BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO. Order/GG/VP/2022-23/16824-16837

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

In respect of:

Sr. No.	Name of the Entity	PAN Number
1	Mr. Ashokkumar Raghuram Thakkar	AARPT7698E
2	Mrs. Dharmisthaben Ashokkumar Thakkar	ACAPT0626R
3	Mr.Piyushkumar Chandrakantbhai Thakkar	AEJPT8651B
4	Raghurambhai Varsambhai Thakkar	AARPT7174R
5	Thakker Raghurambhai Vasr Ambhai HUF	AARPT7174R
6	Desai Amratbhai Shakkarbhai	BVYPD3547H
7	Ajay Jamnalal Pujara	AIXPP2711J
8	Nareshkumar Amratlal Pujara HUF	AAGHN8644B
9	Kamleshkumar Amratlal Pujara	AIPPP5774P
10	Kevin Arvindkumar Thakkar	AGQPT9395M
11	Maulik Arvindkumar Thakkar	AMNPT2761L
12	Chiragkumar Jayantilal Thakkar	AFKPT3816J
13	Mayurkumar Jayantilal Thakkar HUF	AACHT6370G

In the matter of Art Nirman Limited

A. FACTS OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as **'SEBI'**) had received an application dated 31.03.2020 from Mr. Ashokkumar Raghuram Thakkar (**Noticee No. 1**), Mrs. Dharmisthaben Ashokkumar Thakkar (**Noticee No. 2**), Mr. Piyushkumar Chandrakantbhai Thakkar (**Noticee No. 3**), Mr. Raghurambhai Varsambhai Thakkar (**Noticee No.4**) through Hem Securities Limited, the Manager to the open offer under Regulation 11(1) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as **'SAST Regulations'**) seeking exemption from the open offer obligation arising out of the conversion of the convertible warrants in Target Company viz, Art Nirman Limited. The said application was rejected vide Order Ref. No. WTM/GM/CFD-DCR-1/43/2020–21 dated 23.10.2020.

2. Pursuant to the aforesaid order dated 23.10.2020, an offer document (letter of offer) was filed by Noticee Nos. 1 to 4 through Hem Securities Limited, on 31.12.2020 which was received by SEBI on 18.01.2021. The offer was to acquire 64,88,560 equity shares of face value INR 10/- (Rupees ten) each, representing 26% of the issued, subscribed and paid-up equity share of the target company at a price of INR 22/- (Rupees Twenty-two only) per equity share aggregating to Rs. 14,27,48,320 (Rupees Fourteen Crores Twenty-Seven Lakhs Forty-Eight Thousand Three Hundred and Twenty only), payable in cash pursuant to SAST Regulations, 2011 and subsequent amendments thereof.

3. During the examination of the open offer document SEBI observed that,
    a. Noticee Nos. 1 to 4 had violated the provisions of Regulation 13(2) of SAST Regulations,
    b. Noticee Nos. 2, 3 and 4 had violated Regulation 29(1) read with Regulation 29(3) of SAST Regulations,
    c. Noticee No. 1 had violated Regulation 29(2) read with Regulation 29(3) of SAST Regulations,
    d. Noticee Nos. 1 to 4 and Thakker Raghurambhai Vasr Ambhai HUF (**Noticee No. 5**) had violated Regulation 30(2) read with Regulation 30(3) of SAST Regulations,
    e. Desai Amratbhai Shakkarbhai (**Noticee No. 6**) had violated Regulation 29(1) read with Regulation 29(3) of SAST Regulations by making delayed disclosure of 462 days for transaction dated 23.09.2017.
    f. Ajay Jamnalal Pujara (**Noticee No. 7**), Nareshkumar Amratlal Pujara HUF (**Noticee No. 8**), Kamleshkumar Amratlal (**Noticee No. 9**) (Person Acting in Concert with Nareshkumar Amratlal Pujara HUF), Kevin Arvindkumar Thakkar (**Noticee No. 10**), Maulik Arvindkumar Thakkar (**Noticee No.11**), (Person Acting in Concert with Kevin Arvindkumar Thakkar) Chiragkumar Jayantilal Thakkar PAC (**Noticee No.12**) and Mayurkumar Jayantilal Thakkar HUF (**Noticee No.13**) (Person Acting in Concert with Chiragkumar Jayantilal Thakkar) had

violated Regulation 29(1) read with Regulation 29(3) of SAST Regulations by making delayed disclosure of 118 days for transaction dated 01.09.2018.

