BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER: Order/VV/AS/2021-22/2-7]

UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992.

In respect of:

1. **Mr. Harshad Hirji Thakkar (PAN: ACEPT1479L)**
2. **Mrs. Harshaben Hirji Thakkar (PAN: ALPPT4620H)**
3. **Mrs. Ranjan Rasiklal Thakkar (PAN: AAAPT4567B)**
4. **Mrs. Rupal Rasiklal Thakkar (PAN: ADZPT3677N)**
5. **Mr. Rasiklal Thakkar (PAN: AAAPT4566A)**
6. **Mrs. Darshana Harshad Thakkar (PAN: ABWPT8992R)**

In the matter of Ashapura Intimates Fashion Ltd.

---

1. Ashapura Intimates Fashion Ltd. (hereinafter referred as "**AIFL**" or "**Company**"), is a company having its shares listed on BSE Ltd. ('**BSE'**) and National Stock Exchange of India Ltd. ('**NSE'**). Securities and Exchange Board of India ("**SEBI**") conducted investigation during the period from July 01, 2018 to March 31, 2019 (hereinafter referred as "**investigation period**") to ascertain whether there was any disclosure violation by the promoters or promoters group of the Company, of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as "**PIT Regulations**") and SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as '**SAST Regulations**').

2. Pursuant to the investigation, SEBI made the following observations:

   a) Mr. Harshad Hirji Thakkar ("**Noticee No. 1**"), Mrs. Harshaben Hirji Thakkar ("**Noticee No. 2**"), Mrs. Ranjan Rasiklal Thakkar ("**Noticee No. 3**"), Mrs. Rupal Rasiklal Thakkar ("**Noticee No. 4**"), Mr. Rasiklal Thakkar ("**Noticee No. 5**") and Mrs. Darshana Harshad Thakkar ("**Noticee No. 6**") were the promoters of the Company during the period ended September 2018. Being promoters of the Company, they were Persons Acting in Concert (hereinafter referred as "**PACs**") in terms of definition of the expression in regulation 2(q)(2)(iv) of the SAST Regulations. during the relevant times. Hereinafter, the Noticee No. 1 to 6 are also collectively referred to as "the Noticees".

Observations including allegations against Noticees No. 1 to 6:

b) In terms of Regulation 31(1) read with Regulation 31(3) of the SAST Regulations, the promoter(s) of every target company shall disclose details of shares in such target company encumbered by him or by persons acting in concert with him. In terms of Regulation 31(2) read with Regulation 31(3) of the SAST Regulations, the promoter(s) of every target company shall disclose details of any invocation of such encumbrance or release of such encumbrance of shares in such form as may be specified. The details of disclosures made by the Noticees as PACs under Regulations 31(1) and 31(2) read with Regulation 31(3) of the SAST Regulations are as under:

Table: 1

SN	Encumbrance of Pledge		Whether disclosure made under Reg. 31 (1) of SAST 2011	Invocation of Pledge/ Disposal of shares		Whether disclosure made under 31 (2) of SAST 2011
	Date of Creation of Pledge	No. of securities Pledged & Value		Date of Invocation of Pledge/ transaction	Value of Securities invoked/ disposed on same date (in Rs.)	
Mr. Harshad Hirji Thakkar						
1	01-08-2018	2,75,000	YES (03-08-2018)	04-10-2018	4,37,500	NO
2	21-09-2018	6,50,000	YES (22-09-2018)	04-10-2018	1,00,000	
3	01-10-2018	2,55,000	NO	05-10-2018	1,49,847	NO
4	01-10-2018	1,50,000	NO	10-10-2018	2,75,000	NO
5	01-10-2018	7,50,000	NO	10-10-2018	1,50,000	
6	03-10-2018	4,07,000	NO	19-10-2018	2,18,000	NO
7	04-10-2018	3,11,000	NO	19-10-2018	1,25,000	
8				19-10-2018	4,07,000	
9				19-02-2019	41,369	NO
Mrs. Harshaben Hirji Thakkar						
11	29-09-2018	25,000	YES (04-10-2018)	10-10-2018	2,90,000	NO
12				10-10-2018	85,000	NO
13				10-10-2018	25,000	NO
Mrs. Ranjan Rasiklal Thakkar						
15	No disclosure made with regard to above.					
Mrs. Rupal Rasiklal Thakkar						
16	No disclosure made with regard to above.					
Mr. Rasiklal Thakkar						
17	No disclosure made with regard to above.					
Mrs. Darshana Harshad Thakkar						
18	No disclosure made with regard to above.					

