BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

ADJUDICATION ORDER No. Order/BS/RG/2022-23/29227-29233

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

In respect of:

Noticee No.	Noticee	PAN
1	**Sunny Maria**	**AJPPK6346K**
2	**Shamli Maria**	**AZNPM7768F**
3	**Gauri Khanna**	**DMGPK8371H**
4	**Nitika Khanna**	**BOFPK2732D**
5	**Aarti Thapar**	**ADHPT3782A**
6	**Sunil Dutt Maria**	**AAXPM2719D**
7	**Anuradha Rani**	**ACNPR6359N**

In the matter of Northlink Fiscal and Capital Services Limited

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A. FACTS OF THE CASE IN BRIEF

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") conducted an examination of shareholding in the scrip of **Northlink Fiscal and Capital Services Ltd.** (hereinafter referred to as "**Target Company/TC/Northlink**"), for the alleged violation of the provisions of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 (hereinafter referred to as "**SAST Regulation**") by the promoter group of Northlink, viz. Mr. Sunny Maria (hereinafter referred to as "**Noticee 1**"), Ms. Shamli Maria (hereinafter referred to as "**Noticee 2**"), Ms.Gauri Khanna (hereinafter referred to as "**Noticee 3**"), Ms. Nitika Khanna (hereinafter referred to as "**Noticee 4**"), Ms. Aarti Thapar (hereinafter referred to as "**Noticee 5**"), Mr. Sunil Dutt Maria

(hereinafter referred to as "**Noticee 6**") and Ms. Anuradha Rani (hereinafter referred to as "**Noticee 7**") collectively known as "Noticees" during the quarter period from July 2016 to September 2016 (hereinafter referred to as "**Examination period**").

B. APPOINTMENT OF ADJUDICATING OFFICER

2. Upon transfer of the erstwhile Adjudicating Officer, SEBI had appointed the undersigned as the Adjudicating Officer under Section 19 read with sub-section (1) of Section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act**") and Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as "**Adjudication Rules**"), vide communique dated April 20, 2023, to enquire into and adjudge under Section 15A(b) of SEBI Act for the alleged contraventions of Regulation 10(5), 10(6), 10(7) and Regulation 29(2) read with regulation 29(3) of SAST Regulations by Noticee Nos. 1 to 7.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

3. A common show cause notice (hereinafter referred to as "**SCN")** bearing no. EAD-1/SM/LD/53175/2022, dated October 18, 2022, was served upon the Noticees under Rule 4(1) of the SEBI Adjudication Rules to show cause as to why an inquiry should not be held and penalty not be imposed against the Noticees under Section 15A(b) of the SEBI Act for the alleged violations of SAST Regulations by the Noticees. The said SCN was served upon the Noticees through Speed Post with Acknowledgement Due and e-mails. The chronology of events pertaining to the service of SCN and subsequent correspondence in the adjudication proceedings is stated below:

Date	**Remark**
October 18, 2022	A common SCN dated October 18, 2022 issued against the Noticee Nos. 1 to 7.
October 25, 2022	SCN was served upon the Noticees through SPAD.

