 15A(b) of the SEBI Act, which is reproduced hereunder:

SEBI Act, 1992

Penalty for failure to furnish information, return, etc.

***15A** Any person, who is required under this Act or any rules 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 or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents], he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees]];*

Issue No. III: If so, what would be the monetary penalty that can be imposed upon the Noticees taking into consideration the factors stipulated in Section 15J of the SEBI Act?

46. 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 of the SEBI Act which reads as under:

SEBI Act, 1992

15J

While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely

***(a)**the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*

***(b)** the amount of loss caused to an investor or group of investors as a result of the default;*

***(c)** the repetitive nature of the default.*

47. Hon'ble SAT in the case of ***M/s. Coimbatore Flavors& Fragrances Ltd. & Ors vs SEBI*** *(*Appeal No. 209 of 2014 order dated August 11, 2014), has held 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."

48. Hon'ble SAT, in the aforesaid order, has articulated the importance of true and timely disclosures.

49. In view of the charges as established, the facts and circumstances of the case and the judgments referred to and mentioned hereinabove, the quantum of penalty would depend on the factors referred in Section 15-J of SEBI Act as stated above. I note that the material available on record has not quantified the amount of disproportionate gain or unfair advantage, if any, made by the Noticees and the loss, if any, and suffered by the investors as a result of their failure. It is also observed from the records that the Noticees have not been penalized by SEBI in the past.

50. However, I note that securities market is based on free and open access to information, and that protection of the interests of the investors is the prime objective of SEBI. Disclosures in respect of the change in shareholding has been made mandatory for the protection of the investors so as to enable them to take suitable informed investment decisions. The objective behind such requirement is that the investing public shall not be deprived of any vital information in respect of their investments in the securities market. If any person who is to make such disclosures doesn't make it and are depriving the investing public the statutory rights available to them, then SEBI is duty bound to ensure that the investing public are not deprived of any statutory rights available to them. In my opinion in a disclosure based regime the essence is about timely disclosures which, if compromised with, may pose threat to orderly functioning of the securities markets and /or loss of investor confidence in the integrity of the securities market Thus, in the present matter, the facts of the case clearly bring out the default made by the Noticees. Hence, I note that the Noticees failed to make disclosures about the

change in shareholding and thereby have violated the relevant provisions of SAST Regulations, as mentioned above.

ORDER

51. Having considered the facts and circumstances of the case, the material available on record, the factors mentioned in Section 15J of the SEBI Act, and also taking into account judgment of the Hon'ble Supreme Court in ***SEBI vs. Bhavesh Pabari (2019)***5 SCC 90 and in exercise of power conferred upon me under section 15-I of the SEBI Act, 1992 read with Rule 5 of the Adjudication Rules, 1995, I hereby impose following penalty under Section 15A(b) of the SEBI Act on the Noticees for violations of the following provisions of SAST Regulations:

a) Violation of Regulation 29(2) r/w 29(3) of SAST Regulations by Noticee Nos 1 and 2 and;
b) Violation of Regulations 29(1) & 29(2) r/w 29(3) of SAST Regulations by Noticee Nos 3 and 4.

Name of the Noticees	**Penal Provisions**	**Penalty**
Regency Commosale Pvt Ltd	Section 15A(b) of the SEBI Act, 1992	₹ 4,00,000/- (Rupees Four Lakhs Only)
LN Polyesters Ltd		₹ 4,00,000/- (Rupees Four Lakhs Only)
Anupam Narain Gupta		₹ 4,00,000/- (Rupees Four Lakhs Only)
Ambe Securities Private Limited		₹ 4,00,000/- (Rupees Four Lakhs Only)

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

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

ENFORCEMENT Orders Orders of AO PAY NOW

54. The said confirmation of e-payment made in the format as given in table below should be sent to "The Division Chief, EFD-I DRA -I, Securities and Exchange Board of India, SEBI Bhavan, Plot no. C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai -400 051" and also to e-mail id:-tad@sebi.gov.in:

1. Case Name:	
2. Name of payee:	
3. Date of payment:	
4. Amount paid:	
5. Transaction no.:	
6. Bank details in which payment is made:	
7. Payment is made for: (like penalties/ disgorgement/ recovery/ settlement amount etc.)	

55. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings under section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

56. Copy of this Adjudication Order is being sent to the Noticees and also to SEBI in terms of Rule 6 of the Adjudication Rules.

Date: April 19, 2024 **BARNALI MUKHERJEE**

Place: Mumbai **ADJUDICATING OFFICER**