

**BEFORE THE ADJUDICATING OFFICER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**  
**[ADJUDICATION ORDER NO. EAD/SR/SM/AO/2019-20/5767/128]**

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

In respect of  
**Rupal Vipulkumar Patel**

(PAN – AURPP8530D)

(Address: 703-803, Bhima Bldg,  
Sir Pochkanwala Road  
Worli, Mumbai -400030)

**In the matter of Cupid Trades & Finance Ltd.**

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**BACKGROUND**

1. A department (hereinafter referred to as **OD**) of Securities and Exchange Board of India (hereinafter referred to as **SEBI**) conducted an examination in the scrip of Cupid Trades & Finance Ltd. (hereinafter referred to as **Company/Cupid**) for the period January 06, 2010 to December 31, 2014 (hereinafter referred to as Investigation Period). The Company was listed at Bombay stock Exchange (BSE) during the period of investigation. OD observed that Rupal Vipulkumar Patel (hereinafter referred to as **Noticee**) had made some transactions in the scrip of Cupid, for which Noticee was required to make disclosures under the provision of regulations 7(1) read with (r/w) 7(2) of SEBI (Substantial Acquisition of Shares and takeovers) Regulations, 1997 (hereinafter referred to as **SAST Regulations, 1997**) and regulation 13(1) of SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as **PIT Regulations, 1992**). Noticee failed to make the said disclosures within the prescribed time as per the said Regulations and hence, Noticee is alleged to have violated the said provisions of SAST Regulations, 1997 and PIT Regulations, 1992.

**APPOINTMENT OF ADJUDICATING OFFICER**

2. Based on the said investigation, OD of SEBI initiated Adjudication Proceeding against the Noticee and appointed the undersigned as an Adjudicating Officer, under section 15-I of The Securities and Exchange Board of India Act, 1992 (hereinafter referred to

as **the SEBI Act, 1992**) r/w rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as **Adjudication Rules, 1995**) to inquire into and adjudge under section 15A(b) of the SEBI Act, 1992, the alleged violations of provisions of regulations regulation 7(1) r/w 7(2) and regulation 13(1) of PIT Regulations, 1992. The same was conveyed to undersigned vide communique dated January 09, 2019.

### **SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING**

3. A show cause notice dated July 10, 2019 (hereinafter referred to as **SCN**) was issued to the Noticee under rule 4 of the Adjudication Rules, 1995 to show cause as to why an inquiry should not be held against her and why penalty under section 15A(b) of the SEBI Act, 1992, be not imposed on her for the violations alleged and specified in the said SCN. The allegations in the SCN are as follows:

- (a) During the period of investigation, Noticee had made some transactions in the scrip of Cupid. The details of transaction is tabulated below:

Date	No of shares held - pre Acquisition/ disposal	% of shareholding held - pre Acquisition / disposal	No of shares Acquired	No of shares disposed off	Net Shares acquire d/di sposed off	No of shares Acquired/ (disposed off) as a % of paid up capital	No of shares held - post Acquisition/ disposal	% of shareholding held - post Acquisition/ disposal
31.08.2010	0	0	18000		18000	1.88	18000	1.88
03.09.2010	18000	1.88		600	-600	-0.06	17400	1.81
06.09.2010	17400	1.81	2500		2500	0.26	19900	2.07
07.09.2010	19900	2.07		500	-500	-0.05	19400	2.02
13.09.2010	19400	2.02	8200		8200	0.85	27600	2.88
23.09.2010	27600	2.88	13500		13500	1.41	41100	4.28
24.09.2010	41100	4.28	1140		1140	0.12	42240	4.40
20.10.2010	42240	4.40	2500	1200	1300	0.14	43540	4.54
22.10.2010	43540	4.54	2500	2500	0	0.00	43540	4.54
03.11.2010	43540	4.54	1000		1000	0.10	44540	4.64
<b>11.11.2010</b>	<b>44540</b>	<b>4.64</b>	<b>8700</b>		<b>8700</b>	<b>0.91</b>	<b>53240</b>	<b>5.55</b>
06.12.2010	53240	5.55	3000	3000	0	0.00	53240	5.55
21.12.2010	53240	5.55		450	-450	-0.05	52790	5.50