c) From the above table, it was observed that out of the 6 promoters and/or members of the promoter group, 2 promoters *viz.* Noticees No. 1 and 2 have pledge transactions in the scrip of the Company. Accordingly, the Noticees as promoter entities and PACs have allegedly violated the provisions of the Regulation 31(1) read with Regulation 31(3) of the SAST Regulations for failure in making necessary disclosures regarding creation of encumbrance of pledge transactions mentioned at S. No. 3, 4, 5, 6 & 7 of the table above. Further, it was alleged that the Noticees as promoter entities and PACs have violated Regulation 31(2) read with Regulation 31(3) of the SAST Regulations for failure in making necessary disclosures regarding invocation of pledge transactions mentioned at S. No. 1 to 13 of the table above.

d) In terms of the provisions of the Regulation 29(2) of the SAST Regulations, it requires any person, who together with PACs with him, holds shares or voting rights entitling them to 5% or more of the shares or voting rights in a company, to disclose the number of shares or voting rights held and change in shareholding or voting rights, if there has been change in such holdings from the last disclosure made under Regulations 29(1) or 29(2) exceeding 2% of total shareholding the company. It was observed that the Noticees as promoters and PAC were already holding more than 5% of shares of the Company as on beginning of the investigation period. Hence, compliance with the provisions of the Regulation 29(2) of the SAST Regulations is required to be complied with by the Noticees as PACs. The details of disclosures made by the Noticees as PACs under Regulation 29(2) of the SAST Regulations are as under:

Table: 2

Sr. No.	Date	No of shares held - pre Acquisition	% holding pre-acquisition	Debit (disposal)	% shares disposed	Credit (acquisition)	% shares acquired	Closing (post acq./ disposal)	% holding post-acq.	Net Cumulative change in holding	Trigger under R. 29(2) of SEBI (SAST) 2011	Disclosure Status
1	04/10/2018	14459710	57.35	537500	2.13	0	0	13922210	55.22	537500	Yes	Not Disclosed
2	05/10/2018	13922210	55.22	149847	0.59	0	0	13772363	54.62	687347	No	Not Disclosed
3	08/10/2018	13772363	54.62	7240774	28.72	0	0	6531589	25.90	7928121	Yes	Not Disclosed
4	10/10/2018	6531589	25.90	825000	3.27	0	0	5706589	22.63	8753121	Yes	Not Disclosed
5	19/10/2018	11002343	22.63	750000	2.97	0	0	10252343	19.66	9503121	Yes	Not Disclosed
6	26/12/2018	9941343	19.66	594528	2.36	0	0	9346815	17.30	10097649	Yes	Not Disclosed
7	19/02/2019	9941343	17.30	41369	0.16	0	0	9899974	17.13	10139018	No	Not Disclosed

Note:

1. *The change in shareholding of PAC is exceeding 2% at Sr. No. 1, 3, 4, 5 & 6.*
2. *It may be noted that the opening balance of shares of PAC taken from the BSE website is 1,44,59,710 shares as on September 30, 2018. Further, as on September 30, 2018, the holding of Harshad Hirji Thakkar is mentioned as 1,21,14,690 on the BSE website, however, as per the holding statement of the demat account statements of Harshad Hirji Thakkar received from the depositories the balance is 1,19,14,690. Thus, there is difference of 2,00,000 shares in the opening balance of PAC. As all the letters issued to the company/ promoters have returned undelivered, the clarification on this issue is not available.*

e) From the above table, it was observed that the Noticees as PACs had failed to make necessary disclosures regarding the transactions i.e. invocation of pledge by the financiers/ disposal of shares; and thus, it is alleged that they have violated the provisions of the Regulation 29 (2) of the SAST Regulations.

Observations including allegations against Noticee No. 1 to 2:

f) In terms of Regulation 7(2)(a) of the PIT Regulations, the promoter, member of the promoter group, designated person and director of every company shall disclose to the company the number of such securities acquired or disposed of within two trading days of such transaction, if the value of the securities traded, whether in one transaction or in a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees.

g) Details of alleged non-disclosures and / or delay in making disclosures (*Source: Information from Exchanges & Copies of disclosures filed on exchanges)* by Shri Harshad Hirji Thakkar (Noticee No.1), Promoter & Managing Director, AIFL under Regulation 7(2)(a) of the PIT Regulations are as under:

Table: 3

SN	Encumbrance of Pledge/ Lien			Whether disclosure made to the company under Reg. 7(2)(a) of PIT 2015	Invocation of Pledge/ Disposal of shares			Whether disclosure made to the company under Reg. 7(2)(a) of PIT 2015
	Date of Creation of Pledge/ Lien	No. of securities Pledged & Value	Value of Securities Pledged on same date *(in Rs.)*[1]		Date of Invocation of Pledge/ transaction	No. of securities Invoked/ disposed	Value of Securities invoked/ disposed on same date (in Rs.)[1]	
1	01-08-2018	2,75,000	12,91,12,500	YES (03-08-2018)	04-10-2018	4,37,500	11,89,75,625	NO
2	21-09-2018	6,50,000	28,63,90,000	YES (22-09-2018)	04-10-2018	1,00,000		
3	01-10-2018	2,55,000	31,55,46,000	YES, Delayed Disclosure *(Delay of 6 days[2] as disclosure made to company on 10-10-2018)*	05-10-2018	1,49,847	2,98,57,014	NO
4	01-10-2018	1,50,000			10-10-2018	2,75,000	7,26,32,500	NO
5	01-10-2018	7,50,000			10-10-2018	1,50,000		
6	03-10-2018	4,07,000	10,00,81,300	NO	19-10-2018	2,18,000	13,34,20,750	NO
7	04-10-2018	3,11,000	6,88,39,850	YES, Delayed Disclosure *(Delay of 2 days as disclosure made on 10-10-2018)*	19-10-2018	1,25,000		
8								
9					19-10-2018	4,07,000		
					19-02-2019	41,369	4,40,579	NA[5]
10					08-10-2018[3]	66,75,472	126,36,66,850	NO
11					26-12-2018[4]	5,94,528	1,67,65,689	NO

[1]*Valuation based on closing price at BSE on the day of creation/ invocation of pledge/ Disposal of shares.*
[2]*02-10-2018, 6-10-2018 & 07-10-2018 were trading holidays.*
[3]*Transaction by IIFL Securities Ltd. towards transfer of shares from the demat account of the client to IIFL Securities Limited - Designated Client beneficiary, account based on POA, towards encumbrance of shares against margin funding and outstanding ledger balance. The transaction is considered as disposal of shares by Harshad Hirji Thakkar.*
[4]*Transaction by IIFL Securities Ltd. towards market sell as a risk action initiated by its Risk Management System (RMS) towards recovery of outstanding ledger balance. The transaction is considered as disposal of shares by Harshad Hirji Thakkar.*
[5]*Not applicable as the value of transaction during the calendar quarter Jan.-Mar. 2019 is below Rs. 10 lakhs.*

h) From the above table, it was observed that Noticee No. 1 had failed to make necessary disclosures and / or made delayed disclosures under Regulation 7(2)(a) of the PIT Regulations in several instances. The details of these transactions are as under:

i) For transactions mentioned at point no. 3, 4, 5 & 7 of the table above, Noticee No. 1 had delayed/failed to make necessary disclosure regarding creation of pledge.

ii) For transactions mentioned at point no. 1 to 8 and 10 to 11, Noticee No. 1 had failed to make necessary disclosure regarding invocation of pledge/disposal of shares.

i) Details of alleged non-disclosures (*Source: Information from Exchanges & Copies of disclosures filed on exchanges)* by Mrs. Harshaben Hirji Thakkar (Noticee No. 2), Promoter, AIFL under Regulation 7(2)(a) of the PIT Regulations are as under:

Table: 4

<table>
<tr><th rowspan="2">SN</th><th colspan="3">Encumbrance of Pledge</th><th rowspan="2">Whether disclosure made to the company under Reg. 7(2)(a) of PIT 2015</th><th colspan="3">Invocation of Pledge/ Disposal of shares</th><th rowspan="2">Whether disclosure made to the company under Reg. 7(2)(a) of PIT 2015</th></tr>
<tr><th>Date of Creation of Pledge</th><th>No. of securities Pledged & Value</th><th>Value of Securities Pledged on same date (in Rs.)[1]</th><th>Date of Invocation of Pledge/ transaction</th><th>No. of securities Invoked/ disposed</th><th>Value of Securities invoked/ disposed on same date (in Rs.)[1]</th></tr>
<tr><td>1</td><td>29-09-2018</td><td>25,000</td><td>23,15,000</td><td>YES (03-10-2018)</td><td>10-10-2018</td><td>2,90,000</td><td rowspan="3">6,83,60,000</td><td rowspan="3">NO</td></tr>
<tr><td>2</td><td colspan="4" rowspan="3"></td><td>10-10-2018</td><td>85,000</td></tr>
<tr><td>3</td><td>10-10-2018</td><td>25,000</td></tr>
<tr><td>4</td><td>08-10-2018[2]</td><td>5,65,302</td><td>10,70,11,669</td><td>NO</td></tr>
</table>