November 11, 2022	SEBI, vide an email, reminded the Noticee Nos. 1 to 7 to file their reply to the SCN latest by November 18, 2022.
November 12, 2022	Noticee No. 1, vide letter dated 12 November, 2022, informed SEBI that Noticee Nos. 1 to 7 have decided to file settlement application in the captioned matter.
November 18, 2022	Hearing Notice dated November 18, 2022 was issued in the captioned matter for hearing scheduled on December 02, 2022.
November 21, 2022	The Hearing notice was delivered to the Noticee Nos. 1 to 7 vide an email.
November 25, 2022	The Hearing notice was delivered to the Noticee Nos. 1 to 7 through SPAD.
November 29, 2022	Noticee No. 1 vide letter dated November 29, 2022, requested to keep adjudication proceedings in abeyance on account of filing of settlement application by Noticee Nos. 1 to 7.
December 09, 2022	Noticee Nos. 1 to 7 submitted a common reply to the SCN, vide letter dated December 09, 2022.
April 20, 2023	The undersigned was appointed as Adjudicating Officer in the captioned matter.
August 21, 2023	The Noticee Nos. 1 to 7 submitted a common reply to the SCN.
August 28, 2023	The Noticee Nos. 1 to 7 withdrew the settlement application.
August 31, 2023	A common Hearing Notice was issued in the captioned matter for the hearing scheduled on September 05, 2022.
September 01, 2023	Hearing Notice was delivered to Noticee Nos. 1 to 7 through email.
September 05, 2023	Physical delivery of the Hearing Notice to the Noticee Nos. 1 to 7.
September 05, 2023	The Authorised Representatives (hereinafter referred to as "**AR**") of the Noticee Nos. 1 to 7 appeared for the hearing and made submissions primarily on the lines of their submissions made vide letters dated December 09, 2022 and August 21, 2023. Further, the Noticee made additional submissions during the course of hearing and submitted that additional written submissions would be forwarded to SEBI by 10 September, 2023.
September 11, 2023	The Noticee made additional submissions vide email dated September 11, 2023.

4. **The contents of the SCN and the allegations levelled against the Noticees in the SCN are summarised below:**

4.1. The target company is listed on BSE. For the quarter ending June 2016, promoter group of the target company comprised the following promoters:

Name	**Total No. of Shares Held**	**Shareholding (%)**
Sunny Maria	7,54,000	23.20
Shamli Maria	7,04,600	21.68
Gauri Khanna	2,41,800	7.44
Aarti Thapar	2,11,680	6.51
Sunil Dutt Maria	800	0.02
Anuradha Rani	200	0.01
Total	**19,13,080**	**58.86**

4.2. For the quarter ending September 2016, promoter group of the target company comprised the following promoters:

Name	**Total No. of Shares Held**	**Shareholding (%)**
Sunny Maria	2,04,000	6.28
Shamli Maria	9,04,600	27.83
Gauri Khanna	4,41,800	13.59
Aarti Thapar	2,13,080	6.56
Sunil Dutt Maria	800	0.02
Anuradha Rani	200	0.01
Nitika Khanna	6,06,824	18.67
Total	**23,71,304**	**72.96**

4.3. On perusal of the demat accounts of the promoter group entities, SEBI observed the following:

i. Notice 1 sold 5,50,000 (16.92%) equity shares of the Target Company to the other promoters/promoter group viz. 2,00,000 (6.15%) equity shares to Noticee 3; 2,00,000 (6.15%) equity shares to Noticee 2 and 1,50,000 (4.61%) equity shares to Noticee 4 through off market transactions on August 10, 2016. However, the Noticees (acting in concert) did not disclose the same to the Stock Exchange and the Target Company within two working days about the change in their shareholding as per the requirement under Regulation 29(2) read with Regulation 29(3) of SAST Regulations. Upon perusal of the BSE website, it is observed that Noticees 1 to 4 had made a belated disclosure for the aforesaid transactions on the stock exchange on June 11, 2019 with a delay of almost 3 years.

ii. It was therefore alleged that Noticees have made disclosures in terms of Regulations 29(2) read with Regulation 29(3) of SAST Regulations, with a delay of almost 3 years.

iii. It was also observed that in respect the acquisition of shares, the Noticees (acting in concert) did not:

   a) intimate BSE under Regulation 10(5), the details of the proposed acquisition at least four working days prior to the proposed acquisition,

   b) file a report to BSE under Regulation 10(6) within four working days from the date of acquisition,

   c) submit a report to SEBI under Regulation 10(7) along with supporting documents and a non-refundable fee of One Lakh Fifty Thousand rupees.

iv. Therefore, it was alleged that the Noticee Nos. 1 to 7 had violated the provisions of Regulations 10(5), (6) & (7) of SAST Regulations.