(b) It is alleged that the percentage of shareholding of the Noticee crossed 5% of share capital of Cupid on November 11, 2010. Hence, Noticee was required to make disclosure under the provision of regulations 7(1) r/w 7(2) of SAST Regulations, 1997 to the Company and Stock exchange i.e. BSE and under regulation 13(1) of PIT Regulations, 1992 to the Company within the prescribed time period as specified in the said Regulations. However, Noticee failed to make the required disclosures under the said provisions of SAST Regulations, 1997 and PIT Regulations, 1992. OD vide letter dated May 08, 2018, advised the Noticee to provide the details of all the disclosures made under SAST Regulations, 1997 and/or PIT Regulations, 1992 in the scrip of Cupid to the company and the stock exchange along with documentary evidences. In this regard, Noticee replied that she had made the required disclosure under SAST Regulations, 1997 to the Company and BSE on March 31, 2011 and the disclosures under PIT Regulations, 1992 were not traceable at her end. In this regard, OD observed that Noticee did not make the disclosure within the time as prescribed in the said Regulations.

(c) As the Noticee failed to make disclosure within the prescribed time period to the Company and BSE for the aforesaid transaction, the Noticee is alleged to have violated the provision of regulation 7(1) r/w 7(2) of SAST Regulations, 1997 and regulation 13(1) of PIT Regulations, 1992.

4. The SCN was sent through the speed post acknowledgment due (SPAD) at the address i.e. "703-803, Bhima Bldg, Sir Pochkanwala Road, Worli, Mumbai – 400030". The said SCN was delivered to the Noticee and the delivery proof is on record. Vide hearing Notice dated September 17, 2019, an opportunity of hearing was granted to the Noticee on October 16, 2019 and also Noticee was advised to submit reply to the SCN by September 30, 2019. The said hearing notice was sent through SPAD and the same was delivered to the Noticee. On the scheduled date of hearing i.e October 16, 2019, the authorized representatives (ARs), who came for another hearing before the undersigned, informed that they are also come for the hearing on behalf of the Noticee in the instant adjudication proceedings. During the proceedings of hearing, the ARs informed that the Noticee received the hearing notice but not received the SCN in the said matter and hence requested to provide a copy of the SCN. It was informed to the AR that both SCN and the hearing notice were sent at the same

address and also the acknowledgement card regarding the receipt of the SCN is on record. Acceding the request of the AR, the undersigned provided a copy of SCN alongwith the annexures and also provided a copy of acknowledgement card showing that the SCN has already been delivered to the Noticee. Hearing minutes are on record.

5. Vide hearing notice dated November 05, 2019, another opportunity of hearing was granted to the Noticee in November 21, 2019. In the said hearing notice, Noticee was advised to reply to the SCN by November 15, 2019. The said SCN was sent through SPAD and the same was delivered to the Noticee. The delivery proof is on record. The AR attended the hearing on the scheduled date i.e. November 21, 2019 and submitted a copy of reply letter dated November 15, 2019 during the proceedings of hearing. Hearing minutes are on record. Reply of the Noticee is summarized below:

- a) *Noticee replied that she is a house wife and at the relevant time, she was an investor and her investments in the scrip of Cupid Trades and Finance Ltd. were based on her independent analysis. She never defaulted in any of her settlement obligations qua the brokers at the relevant time. Further, she is not related to the company management or promoter in any manner. She denied the allegations alleged against her in the aforesaid SCN dated 10.07.2019. She is not active in the market at present. Further, all the alleged violations in the captioned SCN are non-repetitive and she has been issued SCN for the first time.*
- b) *She replied that she was served summons bearing Reference Nos. IVD/ID8/SS/SM/CTPL/6393/2015 dated 04/03/2015 and IVD/ID8/SS/SM/CTFL/7515/2015 dated 11/03/2015 from SEBI to furnish information regarding the disclosures made by me to the Company and Stock Exchange SEBI (SAST) Regulations, 1997 and / or SEBI (PIT) Regulations, 1992 in the scrip of Cupid Trades and Finance Ltd. She replied to the aforesaid summons on 24/03/2015 provided the copies of the aforesaid summons dated 04/03/2015 and 11/03/2015 and its reply.*
- c) *Further, after a period of 3 year, she received a letter bearing No. IVD/ID3/AJ/AC/13617/1/2018 dated 08/05/2018 asking her to give the details of all the disclosures made under SAST Regulations, 1997 and /or PIT Regulations, 1992 as earlier sought in the summons dated 04/03/2015 and 11/03/2015. She replied to the aforesaid letter on 18.05.2018 and provided a copy of reply.*
- d) *She replied that again after a period of one year, she received the SCN which was almost 9 years from the day of her transactions made in the scrip of Cupid. In this regard, she cited the Hon'ble SAT order in the matter of Subhkam Securities Private Limited versus SEBI (Appeal no. 73 of 2012), HB Stockholdings Limited versus SEBI (Appeal no. 114 of 2012), Sanjay Jethalal Soni vs SEBI (Appeal no. 102 of 2019).*