[1]*Valuation based on closing price at BSE on the day of creation/ invocation of pledge.*
[2]*Transaction by IIFL Securities Ltd. towards transfer of shares from the demat account of the client to IIFL Securities Limited - Designated Client beneficiary, account based on POA, towards encumbrance of shares against margin funding and outstanding ledger balance. The transaction is considered as disposal of shares by Harshaben Hirji Thakkar.*

j) From the above table, it was observed that Noticee No. 2 had failed to make necessary disclosures under Regulation 7(2)(a) of the PIT Regulations for transactions mentioned at point no. 1 to 4 of the table above, regarding invocation of pledge/disposal of shares of the Company.

3. In view of the above observations during the investigation period, it has been alleged that the Noticees have violated the following provisions of SAST Regulations and/or PIT Regulations:

Table: 5

Noticees No. 1 to 2	(i) Regulations 29(2), 31(1), 31(2) read with 31 (3) of the SAST Regulations. (ii) Regulations 7(2)(a) of the PIT Regulations.
Noticees No. 3 to 6	(i) Regulations 29(2), 31(1), 31(2) read with 31(3) of the SAST Regulations.

4. Vide a *communication-order* dated June 08, 2020, it has been informed that the competent authority in SEBI is satisfied that there are sufficient grounds to inquire into the affairs and adjudicate upon the alleged violations by the Noticee and appointed Shri Amit Pradhan as Adjudicating Officer (hereinafter referred to as "**erstwhile AO**") under Section 15-I (1) of the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') to inquire into and adjudge the alleged violations by the Noticees under Section 15A (b) of the SEBI Act.

5. Accordingly, a notice to show cause no. EAD-2/AP-SKS/OW/14063/1-10/2020 dated July 21, 2020 (hereinafter referred to as '**SCN**') was issued to the Noticees calling upon them to show cause as to why an inquiry should not be held against them in terms of Rule 4 of the SEBI Adjudication Rules and why penalty, if any, should not be imposed upon them under Section 15A (b) of the SEBI Act for the aforesaid alleged violations. The SCN was sent to the Noticees through speed post acknowledgement due ("*SPAD*") at their last known address. The SCN was duly served upon the Noticees No. 3, 4 and 5 and vide letter dated October 05, 2020, the aforesaid Noticees filed their common reply to the SCN and requested for inspection of documents and copies thereof. The Noticees No. 3, 4 and 5 *inter alia* made following common written submissions:

a. Prior to the receipt of the SCN, the Noticees have received communications from the Investigation Department of SEBI vide letter dated November 27, 2019, wherein, they were advised to confirm *"….whether the adequate disclosures as applicable under SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 have been made by the promoter entities and/ or Persons Acting in Concert (PAC). If yes, please provide the documents in support of your claim."*

b. In response to aforesaid letter, the Noticees vide letter dated December 09, 2019 submitted their reply and *inter alia* stated that "….*we were not required to make any disclosures as stated in SEBI's letter dated 27.11.2019*." The Noticees have attached the documents in support of their contentions made therein.

c. Subsequently, vide letter dated January 20, 2020, Corporate Finance Department of SEBI asked the Noticees to provide details of disclosures made by them along with documentary evidences. Vide letter dated January 27, 2020, the Noticees reiterated their submissions made in their earlier reply dated December 09, 2019. Copies of aforesaid letters are enclosed as Annexures 1 to 4, respectively, along with their reply to the SCN.

d. The following submissions made before the aforementioned departments of SEBI by the Noticees may be considered as part and parcel of their present submissions in the instant proceedings:

   i. The transactions as alleged to be in violation of the PIT Regulations and the SAST Regulations were executed by the promoters Mr. Harshad Hirji Thakkar and Mrs. Harshaben Hirji Thakkar in their personal capacity and they have no knowledge or access to the same.

   ii. The Noticees are not the promoters of the Company, instead they are only part of the promoters group.

   iii. They are shown as promoters of the Company as they are natural persons that form part of the Company's '*Promoter Group*'. The same is also mentioned on page no. 128 of the Prospectus filed by the Company.

   iv. The Noticees are not the directors of the Company, which can be seen from the corporate information as displayed on the website of BSE and same can be observed from various disclosures filed by the Company with the exchanges.

e. In view of aforesaid submissions, the Noticees request to drop the charges alleged against them in the SCN.