5. In the interest of natural justice, an opportunity of personal hearing was provided to the Noticees on September 05, 2023 wherein the AR of the Noticees made submissions primarily on the lines of their submissions made vide letters dated December 09, 2022 and August 21, 2023. Further, the Noticee made additional submissions during the course of hearing and submitted that additional written

submissions would be forwarded to SEBI by 10 September, 2023. The Noticee made the additional submissions vide email dated September 11, 2023.

6. The Noticee Nos. 1 to 7 denied the allegations levelled against them in the SCN vide their submissions dated December 09, 2022, August 21, 2023 and September 11, 2023. Further, the Noticees submitted the following with respect to the allegations levelled in the SCN:

   6.1. *There is inordinate delay in issuance of SCN. In support of the same, the Noticees have relied on the judgments viz., the order of Hon'ble Securities Appelate Tribunal (hereinafter referred to as "**SAT**") in Ashok Shivlal Rupani & Anr. vs. SEBI, Rakesh Kathotia vs. SEBI, Yatin Pandya HUF vs. SEBI, H B Stockholdings vs. SEBI, Khandwala Securities vs. SEBI, and the judgment of Hon'ble Supreme Court in State of Gujarat v/s Patel Raghav Natha.*
   6.2. *The Noticees made allegedly delayed disclosures under Regulation 29(2) read with 29(3) of SAST Regulations as soon as they came to know that there is requirement of making the disclosure.*
   6.3. *The shareholding of the Noticees was disclosed under the heading 'Statement showing shareholding pattern of the Promoter and Promoter Group' for the quarter ending June 2016 and September 2016 and the same was in public domain as disseminated by BSE on its portal.*
   6.4. *Additionally, shareholding pattern filed for quarter ending June 2016 and September 2016 clearly revealed the changes in promoter shareholding in Northlink.*
   6.5. *TC was regularly filing shareholding pattern as required under the Listing Agreement and appropriate disclosure under clause 35 of the Listing Agreement, whereby the public shareholders were made aware of the changes in the Noticees' shareholding in the TC.*
   6.6. *Therefore, the said disclosures were already available in public domain and alleged non-disclosure or delayed disclosure, if any, was technical in nature and devoid of any malafide intention of concealing the information. Further, no harm has been caused to any investor due to alleged non-disclosure by the Noticees.*

6.7. *While stressing on the argument that in the absence of any wilful default or deliberate defiance penalty ought not to be imposed for the delay in disclosure under SAST Regulations, Noticees have also made reference to the judgments of Reliance Industries Ltd. v. SEBI, Akbar Badrudin Badrudin Jiwani v. Collector of Customs and Hindustan Steel Ltd. v. State of Orissa.*

6.8. *The transactions alleged in the SCN were made by way of gift amongst immediate relatives who were part of the promoter group. Therefore, there was no requirement of complying with Regulation 10(5), (6) and (7) of SAST Regulations.*

6.9. *Even though no compliance was required, the Noticee has complied with Regulation 10(5), (6) and (7) of SAST Regulations as the Noticees filed requisite disclosures on 10 May, 2023.*

6.10. *Further, the Noticee has placed reliance on Adjudication Order dated 28.09.2018 bearing reference no. ADJUDICATION ORDER/SS/AS/2018-19/1393-1395 passed in respect of Sunny Maria (Sunny Madia), Shamli Maria (Shamli Madia) and Gauri Khanna as the aforesaid Order contains similar transaction as that of the present SCN, where the Adjudication proceedings were disposed of without imposition of any monetary penalty.*

D. CONSIDERATION OF ISSUES AND EVIDENCE

7. I have considered the allegations levelled in the SCN, the relevant material brought on record, and replies/ submissions of the Noticee made during the instant proceedings before the undersigned. In the light of the aforesaid factual position, I proceed to adjudicate the matter, and find that essentially, the following issues arise for determination in the instant matter:

    i. *Issue 1: Whether the Noticees have failed to comply with the provisions of SAST Regulations?*

    ii. *Issue 2: If answer to the aforesaid question is in affirmative, whether the violations attract monetary penalty on the Noticee under the provisions of Section 15A(b) of the SEBI Act?*

    iii. *Issue 3: If answer to the aforesaid question is in the affirmative, what should be the quantum of the monetary penalty?*

8. Before proceeding further, I would like to refer to the relevant provisions of the SAST Regulations:

Relevant provisions:

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 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..

