BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

ADJUDICATION ORDER NO. Order/AS/PA/2022-23/21081-21085

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	Amit Mittal	ABMPM8650K
2	Subhash Mittal	ABMPM8646H
3	Shukla Mittal	ADVPS8380H
4	Rohit Mittal	ABMPM8649J
5	Mohit Mittal	AGTPM3790L

In the matter of Roxy Exports Ltd.

(Noticee nos. 1 to 5 are individually known by their respective name or Noticee no. and collectively referred to as the "Noticees").

A. BACKGROUND

1. Roxy Exports Ltd. (hereinafter referred to as "**Company**") was incorporated on February 19, 1988. The registered office of the Company was situated at Ludhiana, Punjab. The main business of the Company was manufacturing and distribution of bicycle and its parts. Shares of the Company are listed on BSE Limited (hereinafter referred to as "**BSE**").

2. The Noticees are the erstwhile promoters of the Company. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") received a draft letter of offer dated August 28, 2018 (hereinafter referred to as "**DLOF**")

submitted by Mark Corporate Advisors Private Limited regarding an open offer made by Siddharth Chimanlal Shah to the equity shareholders of the Company pursuant to regulation 3(1) and 4 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as "**Takeover Regulations**"). The DLOF stated that the transaction which triggered the open offer was a share purchase agreement entered with Amit Mittal, Mohit Mittal and Rohit Mittal for sale of 15,68,405 shares representing 43.57% of equity share capital of the Company. Accordingly, DLOF was examined in greater detail.

3. The examination revealed that during June, 2018 to August, 2018, Noticees had disposed of shares in the Company which triggered disclosure requirement under regulation 29(2) read with 29(3) of Takeover Regulations. However, it was observed that the Noticees had filed the requisite disclosures belatedly. The delayed compliance was also confirmed by BSE

4. In view of the above, SEBI initiated adjudication proceedings against the Noticees for the alleged violation of the aforesaid provisions under section 15A(b) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the "**SEBI Act**").

B. APPOINTMENT OF ADJUDICATING OFFICER

5. SEBI appointed Shri Prasanta Mahapatra as the adjudicating officer *vide communique* dated February 22, 2022 under section 15-I(1) of the SEBI Act and rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as the "**SEBI Adjudication Rules**") read with section 19 of the SEBI Act to inquire into and adjudge under section 15A(b) of the SEBI Act for the alleged violation by the Noticees. Pursuant to transfer of Shri Prasanta Mahapatra, the instant matter was transferred to the undersigned *vide communique* dated June 07, 2022.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

6. A show cause notice (hereinafter referred to as "**SCN**") bearing reference no. EAD-8/PM/NS/16680/2022 dated April 18, 2021 was served on the Noticees by post and email under rule 4 of the SEBI Adjudication Rules 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 penalty should not be imposed under section 15A(b) of the SEBI Act for the violation alleged to have been committed by them. In the SCN, the Noticees were asked to indicate whether they would prefer a personal hearing before the adjudicating officer in the matter.

7. The allegations levelled against the Noticees in the SCN are summarized below as follows:

7.1. Before the open offer, the Noticees were the promoters of the Company. During examination of DLOF, in the paragraph with respect to status of compliance with the Takeover Regulations, SEBI observed that there was 1 instance of delayed disclosure of aggregate shareholding and voting rights under regulation 30(1) and 30(2) of Takeover Regulations and 11 instances of delayed disclosures under regulation 29(2) of Takeover Regulations. The details of the delayed disclosures are provided below:

#	Net Change (%)	Regulations	Due Date for Compliance	Actual Date of Compliance	Delay (in no of days)	Status of Compliance
1	NA	30(1) & 30(2)	11/04/2016	12/07/2016	93	Delayed Compliance
2	2.57	29(2)	08/06/2018	16/08/2018	70	Delayed Compliance
3	2.92	29(2)	14/06/2018	16/08/2018	64	Delayed Compliance
4	3.00	29(2)	19/06/2018	16/08/2018	59	Delayed Compliance
5	2.76	29(2)	25/06/2018	16/08/2018	53	Delayed Compliance
6	2.59	29(2)	03/07/2018	16/08/2018	45	Delayed Compliance