6. Subsequently, pursuant to the transfer of erstwhile AO, this case has been transferred to the undersigned and undersigned has been appointed as Adjudicating Officer *via* communication order dated June 21, 2021. This case has been transferred to me with advise that except for the change of the Adjudicating Officer the other terms and conditions of the original orders *'shall remain*

unchanged and shall be in full force and effect' and that the "*Adjudicating Officer shall proceed in accordance with the terms of reference made in the original orders"*.

7. Thereafter, on receipt of the record, it was observed that due to the extraordinary situation of covid pandemic, the delivery to the other three noticees *viz.* Mr. Harshad Hirji Thakkar, Noticee No. 1, Mrs. Harshaben Hirji Thakkar, Noticee No. 2 and Mrs. Darshana Harshad Thakkar, Noticee No. 6, *via* SPAD or other mode could not be ascertained. Further, the decision upon the request of the Noticees No. 3, 4 and 5 for the inspection of documents was pending. Accordingly, vide e-mail July 16, 2021, it was communicated to the Noticees No. 3, 4 and 5 that the violation in this case is related to non-disclosure of promoters and PAC transactions of the provisions of the SAST Regulations and PIT Regulations and relied upon documents in the instant proceedings are a) information submitted by NSE vide email dated 11/07/2019 & BSE vide emails dated 02/07/2019 & 12/07/2019; b) Copies of disclosures provided by exchanges / or available on Exchange website; and c) Demat account transaction statements of Noticees No. 1 and 2. The aforementioned relied upon documents in this case was provided to them as Annexures 2, 3 and 4 of the SCN, along with the SCN and there is no other documents apart from stated above has been relied upon in the instant proceedings. Therefore, their request for the inspection of documents which were already provided to them along with the SCN was declined.

8. Further, on considering the ongoing pandemic related restriction and other restrictions in place in different parts of the nation, the delivery of SCN *via* hand delivery/ affixture was not advisable w.r.t. Noticees No. 1, 2 and 6. Accordingly, the SCN in the matter was served upon the Noticees No. 1 and 6 *via* paper publication on July 21, 2021 in Mumbai edition of Times of India, Navbharat Times and Maharashtra Times; and to Noticee No. 2 *via* paper publication on August 05, 2021 in Mumbai edition of Times of India, Navbharat Times and Maharashtra Times. Through aforementioned public notices, the Noticees No. 1, 2 and 6 were granted 14 days' time to submit their replies to the SCN, however, no reply to the SCN/ communication was received from them in this regard.

9. On considering the replies of the Noticees No. 3, 4 and 5 and the material available on record, the Noticees were granted an opportunity of personal hearing in the interest of principles of natural justice and in terms of Rule 4(3) of the Adjudication Rules. On August 06, 2021, Mr. Meit Shah, Advocate appeared before me for scheduled hearing and made submissions on behalf of the Noticees No. 3, 4 and 5 on the basis of their common reply dated October 05, 2020 and therefore, hearing regarding Noticees No. 3, 4 and 5 concluded on August 06, 2021. The Noticees No. 1, 2 and 6 were granted opportunity of hearing on September 07, 2021, wherein, the hearing notice was served to them *via* paper publication on September 03, 2021 in Mumbai edition of Times of India,

Navbharat Times and Maharashtra Times. The Noticees No. 1, 2 and 6 failed to avail the aforesaid opportunity of personal hearing and till date no communication/ reply have been received from these Noticees.

10. I note that in this case SCN and hearing notice have been served to Noticees No. 1, 2 and 6 *via* Paper Publication. Paper publication was resorted to in terms of Rule 7(d) of the Adjudication Rules, after attempting to serve notices by way of SPAD at the available addresses. Further, Hand Delivery/ Affixture was not possible due to pandemic related restrictions across the nation. However, these Noticees have failed to file any written/ oral submission before me till date and also failed to avail the opportunity of hearing during the instant proceedings. I am of the opinion that these Noticees have been provided with sufficient opportunity in terms of principle of natural justice and Adjudication Rules. Accordingly, with respect to Noticees No. 1, 2 and 6, I conclude that theses Noticees have nothing to submit and in terms of Rule 4(7) of the Adjudication Rules the matter can be proceeded *ex-parte* on the basis of material available on record.

