

**BEFORE THE ADJUDICATING OFFICER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**  
**[ADJUDICATION ORDER NO. Order/MC/HP/2020-21/7952-7958]**

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

In respect of –

1. **Shreyas Dinesh Sharma (PAN: BHDP59985D)** having address at – 102 A, Shantivan II, Raheja Township, Malad East, Mumbai – 400097 and B 2103, Rustomjee Oriana, Gandhi Nagar, Bandra East Mumbai – 400051.
2. **Shruti Dinesh Sharma (PAN: DRKPS7975C)** having address at – 102 A, Shantivan II, Raheja Township, Malad East, Mumbai – 400097 and B 2103, Rustomjee Oriana, Gandhi Nagar, Bandra East Mumbai – 400051.
3. **M/s. Shreyas Intermediates Limited (PAN AADCS4979E)** having address at - D-21, D-22, D-23, M.I.D.C. Industrial Estate, Lote Parshuram, Taluka - Khed, Ratmagiri – 415722
4. **Dinesh Sharma HUF (PAN: AAFHD3451H)** having address at – 102 A, Shantivan II, Raheja Township, Malad East, Mumbai – 400097 and B 2103, Rustomjee Oriana, Gandhi Nagar, Bandra East Mumbai – 400051.
5. **Dinesh Sharma (PAN: ABIPS9306E)** having address at – 102 A, Shantivan II, Raheja Township, Malad East, Mumbai – 400097 and B 2103, Rustomjee Oriana, Gandhi Nagar, Bandra East Mumbai – 400051.
6. **Raj Kumar (PAN: AKKPS1106R)** having address at – EMP 21/203, Thakur Village, Kandivali East, Mumbai – 400101.
7. **Shankarlal Sharma (PAN: AHZPS4363E)** having address at - 6, Madrampura, Jaipur and and B 2103, Rustomjee Oriana, Gandhi Nagar, Bandra East Mumbai – 400051.

In the matter of Kesar Petro Products Limited

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**BACKGROUND**

1. Securities and Exchange Board of India (hereinafter be referred to as, the “**SEBI**”), initiated adjudication proceedings under Section 15A(b) of SEBI Act, 1992 (hereinafter be referred to as, the “**SEBI Act**”) against i) Shreyas Dinesh

Sharma, ii) Shruti Dinesh Sharma, iii) M/s. Shreyas Intermediates Limited, iv) Dinesh Sharma HUF, v) Dinesh Sharma, vi) Raj Kumar and vii) Shankarlal Sharma (hereinafter referred to as '**the Noticee No. 1 to 7** respectively or as '**the Noticees / You**' collectively). Adjudication proceedings have been initiated against the Noticees for the alleged violations as follows:-

- a) Noticee No. 1 and 2 for the alleged violation of Regulation 29(1) read with 29(3), Regulation 30(1) and Regulation 30(2) read with Regulation 30(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 2011 (hereinafter referred to as "**SAST Regulations**") and 13(1) of SEBI(Prevention of Insider Trading) Regulations, 1992 (hereinafter referred to as "**PIT Regulations**") read with Regulation 12 of PIT Regulations, 2015.
- b) Noticee No. 3, promoter of Kesar Petro Products Limited (hereinafter referred to as "Kesar / Scrip / Company") for the alleged violation of Regulation 29(2) read with 29(3), Regulation 30(1) and Regulation 30(2) read with Regulation 30(3) of SAST Regulations and 13(3) of PIT 1992 read with 12 of PIT Regulations, 2015
- c) Noticee No. 4 to 7 for the alleged violation of Regulation 30(1) and Regulation 30(2) read with Regulation 30(3) of SAST Regulations.

## **APPOINTMENT OF ADJUDICATING OFFICER**

2. Shri Sahil Malik was appointed as Adjudicating Officer (hereinafter referred to as "**AO**") vide order dated January 22, 2018 to inquire into and adjudge under section 15A(b) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**'), the aforesaid alleged violations against the Noticees. Thereafter, Shri V. S. Sundaresan was appointed as Adjudicating Officer vide order dated August 09, 2019. Subsequently, the undersigned was appointed as Adjudicating Officer vide Order dated December 24, 2019 which was communicated vide communique dated December 26, 2019.