#	Net Change (%)	Regulations	Due Date for Compliance	Actual Date of Compliance	Delay (in no of days)	Status of Compliance
7	2.03	29(2)	05/07/2018	16/08/2018	43	Delayed Compliance
8	2.14	29(2)	10/07/2018	16/08/2018	38	Delayed Compliance
9	2.31	29(2)	16/07/2018	16/08/2018	32	Delayed Compliance
10	2.15	29(2)	18/07/2018	16/08/2018	30	Delayed Compliance
11	4.28	29(2)	23/07/2018	16/08/2018	25	Delayed Compliance
12	2.92	29(2)	01/08/2018	16/08/2018	16	Delayed Compliance

7.2. SEBI *vide* letter dated December 31, 2018 issued administrative warning to the Noticees for their delayed disclosures under regulation 30(1) and 30(2) read with 30(3) of Takeover Regulations. Further, SEBI *vide* letter dated December 31, 2018 issued notice of settlement Rs. 15,01,500 to the Noticees for their delayed disclosures under regulation 29(2) read with 29(3) of Takeover Regulations.

7.3. Noticees *vide* their letter dated January 31, 2019 submitted *inter alia* that they have complied with all the compliances which were required to be done as per the Takeover Regulations. Further, they submitted that every promoter had made disclosure under regulation 7(2)(a) read with regulation 6(2) of SEBI (Prohibition of Insider Trading) Regulations, 2015, which indicates that they did not have any intention of fraud.

7.4. In relation to the above, SEBI *vide* email and letter dated December 12, 2019 advised the Noticees to share the proof of acknowledgement from stock exchange or any intimation received from the courier service in regard to date of receipt of disclosures from the stock exchange for the disclosures made under regulation 29(2) read with 29(3) of Takeover Regulations.

7.5. Noticees *vide* their letter dated December 21, 2019, submitted that upon asking the acknowledgement copy from the courier company, the courier company informed that they do not maintain the record of the receipts for more than 3 months and as the courier sent was dated more than a year ago, they are unable to send the proof of acknowledgement.

7.6. BSE *vide* its email sent on December 13, 2019 informed that the aforementioned disclosures were received by the stock exchange on August 16, 2018 after closing of business hours and hence the same was disseminated on the stock exchange website on August 17, 2018. Further, the Company *vide* its email on March 03, 2020, informed that since the disclosures sought pertained to period prior to acquisition by new management, they do not have any data for the same.

7.7. SEBI *vide* email sent on March 05, 2020 and reminder on March 09, 2020 and again on March 12, 2020 sought comments of the Noticees on the variance of the facts provided by the Noticees in DLOF (*i.e,* status of compliance with the provisions of Takeover Regulations) and their letter dated January 31, 2019 (paragraph 8). However, no response was filed by the Noticees in this regard. It was observed that the Noticees were actually aware about the facts in DLOF when it was filed with SEBI and they did not raise any objection at that time. Further, it was observed that the Noticees could not produce any substantial evidence to back their claim about making the timely disclosures.

7.8. In view of the above, it is alleged that the Noticees by not disclosing timely information have violated regulation 29(2) read with 29(3) of Takeover Regulations.

8. The Noticees *vide* email sent on May 23, 2022 submitted their reply to the SCN. The relevant extract from the aforesaid reply is reproduced below verbatim:

A. Listing of the Company

I. Roxy Exports Limited, a company incorporated under Companies Act, 1956. Earlier that company was listed at Ahmedabad Stock Exchange then one of the professionals guided us to list the company at Bombay Stock Exchange for the expansion of business.

II. Then we have decided to list the Company at Bombay Stock Exchange. We outsource the assignment of listing to one of the professional.

III. BSE Limited vide letter no. DCS/DL/SP/TP/1010/2015-16 dated 11 January, 2016 intimate us that equity shares of the company were listed at BSE Limited with effect from 12th January, 2016. Copy of Listing Approval is annexed as Annexure-A.

IV. We have listed our company for the expansion of business but after listing we have realized that it is difficult to run the listed company because of lots of compliances and annual fees of authorities.

V. Due to difficulty, we have decided to sell the company and fortunately we have finalized the deal with Mr. Siddharth Chiman Lal Shah, Mumbai.

VI. As mentioned above we have entered into a share purchase agreement with Mr. Siddharth Chiman Lal Shah on 9th August, 2018 to sell the shares of the Company. Copy of Share Purchase Agreement is annexed as Annexure-B.