10(5) In respect of acquisitions under clause (a) of sub-regulation (1), and clauses (e) and (f) of sub-regulation (4), the acquirer shall intimate the stock exchanges where the shares of the target company are listed, the details of the proposed acquisition in such form as may be specified, at least four working days prior to the proposed acquisition, and the stock exchange shall forthwith disseminate such information to the public.

10(6) In respect of any acquisition made pursuant to exemption provided for in this regulation, the acquirer shall file a report with the stock exchanges where the shares of the target company are listed, in such form as may be specified not later than four working days from the acquisition, and the stock exchange shall forthwith disseminate such information to the public.

10(7) In respect of any acquisition of or increase in voting rights pursuant to exemption provided for in clause (a) of sub-regulation (1), sub-clause (iii) of clause (d) of sub-regulation (1), clause (h) of sub-regulation (1), sub-regulation (2), sub-regulation (3) and clause (c) of sub-regulation (4), clauses (a), (b) and (f) of sub-regulation (4), the acquirer shall, within twenty-one working days of the date of acquisition, submit a report in such form as may be specified along with supporting documents to the Board giving all details in respect of acquisitions, along with a non-refundable fee of rupees [one lakh fifty thousand] by way of direct credit in the bank account through NEFT/RTGS/IMPS or any other mode allowed by RBI or] by way of a banker's cheque or demand draft payable in Mumbai in favour of the Board. Explanation.—For the purposes of sub-regulation (5), sub-regulation (6) and sub-regulation (7) in the case of convertible securities, the date of the acquisition shall be the date of conversion of such securities.

9. The first issue to be addressed is as follows:

Whether the Noticees have failed to comply with the provisions of SAST Regulations?

9.1. Before proceeding with the matter on merits, I would first deal with the preliminary contention of delay in issuance of SCN as raised by the Noticees.

9.2. The allegations framed in the SCN relate to the relevant transactions which were undertaken back in 2016. I would like to refer to the chronology of events that have taken place in this case till issuance of SCN in the adjudication proceedings:

I. SEBI completed the examination of violations in 2021.
II. Adjudicating Officer was appointed in May 2022
III. Subsequent to transfer of the Adjudicating Officer, another Adjudicating Officer was appointed in October 2022.
IV. Subsequently, the SCN was issued in October 2022.

Therefore, I find that there is no unreasonable delay in initiating the present adjudication proceedings.

9.3. I note that in support of their contention, the Noticees have relied upon the judgements of the Hon'ble Securities Appelate Tribunal (hereinafter referred to as "**SAT**") in Ashok Shivlal Rupani & Anr. vs. SEBI, Rakesh Kathotia vs. SEBI, Yatin Pandya HUF vs. SEBI, H B Stockholdings vs. SEBI and Khandwala Securities vs. SEBI.

9.4. In this context, I would like to refer to observations of the Hon'ble SAT in Bipin R Vora vs SEBI dated March 22, 2006, "*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*".

9.5. In this context, I also find it relevant to refer to the order passed by Hon'ble SAT in the case of Metex Marketing Pvt. Ltd. Vs. SEBI (order dated June 4, 2019) wherein Hon'ble SAT held that: "*This Tribunal has consistently held that in the absence of any specific provision in the SEBI Act or in the Takeover Regulations, the fact that there was a delay on the part of SEBI in initiating proceedings for violation of any provision of the Act cannot be a ground to quash the penalty imposed for such violation*."