- e) Noticee admitted that she had purchased the said shares in the scrip of Cupid during the August 20, 2010 to November 11, 2010 for the purpose of investment and her holding exceeded 5% threshold limit. For this, she made relevant disclosures under regulation 7(1) of SAST Regulations, 1997 to the Company and the Stock Exchange. Noticee provided a copy of disclosure under SAST Regulations, 1997. With regard to the disclosure under PIT Regulations, 1992, Noticee replied that she was unable to locate the same as the records are old. Noticee cited the Hon'ble SAT order in the matter of Ashok Shivilal Rupani vs. SEBI (Appeal no. 417 of 2018) w.r.t. the disclosures under SAST Regulations, 1997 and PIT Regulations for her transaction.
- f) Noticee replied that the delay in filing disclosure was unintentional, the alleged violations are non-repetitive and she did not make any unfair gain or advantage in any manner. Therefore, the SCN issued against her should be dropped.

6. After taking into account, the allegations levelled in the SCN, reply of the Noticee and other evidences available on record, I hereby proceed to decide the case on merit.

### **CONSIDERATION OF ISSUES, EVIDENCES AND FINDINGS**

7. The issues arising for consideration in the instant proceedings before me are:-
  - a. **Whether the Noticee violated the provisions of regulations 7(1) r/w 7(2) of SAST Regulations, 1997 and regulation 13(1) of PIT Regulations, 1992?**
  - b. **Do the violations, if any, on the part of the Noticee attract monetary penalty under section 15A(b) of the SEBI Act, 1992 for the alleged violations by the Noticee?**
  - c. **If yes, then what would be the monetary penalty that can be imposed upon the Noticee, taking into consideration the factors mentioned in section 15J of the SEBI Act, 1992 r/w rule 5(2) of the Adjudication Rules, 1995?**
8. Before proceeding further, I would like to refer to the relevant provisions of SAST Regulations, 1997 and PIT Regulations, 1992:

#### ***SAST Regulations, 1997***

#### ***Acquisition of 5 per cent and more shares or voting rights of a company.***

7. (1) Any acquirer, who acquires shares or voting rights which (taken together with shares or voting rights, if any, held by him) would entitle him to more than five per cent or ten per cent or fourteen per cent or fifty four per cent or seventy four per cent shares or voting rights in a company, in any manner whatsoever, shall disclose at every stage the aggregate of his shareholding or voting rights in that company to the company and to the stock exchanges where shares of the target company are listed.

**7(2)** The disclosures mentioned in sub-regulations (1) and (1A) shall be made within two days of,

- (a) the receipt of intimation of allotment of shares; or
- (b) the acquisition of shares or voting rights, as the case may be.

**SEBI (PIT) Regulations, 1992**

**Disclosure of interest or holding by directors and officers and substantial shareholders in a listed companies - Initial Disclosure**

13. (1) Any person who holds more than 5% shares or voting rights in any listed company shall disclose to the company in Form A, the number of shares or voting rights held by such person, on becoming such holder, within 2 working days of :—

- (a) the receipt of intimation of allotment of shares; or
- (b) the acquisition of shares or voting rights, as the case may be.