B. APPOINTMENT OF ADJUDICATING OFFICER

4. Pursuant to the examination in the matter, SEBI initiated adjudication proceedings and appointed me, as the Adjudicating Officer under section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the **'SEBI Act'**) read with rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as the "**SEBI Adjudication Rules**") *vide* order dated 10.12.2021, to inquire into and adjudge under section 15H(ii) and/ or under section 15A(b) of the SEBI Act, with respect to the allegations against the Noticees.

C. SHOW CAUSE NOTICE, HEARING AND REPLY

5. Two separate notices dated 15.02.2022 and 10.03.2022 were issued to the promoter group comprising of Noticee Nos. 1 to 5 and non-promoter group entities comprising of Noticee Nos. 6 to 13, under rule 4(1) of the SEBI Adjudication Rules to show cause as to why an inquiry should not be initiated against them and why penalty should not be imposed against them under section 15H(ii) and/ or 15A(b) of the SEBI Act as alleged therein for the violations brought out against them. The Notices issued are hereinafter referred to as Show Cause Notices or SCNs.

6. The Noticee Nos. 1 to 4 i.e. the promoters and PACs vide replies dated 04.04.2022 made their submissions in respect of the allegations in the SCN. Noticee No. 5 vide letter dated 01.04.2022 submitted its reply to the SCN. Noticee Nos. 6 to 13 have not submitted their replies to the SCN.

7. In the interest of natural justice an opportunity of hearing was granted to the Noticee Nos. 1 to 5 on 23.03.2022 vide Hearing Notice dated 16.03.2022. However, the Noticees did not avail the opportunity of the Hearing. Another opportunity of hearing was granted to Noticee Nos. 1 to 5 on 05.04.2022 vide Hearing Notice dated

25.03.2022. However, the Noticees did not avail the opportunity of the hearing granted to them. The final opportunity of hearing was granted to the Noticee on 20.04.2022 vide hearing notice dated 05.04.2022. The Noticee Nos. 1 to 5 authorized Corporate Attorneys as their Authorized Representative **(AR)** in the matter. The AR appeared for the hearing through video conference and reiterated the submissions made vide reply dated 04.04.2022 in respect of Noticee Nos. 1 to 4 and reply dated 01.04.2022 in respect of Noticee No. 5.

8. Similarly, an opportunity of hearing was granted to Noticee Nos. 6 to 13 on 20.04.2022 vide Hearing Notice dated 05.04.2022. However, the Noticees did not avail the opportunity of hearing. Another opportunity of hearing was granted to Noticee Nos. 6 to 13 on 06.05.2022 vide Hearing Notice dated 22.04.2022. Ms. Mona Vora, Advocate **(AR)** appeared on behalf of Noticee Nos. 6 to 13 through video conference on 06.05.2022 and requested time to submit reply to the SCN. The AR further submitted that the reply to the SCN would be filed before 13.05.2022 and accordingly the hearing was rescheduled on 13.05.2022. However, Noticee Nos. 6 to 13 did not avail the opportunity of the hearing granted to them and vide email dated 13.05.2022 submitted that they will make written submission in two days. However, till date, we have not received any reply to the SCN or written submission from Noticee Nos. 6 to 13. Since enough opportunities have been given to Noticee Nos. 6 to 13 to defend the allegations in the SCN, it is now decided to proceed against them, based on the records available.

D. <u>ISSUES</u>

9. I have perused the submissions put forth by the Noticees regarding alleged violations of SAST Regulations 2011.

10. The issues that arise for consideration is as under: -

Part I- Open Offer and disclosure violations against Noticee Nos. 1 to 5

i. Whether Noticee Nos. 1 to 4 had violated provisions of Regulation 13(2) of SAST Regulations? If yes, whether Noticee Nos. 1 to 4 are liable for monetary penalty under section 15H(ii) of the SEBI Act?

ii. Whether Noticee Nos. 2, 3, and 4 had violated provisions of Regulation 29(1) read with Regulation 29(3) of SAST Regulations? If yes, whether Noticee Nos. 2, 3, and 4 are liable for monetary penalty under section 15A(b) of the SEBI Act?

iii. Whether Noticee No. 1 had violated provisions of Regulation 29(2) read with Regulation 29(3) of SAST Regulations? If yes, whether the Noticee No. 1 is liable for monetary penalty under section 15A(b) of the SEBI Act?

iv. Whether Noticee Nos. 1 to 5 had violated provisions of Regulation 30(2) read with Regulation 30(3) of SAST Regulations? If yes, whether Noticee No. 1 to 5 are liable for monetary penalty under section 15A(b) of the SEBI Act?