9.6. Further, I would like to rely upon the judgement of Hon'ble SAT in the case of Ravi Mohan & Ors. vs. SEBI (SAT Appeal no. 97 of 2014, DoD 16/12/2015) wherein it was held that: - *"....................Based on decision of this Tribunal in case of HB Stockholdings Ltd. vs. SEBI (Appeal no.114 of 2012 decided on 27.08.2013) it is contended on behalf of the appellants that in view of the delay of more than 8 years in issuing the show cause notice, the impugned order is* *liable to be quashed and set aside. There is no merit in this contention, because, this Tribunal while setting aside the decision of SEBI on merits has clearly held in para 20 of the order, that delay itself may not be fatal in each and every case. Moreover, the Apex Court in case of Collector of Central Excise, New Delhi vs. Bhagsons Paint Industry (India) reported in 2003 (158) ELT 129 (S.C) has held that if there no statutory bar for adjudicating the matter beyond a particular date, the Tribunal cannot set aside the adjudication order merely on the ground that the adjudication order is passed after a lapse of several years from the date of issuing notice.................*"

In view of the aforesaid judgements, I conclude that there is no merit in the objections raised by the Noticees regarding the delay in issuance of SCN.

9.7. I will now proceed to deal with the merits of the case as regards the allegations made against the Noticees and their submissions in this regard.

9.8. The Noticees have submitted that they made allegedly delayed disclosures under Regulation 29(2) read with 29(3) of SAST Regulations as soon as they came to know that there is requirement of making the disclosure.

9.9. By not making the disclosures on time, the Noticee failed to comply with its statutory obligation. There can be no dispute that compliance of regulations is mandatory and the timely disclosure is mandated for the benefit of the investors at large and it is duty of SEBI to enforce compliance of these regulations. I am of the view that when mandatory time period is stipulated for making a necessary disclosures, compliance of the same after a period will not serve any purpose and would still regarded as default in compliance. Timeliness is the essence of disclosure and delayed disclosure would not serve the purpose for which the obligation is specified in the SAST Regulations.

9.10. The Noticees have further submitted that the violations if any, were only technical and the delay has not caused any harm or loss to the investors. In this regard, I note that Hon'ble Securities Appellate Tribunal (SAT) through various judgments has consistently held that these are not valid grounds to avoid the liability of making the mandatory disclosure obligations under the Takeover Regulations.

9.11. In the matter of Virendrakumar Jayantilal Patel Vs SEBI (appeal no. 299 of 2014 and Order dated October 14, 2014), Hon'ble SAT had observed that "……….. *obligation to make the disclosures within the stipulated time is a mandatory obligation and penalty is imposed for not complying with the mandatory obligation. Similarly, argument that the failure to make the disclosures within the stipulated time, was unintentional, technical or inadvertent and that no gain or unfair advantage has accrued to the appellant, is also without any merit, because, all these factors are mitigating factors and these factors do not obliterate the obligation to make the disclosures*" (Emphasis supplied).

9.12. Further, I find it pertinent to refer to the judgment of Hon'ble SAT in the matter of Komal Nahata v. SEBI (Appeal No. 5 of 2014 dated January 27, 2014) where SAT 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 noncompliance of SAST Regulations, 1997 and PIT Regulations is not dependent upon the investors actually suffering on account of such non-disclosure".*

9.13. Further, with respect to the violation of Regulations 29(2), 29(3), 10(5), 10(6) and 10(7) of SAST Regulations, the Noticees have submitted that the shareholding of the Noticees was:

i. Disclosed under the heading 'Statement showing shareholding pattern of the Promoter and Promoter Group' for the quarter ending June 2016 and September 2016 and the same was in public domain as disseminated by BSE on its portal.

ii. Filed for quarter ending June 2016 and September 2016, which clearly revealed the changes in promoter shareholding in Northlink.

iii. Disclosures were filed by Northlink as required under the Listing Agreement and appropriate disclosure under clause 35 of the Listing

Agreement, whereby the public shareholders were made aware of the changes in the Noticees’ shareholding in the TC.