**FINDINGS:**

9. On perusal of the material available on record and giving regard to the facts and circumstances of the case, I hereby record my findings as under:

**Issue a: Whether the Noticee violated the provisions of regulations 7(1) r/w 7(2) of SAST Regulations, 1997 and regulation 13(1) of PIT Regulations, 1992?**

- a) It is alleged in the said SCN that Noticee purchased shares during the period of investigation for which the shareholding of the Noticee crossed 5% of the total shareholding of the company. In this regard, Noticee was required to make disclosures to the Company and the Stock Exchange within the specified time under the provisions of regulations 7(1) r/w 7(2) of SAST Regulations, 1997 and regulation 13(1) of PIT Regulations, 1992. However, by not making the relevant disclosures within the prescribed time for the said transaction as alleged in SCN Noticee is alleged to have violated the relevant provisions of PIT Regulations, 1992, SAST Regulations, 1997.
- b) Upon perusal of record I find that Noticee purchased shares in the scrip of Cupid for which the shareholding of Noticee crossed 5% of the total shareholding of the Company. The same was also admitted by the Noticee. As the shareholding of the Noticee crossed 5% of the total shareholding of the Company, Noticee was required to make disclosures under the provisions of regulations 7(1) r/w 7(2) of SAST Regulations, 1997 and regulation 13(1) of PIT Regulations, 1992 within the prescribed time as specified in the said Regulations. As per regulation 7(1) r/w 7(2) of SAST Regulations, 1997 any acquirer, who acquires shares or voting rights which would entitle to more than five per cent or ten per cent or fourteen

per cent or fifty four per cent or seventy four per cent shares or voting rights in a company, in any manner whatsoever, shall disclose at every stage the aggregate of his shareholding or voting rights in that company to the company and to the stock exchanges where shares of the target company are listed within two days of the acquisition of shares or voting rights, as the case may be. In the instant case, it is observed that the shareholding of the Noticee crossed 5% on November 11, 2010 and Noticee made the required disclosure under SAST Regulations, 1997 to BSE on March 31, 2011 as seen from reply of BSE e-mail dated September 08, 2017. The same was also admitted by the Noticee that she made the said disclosures to the Company and BSE on March 31, 2011. In this regard, I am of the view that Noticee did not make the required disclosures within the prescribed time as specified under the provision of regulation 7(1) r/w 7(2) of SAST Regulations, 1997.

- c) Further, with regard to the disclosures under 13(1) of PIT Regulations, 1992 Noticee replied that she made the required disclosures however, she is unable to trace it. In this regard, Noticee contended that the said disclosure under PIT Regulations, 1992 is similar with the disclosures under regulations 7(1) r/w 7(2) of SAST Regulations, 1997. Noticee also cited the Hon'ble SAT order in the matter of Ashok Shivilal Rupani and Others Vs. SEBI (Appeal no. 417 of 2018) wherein the Hon'ble SAT observed that *"It is alleged that disclosure under PIT Regulations was not made but similar disclosure was made by the appellant under SAST Regulations. Therefore, information was available on the Stock Exchange and therefore it cannot be said that the respondents were unaware of the alleged violations. Further, the purpose of disclosure was to make the market aware of the change of shareholding of the shareholders. When a disclosure was made by the company under SAST Regulations the investors became aware of the change in the shareholding. The non-compliance of Regulation 13 if any becomes technical in nature"*.
- d) In this regard, I am of the view that disclosures under the regulations 7(1) r/w 7(2) of SAST Regulations, 1997 and regulation 13(1) of PIT Regulations, 1992 are not very different. Under regulations 7(1) r/w 7(2) of SAST Regulations, 1997, acquirer needs to file disclosure to the Company and to the Stock exchange on

which the shares of the Company are listed whereas under regulation 13(1) of PIT Regulations, 1992, any person who holds more than 5% shares in any listed Company needs to file disclosure to the Company. Hence, Regulation 7(1) of SAST Regulations, 1997 and regulation 13(1) of PIT Regulations, 1992 are not stand alone Regulations and one is corollary of other. In the instant matter, as seen from available record, Noticee did not make the required disclosures within the prescribed time as specified under regulations 7(1) r/w 7(2) of SAST Regulations, 1997 and hence not complied with the said provisions of SAST Regulations, 1997. Further, w.r.t. the disclosures under 13(1) of PIT Regulations, 1992, Noticee replied that she made the disclosures for the said transactions, however Noticee did not submit any evidentiary proof in this regard that Noticee made the said disclosure within the prescribed time. Further, from the reply of the Company dated November 28, 2017, it is seen that entity's name is not in the list of the entities provided by Company that it received the disclosures during the period January 01, 2010 to March 31, 2011. Therefore, it cannot be ascertained that Noticee made the required disclosure to the Company under 13(1) of PIT Regulations, 1992 within the prescribed time as specified in the said Regulations.