Part II- Disclosure violation in respect of Noticee Nos. 6 to 13

v. Whether Noticee No. 6 had violated provisions of Regulation 29(1) read with Regulation 29(3) of SAST Regulations by making delayed disclosure after 462 days? If yes, whether Noticee No. 6 is liable for monetary penalty under section 15A(b) of the SEBI Act?

vi. Whether Noticee Nos. 7 to 13 had violated provisions of Regulation 29(1) read with Regulation 29(3) of SAST Regulations by making delayed disclosure after 118 days? If yes, whether Noticee Nos. 7 to 13 are liable for monetary penalty under section 15A(b) of the SEBI Act?

Part I- Issue 10(i) to 10 (iv)

11. Noticee Nos. 1 to 4 were PACs and were promoters and part of the promoter group of the target company since its incorporation in 2011 and were holding 73.65%

equity shares of the target company. The target company is listed on NSE Emerge Platform. The Target Company issued 45,72,000 shares to non-promoter shareholders on a preferential basis on 01.09.2018 leading to a reduction in the shareholding of the promoter group in the target company from 73.65% to 45.99% of the paid-up equity share capital of the target company. On the same day, Noticee Nos. 1 to 4 were allotted 1,27,80,000 convertible warrants on preferential basis for consideration in cash and partly in other than cash with a right to apply and get allotted 1 equity share for face value of Rs.10/- each at Rs.16/- per warrant aggregating to Rs.20,44,80,000/-. These warrants were converted by the promoter group entities/ Noticee Nos. 1 to 4 in two tranches; the first set on 25.04.2019 and the second on 02.05.2019, leading to an increase in the promoter shareholding in the Target Company to 62% and 73.65% respectively. Details of acquisitions Noticee wise from the shareholding pattern of Noticee Nos. 1 to 4, pre-acquisition and post-acquisition is as under:

Table No: 1

Sr. No.	Name of the Acquirer and PACs	No of Equity Shares and % as on 01.09.2018 and 31.03.2019 w.r.t. total paid up capital	No of Equity Shares and % after 1st conversion on 25.04.2019	No of Equity Shares and % after 2nd conversion on 02.05.2019
1	Ashokkumar Thakkar (Noticee No.1)	55,94,995 (45.95%)*	89,84,995 (51.92%)	1,57,64,995 (63.17%)
2	Dharmishthaben Thakkar (Noticee No. 2)	5,000 (0.04%)	8,75,000 (5.06%)	8,75,000 (3.51%)
3	Raghuramvhai Thakkar (Noticee No. 3)	1	1	8,70,001 (3.49%)
4	Piyushkumar Thakkar (Noticee No. 4)	1	8,70,001 (5.03%)	8,70,001 (3.49%)
Total		45.99% *	62.01%	73.66%

*Typographical error in Table No. 1 of SCN stands corrected.

Details of shareholding pattern of Promoter Group, PACs (comprising of Noticee Nos. 1 to 4) and Public in the Target Company during the relevant period is as under:

Table No: 2

Name	Shareholding **post IPO** on 30.05.2018		Shareholding as **of March 31, 2019** (post preferential allotment)		Shareholding as of **June 30, 2019** (post conversion of warrants)	
Promoter Group along with PAC	56,00,000	73.65%	56,00,000	45.99%	1,83,80,000	73.65%
Public	20,04,000	26.35%	65,76,000	54.01%	65,76,000	26.35%

12. The shareholding of Noticee Nos. 1 to 4 increased pursuant to conversion of warrants into equity share from 45.99% to 62% on 25.04.2019 and further increased

from 62% to 73.65% on 02.05.2019. As the additional shares acquired in the Target Company entitled Noticee Nos. 1 to 4 to exercise more than five percent of their voting rights, they were required to make public announcement for an open offer on the same day on which they exercised their option to convert the warrants into equity shares in terms of Regulation 3(2) read with Regulation 13(2) of SAST Regulations, on two occasions i.e. on 25.04.2019 and 02.05.2019. However, since Noticee Nos. 1 to 4 did not make a public announcement for an open offer it was alleged in the SCN that Noticee Nos. 1 to 4 had violated Regulation 3(2) read with Regulation 13(2) of SAST Regulations.

13. Besides the open offer violations committed by Noticee Nos. 1 to 4, the acquisitions also triggered disclosure violations under Regulation 29(1) and Regulation 29(2) as shown in the tables below, with respect disclosures for holding more than 5% or change in shareholding exceeding 2%.