9.14. I find that the disclosures referred to by the noticees were made by Northlink and not by the noticees. Therefore, the said public announcement cannot be accepted as substitute for discharge of disclosure obligation by the noticees under Regulations 10(5), 10(6), 10(7), 29(2) read with regulation 29(3) of SAST Regulations. It is needless to state here that the disclosure obligation has to be discharged only in the manner prescribed under the law.

9.15. In this context, I would like to rely on the judgment of Hon'ble Securities Appellate Tribunal (SAT) in Premchand Shah and Others V. SEBI (Appeal no. 108 of 2010 decided on February 21, 2011), wherein it was observed that "...... *When law prescribes a manner in which a thing is to be done, it must be done only in that manner or not at all. Both sets of regulations prescribe formats in which the disclosures are to be made and those are then put out for the information of the general public through special window(s) of the stock exchange which did not happen in this case. The fact that non disclosure has been made penal makes it clear that the provisions of regulation 7(1A) of the takeover code and regulations 13(3) and 13(4) of the insider regulations are mandatory in nature. Non disclosure of the information in the prescribed manner deprived the investing public of the information which is required to be available with them when they take an informed decision while making investments.*

9.16. Further, I would also like to rely on observation of Hon'ble SAT in Ambaji Papers Pvt. Ltd. V. The Adjudicating Officer, SEBI (Appeal no. 201 of 2013 decided on January 15, 2014), wherein similar contention of information being in the public domain was raised by the appellant. SAT observed ".... *that a reading of Regulation 7 of the SAST Regulations, 1997 read with Regulation 35(2) of the SAST Regulations, 2011 clearly points out that not only the company, but an acquirer is also required to inform the stock exchanges at every stage of aggregate of the shareholding or voting rights in the company. The object underlying these regulations is, therefore, unequivocally to bring more* *transparency by dissemination of complete information to the public as well as shareholders at large not only by the concerned company but by the individual acquirer as well. To this extent, the appellants, though inadvertently and without any intention, have defaulted in complying with the regulations regarding disclosures in question in our considered view and in the facts and circumstances of the present cases. The infraction, although venial in nature, is an infraction nonetheless..*..."

9.17. Further, while stressing on the argument that in the absence of any wilful default or deliberate defiance penalty ought not to be imposed for the delay in disclosure under SAST Regulations and that the Adjudicating Officer is not obligated to impose penalty because the law warrants so, Noticees have also made reference to the judgments of Reliance Industries Ltd. v. SEBI, Akbar Badrudin Badrudin Jiwani v. Collector of Customs, Hindustan Steel Ltd. v. State of Orissa.

9.18. In my opinion the aforesaid judgments are of no assistance to the Noticee. The position has since been clarified by the Hon'ble Supreme Court in its order dated May 23, 2006 in the case of *Chairman SEBI vs. Shriram Mutual Fund and Anr. {[2006] 5 SCC 361}* wherein it was held that decision in case of Hindustan Steel Ltd. relating to criminal/quasi criminal proceedings would not apply to imposition of civil liabilities under SEBI Act and Regulations made thereunder. In the said case the Hon'ble Supreme Court also held that "*In our opinion, mens rea is not an essential ingredient for contravention of the provisions of a civil act. In our view, the penalty is attracted as soon as contravention of the statutory obligations as contemplated by the Act is established and, therefore, the intention of the parties committing such violation becomes immaterial. ………. Hence, we are of the view that once the contravention is established, then the penalty has to follow and only the quantum of penalty is discretionary.*"

9.19. Further, the Noticees have submitted that since the transfer of shares was made by way of gift, it did not required the disclosure under Regulations 10(5), (6) and (7) of SAST Regulations. I note that the Regulations do not specify that inter se transfer of shares among promoters by way of gift is exempted from making required disclosures. Therefore, this contention of Noticees is devoid of merit.