B. Unaware about Security Market

I. We would like to inform you that we are not regular players of stock market. We are not aware about the compliances of stock market.

II. *Please note that we don't even have demat account earlier for trading of securities in the stock market.*

III. *We had demat account on 17 May, 2018 with Nikunj Stock Brokers Limited. Details of demat accounts are given below:*

S. No.	*Name*	*DP/ Client ID*	*Date of Opening of Demat Account*
1	*Rohit Mittal*	*IN30299410066462*	*17.05.2018*
2	*Amit Mittal*	*IN30299410066479*	*17.05.2018*
3	*Subhash Mittal*	*IN30299410066454*	*17.05.2018*
4	*Mohit Mittal*	*IN30299410066446*	*17.05.2018*
5.	*Shukla Mittal*	*IN30299410066487*	*17.05.2018*

IV. *From the above-mentioned table, it is clear that we have opened demat for transfer of shares to Mr. Siddharth Chiman Lal Shah only. Copy of demat account opening letter is annexed as Annexure- C. Before that we don't have any experience in the stock market, even after such transfer we don't have any transaction in our demat accounts.*

C. *Compliance under Regulation 29(2) of Securities and Exchange Board of India(Substantial Acquisition of Shares and Takeovers) Regulations, 2011*

I. *It is pertinent to mention that we are law abiding persons. As we are common persons so don't have enough knowledge about the compliances, but we had complied with requirement of regulation 29(2) by sending hard copies of disclosure required to be sent to stock exchange. Copy of disclosure along with Courier Receipt are annexed as Annexure-D.*

II. As per our knowledge it is required to disclose the transaction to the stock exchange but we were not aware about the mode of disclosure.

D. Correspondence with SEBI

I. We would like to inform you that first notice vide notice No. SEBI/HO/CFD/DCR2/OW/P/2018/35697/1 dated NIL has been received by the Company in the month of December 2018 for which we had filed our reply on 31January, 2019 in which we have attached proof of courier of disclosure.

II. In response of which we have received your reply vide letter no. SEBI/HO/CFD/DCR2/0W/P/2019/33417 dated December 13, 2019 i.e. after 10 months from our last reply and in which you have asked for proof of acknowledgement from stock exchange for which we had filed our reply on 21st December, 2019.

III. Thereafter in response of which we have received your reply vide letter no. SEBI/HO/CFD/DCR2/OW/P/2021/1242/1 dated January 15, 2021 for which we had filed our reply on 13th February, 2021 in which we have attached proof of courier of disclosure and other relevant proof.

IV. In this regard, we would like to inform you that we have asked about the proof to the courier company i.e. Trackon Courier Private Limited and they informed us they are only have records for 3 months. After 3 months from the date of courier they don't have any records of courier, so we were not able to provide proof of acknowledgement to you.

9. After considering the facts and circumstances of the case, the undersigned granted an opportunity of personal hearing to the Noticees on September

21, 2022 *vide* notice of hearing sent *vide* email on September 01, 2022. *Vide* email sent on September 20, 2022, the hearing was rescheduled to September 22, 2022. On September 22, 2022, the authorized representative (hereinafter referred to as "**AR**") of the Noticees appeared before me through video conference. The AR reiterated the submissions made by the Noticees *vide* email sent on May 23, 2022 and stated that he does not have any additional submissions to make in the instant matter.

D. CONSIDERATION OF ISSUES AND FINDINGS

10. I have taken into consideration the facts and material available on record. The issues that arise for consideration in the present case are as follows:

    I. Whether the Noticees have violated regulation 29(2) read with 29(3) of Takeover Regulations?

    II. Does the violation, if any, attract monetary penalty under section 15A(b) of the SEBI Act?

    III. If the answer to Issue No. 2 is in affirmative, then what should be the quantum of monetary penalty?

I. Issue No. 1: Whether the Noticees have violated regulation 29(2) read with 29(3) of Takeover Regulations?

11. Before moving forward, it is pertinent to refer to the relevant provision of the Takeover Regulations alleged to have been violated by the Noticees. The said provisions are reproduced hereunder:

Disclosure of acquisition and disposal.

(2) [1][Any person together] with persons acting in concert with him, holds shares or voting rights entitling them to five per cent or more of the shares or voting rights in a target company, shall disclose the number of shares or

voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below five per cent, if there has been change in such holdings from the last disclosure made under sub-regulation (1) or under this sub-regulation; and such change exceeds two per cent of total shareholding or voting rights in the target company, in such form as may be specified.