Table No: 3

Sr. No.	Reg.	Date of transaction	Due date for compliance	Actual date of compliance	**Delay in no. of days**	Name of individual / entity responsible for making disclosure	Category	Number of Shares acquired as per disclosures	Pre transaction shareholding	Post transaction shareholding	% of change in shareholding	Type of acquisition
2	29(1)	25/04/2019	30/04/2019	10/06/2019	41	Dharmisthaben Ashokkumar (Noticee No.2)	Promoter group	8,70,000	0.04	5.06	5.02	Conversion of warrants
3	29(1)	25/04/2019	30/04/2019	10/06/2019	41	Piyushkumar C Thakkar (Noticee No.3)	Promoter group	8,70,000	0	7.14	7.14	Conversion of warrants
4	29(1)	02/05/2019	06/05/2019	10/06/2019	35	Raghurambhai Vashrambhai Thakkar(Noticee No.4)	Promoter group	8,70,000	0	5.02	5.02	Conversion of warrants

Table No: 4

Sr. No.	**Reg.**	**Date of transaction**	**Due date for compliance**	**Actual date of compliance**	**Delay in no. of days**	**Name of individual / entity responsible for making disclosure**	**Category**	**Number of Shares acquired as per disclosures/ %**	**Pre transaction shareholding**	**Post transaction shareholding**	**% of change in shareholding**	**Type of acquisition**
1	29(2)	01/09/2018	05/09/2018	01/01/2019	118	Ashokkumar Raghuram thakkar	Promoter group	40.75# (1,01,70,000)	73.58 (55,94995)	73.58% (55,94,995	0%	Issue of warrants
2	29(2)	25/04/2019	30/04/2019	10/06/2019	41	Ashokkumar Raghuram thakkar	Promoter group	33,90,000	22.42	36%	13.58%	Conversion of warrants
3	29(2)	02/05/2019	06/05/2019	10/06/2019	35	Ashokkumar Raghuram thakkar	Promoter group	27.17^ 67,80,000	36%^	63.17%^	27.17%^	Conversion of warrants

Note: ^diluted share capital
#diluted share capital means the total number of shares in the target company assuming full conversion of outstanding convertible warrants into equity shares.

14. As Noticee No. 5 had not acquired in the conversion exercise, his name is not included in the above Tables. However since Noticee Nos. 1 to 5 being promoters were obliged to make annual disclosure within 7 days from 31.03.2020 and the same was not done within the timelines prescribed, it was alleged that Noticee Nos. 1 to 5 violated Regulation 30(2) of SAST Regulations, as shown in the Table below:

Table No :5

Sr No.	Reg.	Due Date for Compliance	Actual date of compliance	Delay in no. of days	Name of individual / entity responsible for making disclosure
1	30	15-Apr-20	21-May-20	45	Ashok Kumar Raghurambhai Thakker HUF
2	30	15-Apr-20	21-May-20	45	Thakker Raghurambhai Vasr Ambhai HUF
3	30	15-Apr-20	21-May-20	45	Piyushkumar C Thakkar
4	30	15-Apr-20	21-May-20	45	Raghurambhai Vasrambhai Thakker
5	30	15-Apr-20	21-May-20	45	Dharmisthaben Ashok Kumar Thakkar
6	30	15-Apr-20	21-May-20	45	Ashokkumar Raghuram Thakker

Relevant portion of the replies of the Noticee Nos. 1 to 4 is summarised as under

15. The Noticee Nos. 1 to 4 have not disputed the acquisitions of the share and increase in their shareholding as stated in the SCN. Further in respect of delay of 617 days in making open offer, Noticee Nos. 1 to 4 have submitted as under:-

With reference to para 9 of the SCN, the Noticee Nos. 1 to 4 denied that there has been a delay of 617 days in making an announcement of open offer in terms of Regulation 3(2) read with Regulation 13(2) of the SAST Regulation, for the following reasons :

a. *On 25.04.2019, 51,30,000 convertible warrants were converted into equity shares of the Company.*
b. *On 02.05.2019, 76,50,000 convertible warrants were converted into equity shares of the Company,*
c. *On 07.06.2019, the Company made an application for listing of the said 51,30,000 and 76,50,000 shares on NSE as required in law.;*
d. *On 12.06.2019, the Company received a letter from NSE seeking certain details and documents, such as, the shareholding pattern of the Company- pre and post issue of the shares, statement of holding of allottees, etc. Vide the said letter, NSE also asked the Company to pay fine for alleged non-compliance of Regulation 108 of the SEBI (ICDR) Regulation 2009.*
e. *On 18.06.2019, the Company wrote to NSE requesting for waiver or reduce the fine.*
f. *On 20.06.2019, the Company received an email from NSE saying that it cannot reduce or waive the fine and asked the Company to prefer an appeal against the said levy of penalty. Accordingly, the Company preferred an Appeal to Hon'ble Securities Appellate Tribunal in August 2019 being Appeal No. 499/ 2019 and Appeal No. 500/2019. The said appeals are presently pending before the Hon'ble Tribunal.*
g. *In the meantime on 20.07.2019, the Company provided all the details and documents sought by NSE vide its email dated 20.07.2019.*
h. *Thereafter, on 25.07.2019, the Company received another letter from NSE seeking some more documents / details and once again reminding the Company to pay the fine.*