11. In absence of any response from the Noticees No. 1, 2 and 6, it is presumed that they have admitted the charge as alleged in the case. In this regard, the decision of 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)* are relevant to rely upon wherein it has held 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"*. 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, *inter alia*, held 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 levelled against them in the show cause notices…"*.

12. I have considered the allegation levelled in the terms of reference, the relevant material brought on record, reply/ submissions of the Noticees No. 2, 3 and 5, documents produced by these Noticees and oral submissions made during the personal hearing before the undersigned. Before dealing the case, it would be appropriate to provide reference to the provisions alleged to be violated by the Noticees at the relevant times and same read as under:

SAST Regulations, 2011

Disclosure of acquisition and disposal.

29. (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.

Disclosure of encumbered shares.

31. (1) The promoter of every target company shall disclose details of shares in such target company encumbered by him or by persons acting in concert with him in such form as may be specified.

(2) The promoter of every target company shall disclose details of any invocation of such encumbrance or release of such encumbrance of shares in such form as may be specified.

(3) The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within seven working days from the creation or invocation or release of encumbrance, as the case may be to, —

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

(b) the target company at its registered office.

<u>PIT Regulations, 2015</u>

Disclosures by certain persons.

7. (2) Continual Disclosures.

(a) Every promoter, employee and director of every company shall disclose to the company the number of such securities acquired or disposed of within two trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees or such other value as may be specified;

13. It is an admitted position that the Noticees No. 1 and 2 are the Promoters of the Company and they have pledged the shares of the Company during August 01, 2018 to October 04, 2018 and subsequently invoked the pledged shares of the Company during October 04, 2018 to February 19, 2019. Further, in 2 instances i.e. August 01, 2018 and September 21, 2018, the Noticee No. 1 has

disclosed the pledge created on 2,75,000 shares and 6,50,000 shares of the Company, respectively, in terms of Regulation 31(1) read with Regulation 31(3) of the SAST Regulations. Noticee No. 2 has also disclosed the 25,000 shares of the Company pledged by her on September 29, 2018 in terms of Regulation 31(1) read with Regulation 31(3) of the SAST Regulations. Thereafter, Noticees No. 1 and 2 have invoked pledge created on the shares of the Company and also disposed of the shares of the Company during October 04, 2018 to February 19, 2019 and on all the aforesaid occasions i.e. 12 transactions, Noticees No. 1 and 2 have failed to make disclosure for invocation of pledge created on shares of the Company and for shares of the Company disposed by them in terms of Regulation 31(2) read with Regulation 31(3) of the SAST Regulations.

14. It has also been noted from Table No. 2, that the Noticees No. 1 and 2 were holding more than 5% shares of the Company during relevant time. The transactions of the Noticees No. 1 and 2 during October 04, 2018 to February 19, 2019, wherein, the shares of the Company which were invoked/ disposed by them have resulted in change of more than 2% in shareholding of the Company on 5 occasions. In terms of Regulation 29(2) read with Regulation 29(3) of the SAST Regulations, the Noticees No. 1 and 2 were required to make disclosure to the Company and the stock exchanges within two days of such disposal of shares, however, these Noticees failed to do the same.

15. Further, Regulation 7(2)(a) of the PIT Regulations place an obligation on the promoter of the Company to make disclosure to the Company, if the value of the shares acquired or disposed, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees, within two days of such transactions. As noted from Table 3, the value of shares pledged by the Noticee No. 1 during August 01, 2018 to October 04, 2018 was more than threshold value of Rs 10 lakh and out of 5 occasions, on 2 occasions the Noticee No. 1 has made delayed disclosure (delay of 2 – 6 days) and on one occasion made no disclosure. Similarly, Noticee No. 1 transactions of invocation of pledge / disposal of shares during October 04, 2018 to December 26, 2018 was more than threshold value of Rs 10 lakh (barring one occasion) and on all 6 instances, Noticee No. 1 has failed to make any disclosure to the Company. From Table No. 4, it has been noted that the Noticee No. 2 has made disclosure to the Company with regard to her pledge transaction dated September 29, 2018. However, the Noticee No. 2 transactions dated October 08, 2018 and October 10, 2018 of invocation of pledge / disposal of shares was more than threshold value of Rs 10 lakh and on both the occasions Noticee No. 2 failed to make disclosure to the Company in terms of aforementioned regulation.