(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 [2][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.

[1]Substituted for "Any person, who together" by the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Second Amendment) Regulations, 2021, w.e.f. 1-4-2022

[2] Inserted by the SEBI (Substantial Acquisition of Shares and Takeovers) (Second Amendment) Regulations, 2018, w.e.f. 11-09-2018.

12. I note the SCN alleges that Noticees were promoters and holding more than 5% of shares or voting rights of the Company. It alleges that Noticees had acted as persons acting in concert (hereinafter referred to as "**PACs**") during May, 2018 to July, 2018 and had sold shares of the Company which exceeded 2% of shares or voting rights of the Company. Due to the above and pursuant to regulation 29(2) read with regulation 29(3) of Takeover Regulations, Noticees were required to disclose the number of shares or voting rights held and change within 2 days from disposal of such shares to the stock exchanges and the Company. I note from the material available on record that the transactions of the Noticees which triggered the disclosure requirements under the aforesaid provisions are tabulated below:

#	Date of transactions (Column A)	No. of shares (Column B)	Net Change (%) (Column C)	Due Date for Compliance (Column D)	Actual Date of Compliance (Column E)	Delay (in no of days) (Column F)
1.	25/05/2018 to 06/06/2018	92,690	2.57	08/06/2018	16/08/2018	70
2.	07/06/2018 to 12/06/2018	1,04,940	2.92	14/06/2018	16/08/2018	64
3.	13/06/2018 to 15/06/2018	1,08,000	3.00	19/06/2018	16/08/2018	59
4.	18/06/2018 to 21/06/2018	99,181	2.76	25/06/2018	16/08/2018	53
5.	22/06/2018 to 29/06/2018	93,101	2.59	03/07/2018	16/08/2018	45
6.	02/07/2018 to 03/07/2018	73,000	2.03	05/07/2018	16/08/2018	43
7.	04/07/2018 to 06/07/2018	77,020	2.14	10/07/2018	16/08/2018	38
8.	09/07/2018 to 12/07/2018	82,995	2.31	16/07/2018	16/08/2018	32
9.	13/07/2018 to 16/07/2018	77,400	2.15	18/07/2018	16/08/2018	30
10	17/07/2018 to 19/07/2018	1,54,216	4.28	23/07/2018	16/08/2018	25
11	20/07/2018 to 26/07/2018	1,04,941	2.92	01/08/2018	16/08/2018	16

13. I note that the Noticees have not disputed acting as PACs and execution of the aforesaid transactions, however, they have argued that they had complied with regulation 29(2) of Takeover Regulations by sending hard copies of disclosures to BSE. To support the above, Noticees have furnished copies of disclosures sent along with courier receipts. Further, they have submitted that since the courier company through which the disclosures were sent only keeps record for 3 months, they are unable to provide proof of acknowledgment.

14. I have perused the annexures provided by the Noticees in their reply. I note that the courier receipts furnished by them does not bear any acknowledgement of BSE. Further, I note that BSE *vide* its email sent on December 13, 2019 stated that disclosures relating to the transactions tabulated in paragraph 12 above were received by BSE after closing hours on August 16, 2018, therefore, the said disclosures were disseminated on stock exchange on August 17, 2018. I also note that the DLOF was submitted to SEBI by Mark Corporate Advisors by letter dated August 28, 2018 which stated that along with the letter, compliance under Takeover Regulations is attached as annexure 5. On perusal of annexure 5, I note that serial nos. 9 to 19 of annexure 5 corresponds to entries in column D, E and F of paragraph 12 above *i.e.,* it is explicitly written that there was delayed compliance of regulation 29(2) of Takeover Regulations on 11 instances by the Noticees. The said annexure is dated August 09, 2018 and is signed by Amit Mittal.

15. Noticees have also submitted that they were unaware that they were required to disclose the trades which exceeded the threshold prescribed under Takeover Regulations. I find that "*Ignorantia juris non excusat*" is an established legal principle that translates into ignorance of law is not an excuse.