i. *The Company replied to NSE vide its reply dated 08.08.2019 submitting all the documents sought and furnishing all the explanation required.*

j. *The- Company once again on 16.08.2019 received another letter from NSE seeking some more details and clarification.*

k. *The Company vide its reply dated 26.08.2019 once again provided all the details and documents sought.*

l. *Thereafter NSE sought additional details and clarification vide its letters dated 28.08.2019 and 13.09.2019. The same were replied by-the Company vide its replies dated 09.09.2019.*

m. *It was on or about September 2019, during the course of discussion with NSE, that NSE orally informed that if it wanted an exemption from making an open offer, it will have to make an application under Regulation 11 of the SAST Regulation.*

n. *Accordingly, whilst the Company and the Noticees were under the bona fide belief that provision: of open offer under the SAST Regulation, does not get trigged, it with reluctance and as per the instruction of NSE, on 31.03.2020 made an application under regulation 11 of. the SAST Regulation seeking an exemption from making an open offer.*

o. *In the said proceedings, SEBI vide its letter dated 28.05.2020 sought certain details and documents, which was furnished. by the Company vide its reply dated 03.06.2020.*

p. *Thereafter, SEBI passed its order on 23.10.2020 (after a gap of 4months) rejecting the Company's application seeking an exemption from making an open offer.*

q. *Thereafter, on 31.10.2020, the Company and the Noticees made a public announcement for an open offer.*

r. *From the above sequence of events, it is evident that there has been no delay or lax on the part of the Noticee. Noticee was under the bona fide belief that requirement of open offer was not triggered. However, when the application for exemption was rejected, the Noticee complied with the requirement of an open offer.*

s. *NSE, in neither of its communication dated 12.06.2019, 25.07.2019, 16.08.2019, 28.08.2019 or 13.09.2019 mentions the Company / Noticee's requirements to make an open offer.*

t. *Thus, there is no delay on the part of the Noticees. The Noticees/ Company, since the time of conversion of the warrants has been in constant dialogue with NSE. On the contrary, it is NSE which kept seeking details and documents (from 12.06.2019 to 13.09.2019) from the Company/ Noticee.*

u. *Thereafter, when the Noticee made an application for exemption from making an open offer, SEBI took nearly 7 months (205 days) to pass the order. Hence, it is absolutely incorrect to alleged and attribute a delay of 617 days to the Noticee.*

16. I have perused the replies written submissions filed by the Noticee Nos. 1 to 5, the submissions made during hearing by the AR on behalf of the Noticees and the documents on record. I observe that the Noticee Nos. 1 to 4 have not denied nor disputed the acquisition of shares and increase in their shareholding pursuant to conversion of warrants into equity share from 45.99% to 62% on 25.04.2019 and further increase from 62% to 73.65% on 02.05.2019. It is also undisputed that as the additional shares acquired by Noticee Nos. 1 to 4 entitled them to exercise more than five percent of their voting rights, they were required to make public announcement for an open offer on the same day on which they exercised their option to convert the warrants into equity shares in terms of Regulation 3(2) read with Regulation 13(2) of SAST Regulations, on two occasions on 25.04.2019 and 02.05.2019.

17. The Noticee Nos. 1 to 4 have submitted that they were under the bona fide belief that requirement of open offer was not triggered and for the said conversions the company has made an application on 07.06.2019 for listing of the said 51,30,000 and 76,50,000 shares as per law. From 07.06.2019 to September 2019, they were in communication with NSE regarding furnishing of certain documents/ information and payment of fine for non-compliance with Regulation 108 of the SEBI (ICDR) Regulation 2009 etc. The Noticees submitted that on or about September 2019, during the course of discussion with NSE, it was orally informed by NSE that if the company wants an exemption from making an open offer, it will have to make an application under Regulation 11 of the SAST Regulations. Noticee Nos.1 to 4 further submitted that NSE had in none of its communications dated 12.06.2019, 25.07.2019, 16.08.2019, 28.08.2019 or 13.09.2019 mentioned that the Company / Noticees were required to make an open offer and only after the said oral communication by NSE in September 2019 regarding the need to make an open offer that Noticee Nos. 1 to 4 made an exemption application under Regulation 11 of SAST Regulations on 31.03.2020. The Noticees submitted that, the said application was rejected by SEBI vide order dated 23.10.2020 and immediately the Noticee Nos. 1 to 4 had made a public announcement for an open offer on 31.10.2020 and hence it is incorrect to allege and attribute a delay of 617 days to the Noticees.