9.20. Also, the Noticees have made reference to Adjudication Order dated 28.09.2018 bearing reference no. ADJUDICATION ORDER/SS/AS/2018-19/1393-1395 passed in respect of Sunny Maria , Shamli Maria and Gauri Khanna as the aforesaid Order contains similar transaction as that of the present SCN, where the Adjudication proceedings were disposed of without imposition of any monetary penalty. I note that the aforesaid order was in respect of violation of Regulation 7(2)(a) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as "PIT Regulations"). I note that PIT Regulations and SAST Regulations serve different purposes. PIT Regulations exist to keep in check the use of Unpublished Price Sensitive Information for the purpose of insider trading in the securities market whereas SAST Regulations provide for dissemination of information to the shareholders about the change in shareholding/control of promoter and promoter entities, as well as to ensure smooth transition in control as per the Regulations, so that the shareholders can make well informed decision on their investment in the company. Further, here I would like to highlight the fact that the disclosures under Regulations 10(5), 10(6) and 10(7) are required to be met because the transaction in question does not trigger the requirement of making the open offer and the conditions mentioned therein have to be complied with. Therefore, the aforesaid disclosure requirements, in my opinion, are critical for the shareholders of Target Company.

10. In light of the findings and observations made against the Noticees brought out in the foregoing paragraphs, I conclude that the Noticees have violated Regulations 10(5), 10(6), 10(7), 29(2) read with 29(3) of SAT Regulations.

11. The second issue to be addressed is as follows:

If answer to the aforesaid question in first issue is in affirmative, whether the violations would attract monetary penalty on the Noticee under the provisions of Section 15HB of the SEBI Act?

As discussed above, I am of the view that monetary penalty needs to be imposed upon the noticees. Section 15A(b) of the SEBI Act is reproduced as under:

SEBI ACT

Penalty for failure to furnish information, return, etc.

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

(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefore 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";

12. The third issue to be addressed is as follows:

If answer to the aforesaid question in second issue is in affirmative, what should be the quantum of the monetary penalty?

In this regard, while determining the quantum of penalty, it is important to consider the factors stipulated in Section 15J of the SEBI which is reproduced as under:

SEBI Act

15J -Factors to be taken into account by the adjudicating officer

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

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

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

(c)the repetitive nature of the default."

13. From the material available on record, the amount of disproportionate gain or unfair advantage to the Noticee or loss caused to the investors as a result of the

default is not quantifiable. Further, there is no material on record to indicate that such default was repetitive. However, I cannot overlook the fact that the main edifice on which securities market stands is on timely disclosures and true and timely disclosures as prescribed under the statute is an important regulatory tool intended to serve the purpose of disseminating this information to the company as well as to Stock Exchange expeditiously. Such disclosures are very important as they help investors to take an informed decision in investing in the scrip of said company. Hence, the violation on the part of the Noticees cannot be viewed lightly. However, considering the fact that the violations is only in respect of one transaction and there is no change in control of the company, I am inclined to take a lenient view in this matter as regards the penalty warranted in respect of the violations.

E. ORDER

14. Having considered all the facts and circumstances of the case, the material available on record, the submissions made by the Noticee, the factors mentioned in Section 15J of the SEBI Act and also the fact that there was a considerable time gap between the date of transaction taking place and the issuance of SCN and in exercise of the powers conferred upon me under Section 15A(b), I hereby impose monetary penalty on the Noticees as under.

Noticee	Penalty
Sunny Maria (Noticee No. 1)	Rs. 1,00,000/- (One Lakh Rupees) to be paid jointly and severally
Shamli Maria (Noticee No. 2)	
Gauri Khanna (Noticee No. 3)	
Nitika Khanna (Noticee No. 4)	
Aarti Thapar (Noticee No. 5)	
Sunil Dutt Maria (Noticee No. 6)	
Anuradha Rani (Noticee No. 7)	

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

15. The Noticee 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 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

16. 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.

17. In terms of the provisions of Rule 6 of the SEBI Adjudication Rules, a copy of this order is being sent to the Noticee and also to SEBI.

Date: September 13, 2023
Place: Mumbai

BIJU S
ADJUDICATING OFFICER