16. At this juncture, I find it relevant to discuss regulation 29(2) read with 29(3) of Takeover Regulations. Regulation 29(2) clearly states that *"change in shareholding or voting rights"* needs to be disclosed if it exceeds 2% of total shareholding or voting rights of the target company, which means that both acquisition and disposal of shares or voting rights requires disclosure. Regulation 29(3) of Takeover Regulations prescribes that such disclosure is required to be made within 2 working days of the receipt of intimation of allotment of shares or the acquisition or the disposal of shares or voting rights. However, I note that regulation 29(3) of Takeover Regulations was amended with effect from September 11, 2018 and by the said amendment, the words *"or the disposal"* were inserted. Thus, before the amendment,

regulation 29(3) of Takeover Regulations only provided the timeline with respect to intimation of allotment or acquisition of shares or voting rights and not disposal.

17. In light of the above, it becomes necessary to examine whether Noticees had disposed their shares before or after September 11, 2018 *(i.e,* before or after the date when the words *"or the disposal"* came into effect). From paragraph 12 above, I note that Noticees had disposed of shares of Company from May, 2018 to July, 2018, therefore, their disclosure requirements would be governed by regulation 29(3) as it existed then *(i.e,* before the words *"or the disposal"* were inserted). Thus, I find that at the time of disposal of shares in the instant matter, Noticees were not required to disclose disposal of shares within 2 days under regulation 29(3) of Takeover Regulations, as the obligation to make disclosure under regulation 29(3) existed only in respect of allotment or acquisition of shares or voting rights. Therefore, in absence of timeline stipulated for disposal under regulation 29(3) of Takeover Regulations, I find that question of discharging obligation under regulation 29(2) read with 29(3) of Takeover Regulations does not arise with respect to the transactions undertaken by the Noticees in the current case. I find that my reasoning is supported by the following orders of Hon'ble Securities Appellate Tribunal:

(i) Ravi Mohan and Ors. vs. SEBI, (Appeal No. 97 of 2014), decision dated December 16, 2015: In the said case, Hon'ble SAT discussed regulation 7(1A) and 7(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997 (hereinafter referred to as "**erstwhile Takeover Regulations**") at length. It is worth highlighting here that regulation 7 of erstwhile Takeover Regulations is analogous to regulation 29 of Takeover Regulations. Hon'ble SAT held that disclosure obligation under regulation 7(1A) has to be discharged in accordance with regulation 7(1A) read with regulation 7(2). Since regulation 7(2) does not contemplate for disclosure relating to sale of shares in excess of the limits set out under regulation 7(1A), appellants cannot be said to have failed to comply with regulation 7(1A) within the time stipulated under regulation 7(1A) read with regulation 7(2). It further held the following:

"27. It is relevant to note that while inserting regulation 7(1A), SEBI has deemed it proper to amend regulation 7(2) with effect from 09.09.2002 by providing that the disclosure obligation under regulation 7(1) and 7(1A) shall be discharged within two days of the events specified under regulation 7(2). Thus, as a result of insertion of regulation 7(1A) and amendment of regulation 7(2), the disclosure obligation in relation to purchase or sale of shares referred to in regulation 7(1A) has to be made within two days of the events specified in regulation 7(2). On perusal of regulation 7(2) it is seen that the events enumerated therein relate only to acquisition of shares and do not relate to sale of shares or voting rights in excess of the limits prescribed under regulation 7(1A). As a result, even though regulation 7(1A) contemplates that an acquirer together with persons acting in concert with him when sell shares of the target company in excess of the limits prescribed under regulation 7(1A) must make disclosure within two days of such sale, in view of the amendment to regulation 7(2), the disclosure obligation under regulation 7(1A) has to be discharged within two days of the events specified under regulation 7(2). Since regulation 7(2) as amended does not contemplate any obligation to disclose sale of shares by an acquirer covered under regulation 7(1A), the question of discharging that obligation arising under regulation 7(1A) read with regulation 7(2) does not arise at all.