18. *Ignorantia juris non-excusat*. Ignorance of law cannot be an excuse for non-compliance. I find that the Noticees are justifying the delay in making the open offer and filing an exemption application by bringing NSE into the picture and the communications they had with NSE. Pursuant to the exercise of warrants, the promoters have come to know that their shares and voting rights have increased, right from April and May of 2019, when they exercised the option to convert warrants in two tranches. They were also aware of the fact that those shares issued pursuant to conversion needs to be listed and had consequently applied for listing on 07.06.2019, as required in law. It is quite strange that the Noticees, being promoters

and persons acting in concert, did not realise that there was a need to make an open offer when they exercised the option of conversion and increased their shareholding from 45.99% to 62% and 73% respectively. When the share-holding/ voting rights of Promoters have increased beyond the prescribed threshold of 5% in a financial year (i.e., FY 2019-2020) under Regulation 3(2) of SAST Regulations, it is incumbent on the Promoters to have made an offer to the public on the very same day of exercise of option to convert, in terms of Regulation 13(2). Likewise, the argument that based on the oral advice received from NSE, an exemption application was filed before SEBI and that SEBI consumed considerable time to dispose of or reject the exemption application is also not justifiable. At the very least, when the NSE officials pointed out to the requirement of open offer, as contended, it was necessary for the promoters to have reassessed the violation and avoided any further delay in making open offer instead of choosing to file an exemption application. Right counsel ought to have been taken at the right time by the Noticees. Instead, I find the Noticees have delayed the compliance with the mandatory requirements by going in circles.

19. As regards delay in disclosures, it has been pleaded that for the period of 2 months the company did not have a company secretary or compliance officer as the then officer resigned on 10.04.2019. The new company secretary was appointed on 01.06.2019. Hence the delay. The circumstances such as the company secretary's resignation at the relevant point in time and the post lying vacant till June 2019 does not help alleviate the non-compliance of the promoters. As regards disclosure violation under Regulations 29(1) and (2) read with Regulation 29(3) alleged against Noticee Nos. 1 to 4, I note that the Noticees have admitted the delay in disclosures as alleged in the SCN.

20. As regards the delay under Regulation 30(2) read with 30(3) of SAST Regulations, the Noticee Nos. 1 to 5 have highlighted the difficulties caused by Covid-19 pandemic. According to the Noticees the due date of compliance under Regulation 30(2) of SAST Regulations was 07.04.2020 and the same was disclosed on

21.05.2020. The delay in annual disclosures are also admitted. However, with respect to annual disclosures, the Noticees have contended that the delay was on account of Covid 19 and Lockdown which followed the pandemic. I find that the ground pleaded is genuine and reasonable and since the delay is of 45 days only, I am inclined to view the violation with lenience and drop the charges against the Noticees.

21. In the circumstances, I find that Noticee Nos. 1 to 4 are in violation of Regulation 3(2) read with Regulation 13(2) of SAST Regulations. On an overall assessment, I find that a penalty of 10 Lakhs, jointly and severally, on Noticee Nos. 1 to 4 would be a commensurate penalty under section 15H(ii) of SEBI Act. I also find that the Noticee Nos. 1 to 4 have violated provisions of Regulations 29(1) and 29(2), as applicable, read with Regulation 29(3) of SAST Regulations. A penalty of 4 Lakhs would be a commensurate penalty, under section 15A(b) of SEBI Act, for the said violation. I find that no penalty is warranted in the case of Noticee Nos. 1 to 5, for the alleged violation of Regulation 30(2), for the reasons stated above.

<u>Part II- Issue 10(v) and 10(vi)</u>

22. Issue No. 10 (v) and 10 (vi) is whether Noticee Nos. 6 to 13 violated provisions of Regulation 29(1) read with Regulation 29(3) of SAST Regulations by making delayed disclosures.