- e) In view of the above facts, I am of the view that Noticee did not make the required disclosure within the prescribed time as specified under the said provision of regulation 7(1) r/w 7(2) of SAST Regulations, 1997. Further, due to absence of evidentiary proof regarding the disclosure made under 13(1) of PIT Regulations, 1992, Noticee violated the provision of regulation 13(1) of PIT Regulations, 1992. Therefore, Noticee violated the provision regulations 7(1) r/w 7(2) of SAST Regulations, 1997 and regulation 13(1) of PIT Regulations, 1992 and the allegations against the Noticee as alleged in SCN stand established.

**10. Issue (b) Do the violations, if any, on the part of the Noticee attract monetary penalty under section 15A(b) of the SEBI Act, 1992 for the alleged violations by the Noticee?**

Therefore, after taking into account the aforesaid entire facts / circumstance of the case, and other material available on record, I am of the view that the said failure to make disclosure within the prescribed time for the purchase of shares in the said scrip



as prescribed in PIT Regulations, 1992 and SAST regulations, 1997 on the part of the Noticee attracts the imposition of monetary penalty under section 15A(b) of the SEBI Act, 1992, respectively which is reproduced below:

***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) 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.*

**11. Issue (c) - What would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors mentioned in section 15J of the SEBI Act, 1992 r/w rule 5 (2) of the Adjudication Rules, 1995?**

a) While determining the quantum of penalty under section 15J of SEBI Act, 1992, it is important to consider the factors stipulated in section 15J of SEBI Act, 1992 r/w rule 5 (2) of the Adjudication Rules, 1995 , which reads as under:-

***The SEBI Act, 1992***

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

*While adjudging quantum of penalty under section 23 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."*

b) I observe, that the material available on record, does not quantify any disproportionate gains or unfair advantage, if any, made by the Noticee and the loss, if any, suffered by the investors due to such failure on the part of the Noticee. Material on record does not show that failure is repetitive in nature. I find that the Noticee failed to make required disclosures as specified under the provisions of regulations 7(1) r/w 7(2) of SAST Regulations, 1997 and regulation 13(1) of PIT Regulations, 1992.

c) The Regulation seeks to achieve fair treatment by inter alia mandating disclosure of timely and adequate information to enable shareholders to make an informed

decision and ensuring that there is a fair and informed market in the shares of companies affected by such change in control. In this regard, it would be appropriate to refer to the observations made by the Hon'ble SAT in the matter of Milan Mahendra Securities Pvt. Ltd. Vs. SEBI–, *“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.”*

- d) Therefore, taking into account the facts and circumstances of this matter, I am of the view that a penalty of Rs. 1,00,000/- (Rupees One Lakh Only) will be commensurate with the violation of regulations 7(1) r/w 7(2) of SAST Regulations, 1997 and regulation 13(1) of PIT Regulations, 1992 committed by the Noticee.

### **ORDER**

12. In exercise of the powers conferred under section 15-I of the SEBI Act, 1992 and rule 5 of the Adjudication Rules, 1995, I hereby impose a penalty of Rs. 1,00,000/- (Rupees One Lakh only) on the Noticee i.e. Rupal Vipulkumar Patel under section 15A(b) of the SEBI Act, 1992 for violations of regulation regulations 7(1) r/w 7(2) of SAST Regulations, 1997 and regulation 13(1) of PIT Regulations, 1992.
13. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order by one of following two modes:
  - a. By using the web link <https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html>
  - b. By way of Demand Draft in favour of “SEBI - Penalties Remittable to Government of India”, payable at Mumbai
14. Details of Demand Draft made as given in format below shall be sent to "The Division Chief, EFD-DRA-2, Securities and Exchange Board of India, SEBI Bhavan, Plot no. C- 4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051." and also to e-mail id :- [tad@sebi.gov.in](mailto:tad@sebi.gov.in)
  - a) Case Name
  - b) Name of the 'Payer/Noticee'
  - c) Date of Payment
  - d) Amount Paid
  - e) Transaction No.
  - f) Bank Details in which payment is made
  - g) Payment is made for (like penalties/disgorgement / recovery/ settlement amount and legal charges along with order details)

15. 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.
16. Copy of this Adjudication Order is being sent to the Noticee and also to SEBI in terms of rule 6 of the AO Rules, 1995.

**Date: November 28, 2019**

**SANGEETA RATHOD**

**Place: Mumbai**

**ADJUDICATING OFFICER**