16. I note that, there is no material or no reply from the Noticees No. 1 and 2 available on record to deny the aforesaid transactions or rebut the allegations made against them in the SCN. Accordingly,

in terms of findings at para 13, 14 and 15, I found that Noticees No. 1 and 2 have made delayed disclosure or no disclosure regarding their aforesaid transactions of creation of pledge on shares of the Company during relevant period under the SAST Regulations and the PIT Regulation. Noticees No. 1 and 2 have also failed in making any disclosures regarding their aforesaid transactions of invocation of pledge / disposal of shares of the Company during relevant period under the SAST Regulations and the PIT Regulation. Thus, the Noticees No. 1 and 2 have violated Regulation 29(2) read with Regulation 29(3), Regulations 31(1) and 31(2) read with Regulation 31(3) of the SAST Regulations and Regulation 7(2)(a) of the PIT Regulations.

17. It has been noted from the available record that Noticees No. 3, 4, 5 and 6 were also the promoters of the Company during the period ended on September 2018. In terms of Regulation 2(q)(2)(iv) of the SAST Regulations, without prejudice to the generality of the foregoing "*promoters and members of the promoter group*" shall be deemed to be persons acting in concert (PAC) with other persons within the same category, unless the contrary is established. Accordingly, in terms of the aforesaid provision, I am of the view that Noticees No. 3, 4, 5 and 6 are PACs in the instant proceedings. In terms of the provisions specified under Regulation 29(1) read with Regulation 29(3) and Regulations 31(1) and 31(2) read with Regulation 31(3) of the SAST Regulations, PACs are under the obligation to make disclosure to the stock exchanges and the company within stipulated timelines. From the available records, I note that the Noticees No. 3, 4, 5 and 6 being PACs have failed to make any disclosures w.r.t. creation of pledge, invocation of pledge and disposal of shares of the Company by the Promoters, which resulted in the change in the shareholding of the Company belonging to '*promoters group*'.

18. I note that, Noticees No. 3, 4 and 5 in their common reply have contended that they are not the promoters of the Company, instead they are only part of the promoters group. Further, they are shown as promoters of the Company as they are natural persons that form part of the Company's '*Promoter Group*'. The same is also mentioned on page no. 128 of the Prospectus filed by the Company. They are also not the directors of the Company. In this regard, I note that the Noticees No. 3, 4 and 5 are admittedly part of the promoters group and therefore, in terms of Regulation 2(q)(2)(iv) of the SAST Regulations they are deemed to be PACs. Further, under the SAST Regulations no relaxation or exception have been granted to the natural persons who form part of the Company's '*Promoter Group*', on the basis of their relationship with promoter(s). I also not that disclosure obligation upon the PACs flow from being part of the promoter group in terms of provisions specified under Regulation 29(1) read with Regulation 29(3) and Regulations 31(1) and 31(2) read with Regulation 31(3) of the SAST Regulations. Accordingly, I reject such contentions of the aforesaid Noticees.

19. Noticees No. 3, 4 and 5 have further contended that the alleged transactions in the instant proceedings were executed by the promoters, Noticee No. 1 and 2 in their personal capacity and they have no knowledge or access to the same. In this regard, I am of the opinion that, if an individual has given his consent for being a part of a 'promoters group', then he/ she has to be aware of the desired compliance expected from him/ her regarding the dealings of the 'promoters group' in the securities market and various obligations casted upon him/ her under the SEBI Act and Regulations thereof. A person being part of 'promoters group' cannot take the shield of ignorance of the transactions of other promoters, especially, when an obligation has been casted upon him/ her on the basis of being a part of a 'promoters group'/ PACs. In view of the same, I reject such contentions of the Noticees No. 3, 4 and 5, however, in my opinion same can be a mitigating factor while imposing the penalty upon them for the act of non-disclosure in the instant proceedings.

20. In view of aforesaid findings, I am of a view that for the act of delayed disclosure/ no disclosure by the respective noticees during the relevant period:

   a. Noticees No. 1 to 6 have violated the provisions of the Regulation 29(1) read with Regulation 29(3) and Regulations 31(1) and 31(2) read with Regulation 31(3) of the SAST Regulations.

   b. Noticees No. 1 and 2 have violated the provisions of the Regulation 7(2)(a) of the PIT Regulations.

   Therefore, Noticees No. 1, 2, 3, 5 and 6 are liable for penalty under Section 15A(b) of the SEBI Act. The aforesaid penalty provision is mentioned as under:

   <u>SEBI Act</u>

   Penalty for failure to furnish information, return, etc.

   15A. *If any person, who is required under this Act or any rules or regulations made thereunder, -*

   (a) …..