23. I note from the SCN that it was alleged that Noticee Nos. 6 to 13 had failed to comply with disclosure requirements under Regulations 29(1) read with Regulation 29(3) of the SAST Regulations, 2011 within the stipulated time, details of which are given below:

Table No: 6

Sr. No.	Reg.	Date of transaction	Due date for compliance	Actual date of compliance	Delay in no. of days	Name of individual / entity responsible for making disclosure	Category	Number of Shares acquired as per disclosures	Pre transaction shareholding (%)	Post transaction shareholding (%)	% of change in shareholding	Type of acquisition	Evidence
1	29(1)	23/09/17	26/09/17	01/01/19	462	Desai Amratbhai Shak karbhai	Non promoter	25,380	4.97	5.3	0.33	Open market	NSE's email dt. 12/03/2021
2	29(1)	01/09/18	05/09/18	01/01/19	118	Ajay Jamnalal Pujara	Non promoter	9,06,000	3.157*	9.411*	6.254*	Pref allotment	NSE's email dt. 12/03/2021
3	29(1)	01/09/18	05/09/18	01/01/19	118	Nareshkumar Amratlal Pujara &	Non promoter	8,04,000 (4,02,000 + 4,02,000)	0.947*	7.194*	6.247*	Pref allotment	NSE's email dt. 12/03/2021
4						Kamleshkumar Amratlal							
5	29(1)	01/09/18	05/09/18	01/01/19	118	Kevin Arvindkumar Thakkar	Non promoter	10,08,000 (5,04,000 + 5,04,000)	1.894*	9.461*	7.567*	Pref allotment	NSE's email dt. 12/03/2021
6						Maulik Arvindkumar Thakkar							
7	29(1)	01/09/18	05/09/18	01/01/19	118	Chiragkumar Jayantilal Thakkar	Non promoter	8,04,000 (4,02,000 + 4,02,000)	0.711*	7.047*	6.336*	Pref allotment	NSE's email dt. 12/03/2021
8						Mayurkumar Jayantilal Thakkar HUF							

Note: **shareholding along with PACs.*

Reply of the Noticee Nos. 6 to 13

24. I note from the records that Noticee Nos. 6 to 13 have not submitted their replies to the SCN despite service of SCN upon them. On 13.05.2022 when the third hearing opportunity was granted to the Noticees, a web link was forwarded to Noticee Nos. 6 to 13 for joining the video conference. However, as the Noticees failed join the zoom meeting for the hearing a phone call was made to Ms. Mona Vora, Advocate who had represented the Noticees during the second hearing opportunity, to confirm attendance. The counsel informed that Noticees had taken the brief back and she is not handling the matter anymore. Surprisingly, Noticee Nos. 6, 7, 9, 10, 11, 12 and 13 had vide separate emails dated 31.05.2022 received from 12:45 p.m. to 02:10 p.m. today have requested one week's time for submitting their reply, on the ground that their counsel is travelling abroad. I do not find any merit in giving further time to the Noticees as I feel that this is yet another tactic to protract and

delay the conclusion of these proceedings, having taken back the brief from the earlier counsel.

25. Regulation 29(1) read with Regulation 29(3) mandates that an acquirer together with PACs who is acquiring shares or voting right aggregating to 5 % or more of the target company shall disclose their aggregate shareholding and voting rights to every stock exchange where the share of target company was listed within two working days from the date of the acquisition of their shares. I note from the table above that the post transaction shareholding of Noticee Nos. 6 to 13 indicates that their shareholding had exceeded 5% as on the dates of transaction shown. As the Noticees failed to file their reply or to appear for an effective hearing, I am proceeding on the basis of the records available before me. I note that the Noticee No. 6 had acquired shares on 23.09.2017 and Noticee Nos. 7 to 13 had acquired shares on 01.09.2018. As seen from the above table, Noticee Nos. 6 to 13 had made the required disclosures only on 01/01/2019. Hence, there was a delay in making the required disclosures on the side of Noticee No. 6 by 462 days and Noticee Nos. 7 to 13 by 118 days. Further, NSE vide email dated 12.03.2021 had confirmed that there is delay in making the disclosure by Noticee Nos. 7 to 13.

26. It is pertinent to mention that the disclosure requirements under the respective regulations serve very important purposes. The stock exchange is informed so that the investing public will come to know of the position enabling them to stick on with or exit from the company. Timely disclosures of the details of the shareholding of the persons acquiring/transferring substantial stake is of significant importance as such disclosures also enable the regulators to monitor such acquisitions. Hon'ble SAT in the matter of Coimbatore Flavors & Fragrances Ltd. 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." Further in the matter of Appeal No. 66 of 2003 -Milan Mahendra Securities Pvt. Ltd. vs. SEBI–the Hon'ble SAT, vide its order dated April 15, 2005 also held 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."*

27. With respect to disclosure violation in Part-II, I find that Noticee Nos. 6 to 13 have violated the provisions of Regulation 29 (1) read with 29(3) of the SAST Regulations. I also note that certain Noticees acted as PACs and certain others acquired individually. In my view, a penalty of Rs. Two Lakhs on Noticee No. 6 because of the extensively long time taken for disclosure is appropriate. A penalty of One Lakh on Noticee No. 7 for the disclosure violation is also commensurate and appropriate. A penalty of One Lakh jointly and severally on three groups of Noticees i.e. Noticee Nos. 8 and 9; Noticee Nos. 10 to 11; Noticee Nos. 12 and 13, who acted as PACs in pairs, would suffice for the disclosure violation under regulation 29(1) read with 29(3) of SAST Regulations, in terms of Section 15A(b) of the SEBI Act.