29. It is not even the case of SEBI, that regulation 7(1A) is self operative and that the obligation there under has to be discharged independent of regulation 7(2). In fact, in the impugned order, it is held by the AO that by failing to make disclosure to the stock exchanges regarding aggregate sale of shares or voting rights in excess of 2% of the share capital of the target company, the appellants are guilty of violating regulation 7(1A) read with regulation 7(2) of the Takeover Regulations, *1997. Therefore, when the Takeover Regulations, 1997 provides that the disclosure obligation specified under regulation 7(1A) has to be discharged in the manner specified under regulation 7(1A) read with regulation 7(2) and regulation 7(2) does not provide for disclosure in relation to sale of shares in excess of the limits prescribed under regulation 7(1A), SEBI is not justified in holding that the appellants by failing to make disclosure of sales covered under regulation 7(1A) within the stipulated time, have violated regulation 7(1A) read with regulation 7(2) of the Takeover Regulations, 1997. Consequently, SEBI is not justified in imposing penalty on the appellants.*

32….under the Takeover Regulations, 1997 disclosure obligation arising under regulation 7(1A) of the Takeover Regulation, 1997 has to be discharged under regulation 7(1A) read with regulation 7(2) and as noted above, regulation 7(2) does not provide for disclosure obligation arising from sale of shares or voting rights specified under regulation 7(1A). In such a case, there being no obligation under regulation 7(2) to make disclosure of sale of shares specified under regulation 7(1A), appellants cannot be held guilty of failing to make disclosure under regulation 7(1A) read with regulation 7(2) of the Takeover Regulations, 1997."

(ii) Mr. Rakesh Kathotia vs. SEBI (Appeal No.7 of 2016), decision dated May 27, 2019: I note that SEBI has filed an appeal with respect to the aforesaid decision before Hon'ble Supreme Court (C.A. No. 007479 - 007479/2019). However, I also note that no stay has been granted yet in the said matter. Thus, I find it appropriate to rely on the following findings of Hon'ble SAT:

"29. However, the appellants cannot be faulted and penalised on this score at this stage. They have a decision in their favour in the case of Ravi Mohan (supra) which is still valid till date and has not been set aside by a superior forum. Further, the respondent SEBI has accepted the decision of this Tribunal in the case of Ravi Mohan (supra) which

can be seen from the fact that a similar provision, namely, Regulation 29 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 was amended after Ravi Mohan's decision was given by this Tribunal in 2015. For facility, Regulation 29 is extracted hereunder :……

30. Regulation 29 of the Takeover Regulations, 2011 in more or less pari materia with the provision of Regulation 7 of the Takeover Regulations, 1997. The words "or the disposal" were added in Regulation 29(3) by an amendment w.e.f. September 11, 2018 after the decision of this Tribunal in Ravi Mohan's case (supra) decided in the year 2015.

31. Thus, even though we do not agree with the ratio of the decision in Ravi Mohan's case, nonetheless, the said decision having been accepted by SEBI, the appellant in the instant case cannot be penalized for violation of Regulation 7(1A) read with Regulation 7(2). The imposition of penalty by the Adjudicating Officer on this score cannot be sustained."

(iii) Murali Srinivasan Venkatraman and Ors. vs. SEBI, (Appeal No. 363 of 2017), decision dated July 02, 2019: In the aforesaid case, Hon'ble SAT relied upon *Ravi Mohan (supra)* and *Rakesh Kathotia (supra)* and held the following:

"6. Admittedly, the disclosure of the sale of the shares was not made by the appellants within the stipulated period as provided under Regulations 29(3) of the Takeover Regulations. However, no penalty could be imposed in view of the decisions of this Tribunal in Mr. Ravi Mohan and Ors. vs. SEBI in Appeal No. 97 of 2014 and other companion appeals decided on December 16, 2015 and in Appeal No. 7 of 2016, Mr. Rakesh Kathotia & Ors. vs. SEBI decided on May 27, 2019. In our view, the controversy involved in the present case is squarely covered by the aforesaid decisions."

18. In view of the above, I find that violation of regulation 29(2) read with 29(3) of Takeover Regulations with respect to the Noticees does not stand established.

II. Issue No 2: Does the violation, if any, attract monetary penalty under section 15A(b) of the SEBI Act?

III. Issue No 3: If the answer to issue no. 2 is in affirmative, then what should be the quantum of monetary penalty?

19. I find that since the first issue has been answered in negative, the question of penalty does not arise in the current matter. Accordingly, Issue No. II and III are disposed of.

E. ORDER

20. Considering the facts and circumstances of the case as stated above, I am of the view that no monetary penalty is warranted in respect of the allegations levelled in the instant matter. The SCN issued against the Noticees is accordingly disposed of.

21. In terms of rule 6 of the SEBI Adjudication Rules, copies of this order are sent to the Noticees and SEBI.

Date: November 04, 2022
Place: Mumbai

ASHA SHETTY
ADJUDICATING OFFICER