   (b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less;

21. For the purpose of adjudication of quantum of penalty, it is relevant to mention that under section 15I of the SEBI Act imposition of penalty is linked to the subjective satisfaction of the Adjudicating Officer. The words in the section that "*he may impose such penalty*" are of considerable significance, especially in view of the guidelines provided by the legislature in section 15J of the SEBI Act. The factors stipulated in Section 15J of the SEBI Act reads as follows: -

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 investor/+s as a result of the default;

(c) the repetitive nature of the default.

22. In this case, from the material available on record, the extent of loss suffered by the investors as a result of the default cannot be computed. However, it is it is found in this case that the Noticees No. 1 and 2 have either made delayed disclosure or no disclosure in violation of the aforementioned provisions of the SAST Regulations and the PIT Regulations. Further, the Noticees no. 3, 4, 5 and 6 being part of the 'promoters group' and thus being PACs, have failed to make disclosure in violation of the aforementioned provisions of the SAST Regulations. I also note that, the act of delayed disclosure/ non-disclosure as found in this case is repetitive in nature, however, these disclosures flow through the same set of transactions. Considering the same, I am of the view that the disclosures 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/ pledging/ disposing substantial stake is of significant importance as such disclosures also enable the regulators to monitor such acquisitions/ disposals. 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),* has also 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."*

23. I further note that, in the matter of *Appeal No. 66 of 2003 -Milan Mahendra Securities Pvt. Ltd. vs. SEBI*–the Hon'ble Securities Appellate Tribunal ("SAT"), vide its order dated April 15, 2005 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"*. I am of a view that the law does not permit any allowance to be made for such delayed disclosure/ non-disclosure as found in this case. The disclosure violations as found in this case, had clearly defeated the purposes of the Regulations i.e. investor protection and orderly development of the securities markets. While noting so, I am aware of the fact that the transactions in question belongs to two promoters i.e. Noticees No. 1 and 2 and

other noticees i.e. Noticees no. 3, 4, 5 and 6 have been charged for being part of the 'promoters group' of the Company and thus, same is a mitigating factor in my view w.r.t. these noticees. Similarly, disclosure requirements flowing from similar set of transactions is also a mitigating factor. Considering the aforesaid facts and circumstances, I am of the view that this case deserves imposition of monetary penalty for the act of delayed disclosure/ non-disclosure by the Noticees No. 1, 2, 3, 5 and 6, respectively.

24. Considering all the facts and circumstances of the case and exercising the powers conferred upon me under section 15I of the SEBI Act read with rule 5 of the SEBI Adjudication Rules and considering the 15J factors, I hereby impose following penalty upon the Noticees:

Name of the Noticee	**Penalty**
Mrs. Harshad Hirji Thakkar (Noticee No. 1)	Rs 2,00,000/- (Rupees Two Lakh Only)
Ms. Harshaben Hirji Thakkar (Noticee No. 2)	Rs 1,50,000/- (Rupees One Lakh and Fifty Thousand Only)
Mrs. Ranjan Rasiklal Thakkar (Noticee No. 3)	Rs 1,00,000/- (Rupees One Lakh Only)
Mrs. Rupal Rasiklal Thakkar (Noticee No. 4)	Rs 1,00,000/- (Rupees One Lakh Only)
Mr. Rasiklal Thakkar (Noticee No. 5)	Rs 1,00,000/- (Rupees One Lakh Only)
Mrs. Darshana Harshad Thakkar (Noticee No. 6)	Rs 1,00,000/- (Rupees One Lakh Only)

The aforesaid penalties commensurate with the violations committed by the aforesaid Noticees.

25. The Noticees shall remit / pay the said total amount of penalty within 45 days of receipt of this order by way online payment on SEBI website at following tabs on SEBI website www.sebi.gov.in – ENFORCEMENT -> Orders ->Orders of AO -> Pay Online or by way of using the web link https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html.In case you face any difficulties in payment of penalties, you may contact the support atportalhelp@sebi.gov.in .

26. The said confirmation of e-payment made in the format as given in table below should be sent to "*The Division Chief, EFD 1- DRA-I, Securities and Exchange Board of India, SEBI Bhavan, Plot no. C- 4 A, "G" Block, BandraKurla Complex, Bandra (E), Mumbai - 400 051*" and also to e-mail id:- tad@sebi.gov.in

1	Case Name	
2	Name of the 'Payer/Noticee'	
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)	

27. 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, 1992 for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

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

Date: October 25, 2021
Place: Mumbai

Vijayant Kumar Verma
Adjudicating Officer