28. Considering these facts and circumstances, the penalty for disclosures on the Noticees, under Parts I and II are individually shown in the table under the heading 'ORDER'.

<u>ORDER</u>

29. After taking into consideration all the facts and circumstances of the case, I impose penalty as shown in the Table hereunder:

Table No. 7

Noticee No.	Name of the Entity	Provisions violated	Penalty Under Section	Amount
1	Mr. Ashokkumar Raghuram Thakkar	Noticee Nos. 1 to 4 for violation of Regulation 3(2) r/w 13(2) of SAST Regulations.	U/s 15H(ii) of SEBI Act.	Rs. 10,00,000/- (Rs Ten Lakh only to be paid, jointly and severally, by Noticee Nos. 1 to 4).
2	Mrs.Dharmisthaben Ashokkumar Thakkar			
3	Mr.Piyushkumar Chandrakantbhai Thakkar			
4	Raghurambhai Varsambhai Thakkar			
1	Mr. Ashokkumar Raghuram Thakkar	Regulation 29(2) of SAST Regulations.	U/s 15A(b) of SEBI Act.	Rs.1,00,000/- (Rs One Lakh onlyon Noticee No.1.
2	Mrs.Dharmisthaben Ashokkumar Thakkar	Regulation 29(1) of SAST Regulations.	U/s 15A(b) of SEBI Act.	Rs.1,00,000/- (Rs One Lakh only) on Noticee No. 2.
3	Mr.Piyushkumar Chandrakantbhai Thakkar	Regulation 29(1) of SAST Regulations.	U/s 15A(b) of SEBI Act.	Rs.1,00,000/- (Rs One Lakh only) on Noticee No. 3.
4	Raghurambhai Varsambhai Thakkar	Regulation 29(1) of SAST Regulations.	U/s 15A(b) of SEBI Act.	Rs.1,00,000/- (Rs One Lakh only) on Noticee No. 4.
6	Desai Amratbhai Shakkarbhai	Regulation 29(1) of SAST Regulations.	U/s 15A(b) of SEBI Act	Rs.2,00,000/- (Rs Two Lakh only)
7	Ajay Jamnalal Pujara			Rs.1,00,000/- (Rs One Lakh only)
8	Nareshkumar Amratlal Pujara HUF			Rs.1,00,000/- (Rs One Lakh only to be paid, jointly and severally, by Noticee Nos. 8 & 9)
9	Kamleshkumar Amratlal Pujara			
10	Kevin Arvindkumar Thakkar			Rs.1,00,000/- (Rs One Lakh only to be paid, jointly and severally, by Noticee Nos. 10 & 11)
11	Maulik Arvindkumar Thakkar			
12	Chiragkumar Jayantilal Thakkar			Rs.1,00,000/- (Rs One Lakh only to be paid, jointly and severally, by Noticee Nos.12 &13)
13	Mayurkumar Jayantilal Thakkar HUF			

30. The Noticees shall remit/ pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through e-payment facility into Bank Account, the details of which are as follows:

Bank Name	State Bank of India
Branch	Bandra-Kurla Complex
RTGS Code	SBIN0004380
Beneficiary Name	SEBI – Penalties Remittable To Government of India
Beneficiary A/c No	31465271959

31. The said demand draft or forwarding details and confirmation of e-payment made in the format as given in following table should be sent to "The Division Chief, EFD-DRA-IV, Securities and Exchange Board of India, SEBI Bhavan, Plot no. C- 4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 052" and also to e-mail id:- tad@sebi.gov.in

1	Case Name	
2	Name of the Payee	
3	Date of Payment	
4	Amount Paid	
5	Transaction No.	
6	Bank Details in which payment is made	
7	Payment is made for (like penalties/disgorgement / recovery/ settlement amount and legal charges along with order details)	

32. In terms of Rule 6 of the Adjudication Rules, copies of this order are sent to the Noticees and also to SEBI.

Date: **May 31, 2022**
Place: **Mumbai**

GEETHA G.
ADJUDICATING OFFICER