## SHOW CAUSE NOTICE, REPLY AND HEARING

3. Show Cause Notice No. SEBI/EAD-12/SM/EE/6980/2018 dated March 6, 2018 (hereinafter be referred to as, the “**SCN**”) was served upon the Noticees under Rule 4(1) of the SEBI (Procedure for holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') to show cause as to why an inquiry should not be held and penalty be not imposed against them under Section 15A(b) of the SEBI Act for the aforesaid alleged violations of SAST Regulations and PIT Regulations.
4. The allegations levelled against the Noticees in the SCN are summarized as below:
5. The shares of the company are listed on Bombay Stock Exchange Limited (hereinafter referred to as "**BSE**").
6. It is alleged that Noticee No. 3 had transferred 17, 50,000 (24.08%) shares each to Noticee No. 1 and Noticee No. 2 during the quarter September 2012-December 2012.
7. As per BSE website, the shareholding of the Noticees for the quarters ending September 30, 2012 and December 31, 2012 is as follows:

S. No.	Name of promoter	No. of shares held (as on quarter ended Sep 30, 2012)	% of shares held (as on quarter ended Sep 30, 2012)	No. of shares held (as on quarter ended Dec 31, 2012)	% of shares held (as on quarter ended Dec 31, 2012)
1.	Shreyas Intermediates Limited	35,00,000	48.16	Nil	Nil
2.	Shreyas Dinesh Sharma	Nil	Nil	17,50,000	24.08
3.	Shruti Dinesh Sharma	Nil	Nil	17,50,000	24.08
4.	Dinesh Sharma HUF	30,00,000	41.28	30,00,000	41.28
5.	Dinesh Sharma	1	0	0	0
6.	Raj Kumar	5,00,000	6.88	5,00,000	6.88
7.	Shankarlal Sharma	1	0	1	0
	Total	70,00,002	96.32	70,00,001	96.32

8. Since the shareholding of Noticee 1 and 2 (acquirers) had crossed more than 5% individually, it triggered the disclosure requirement under Regulation 29(1) read with 29(3) of SAST Regulations and 13(1) of PIT 1992 read with Regulation 12 of PIT Regulations, 2015.
9. As on September 30, 2012, the shareholding of Noticee No. 3 (seller) was more than 5% and it had sold more than 2% shares to Noticee No. 1 and 2, due to which it was required to make the relevant disclosures under Regulation 29(2) read with 29(3) of SAST Regulations and 13(3) of PIT Regulations read with Regulation 12 of PIT Regulations, 2015.
10. BSE vide email dated November 02, 2015 replied that no disclosure was made under Regulation 29 of SAST Regulations and vide email dated November 24, 2015 confirmed that it had not received any disclosures under Regulation 13 of PIT Regulations for the above stated transactions during the quarter ended December 31, 2012. Hence it was alleged that Noticee No. 1, 2 and 3 have violated the aforesaid Regulations.
11. It was alleged that all the Noticees were Persons Acting in Concert (PACs) as they are related to each other.
12. The shareholding of the promoter group was more than 25% due to which the Noticees were required to make the disclosure under Regulation 30(1) & 30(2) read with 30(3) of SAST Regulations.
13. With respect to the annual disclosure under Regulation 30 of SAST Regulations, BSE vide email dated November 02, 2015 provided the following information:

S. No.	Disclosure u/r 30 for the year	Due date for disclosure	Actual date of disclosure	Status
1	2012	12-04-2012	16-04-2012	Delay
2	2013	09-04-2013	-	Not Complied
3	2014	10-04-2014	-	Not Complied

14. Hence it was alleged that, the Noticees have violated Regulation 30(1) & 30(2) read with 30(3) of SAST Regulations.

15. The relevant provisions of law are reproduced as under:

**Relevant provisions of SAST Regulations 2011**

**Disclosure of acquisition and disposal**

**29.(1)** Any acquirer who acquires shares or voting rights in a target company which taken together with shares or voting rights, if any, held by him and by persons acting in concert with him in such target company, aggregating to five per cent or more of the shares of such target company, shall disclose their aggregate shareholding and voting rights in such target company in such form as may be specified.

**29.(2)** Any acquirer, 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 every acquisition or disposal of shares of such target company representing two per cent or more of the shares or voting rights in such 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.

**Continual disclosures.**

**30(1)** Every person, who together with persons acting in concert with him, holds shares or voting rights entitling him to exercise twenty-five per cent or more of the voting rights in a target company, shall disclose their aggregate shareholding and voting rights as of the thirty-first day of March, in such target company in such form as may be specified.

**(2)** The promoter of every target company shall together with persons acting in concert with him, disclose their aggregate shareholding and voting rights as of the thirty-first day of March, in such 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 seven working days from the end of each financial year to,—

- (a) every stock exchange where the shares of the target company are listed; and
- (b) the target company at its registered office.

**Relevant provisions of PIT Regulation 1992**

***Disclosure of interest or holding in listed companies by certain persons – Initial Disclosure***

**13.(1)** Any person who holds more than 5% shares or voting rights in any listed company shall disclose to the company, 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.

***Continual disclosure.***

**(3)** Any person who holds more than 5% shares for voting rights in any listed company shall disclose to the company the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below 5%, 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 2% of total shareholding or voting rights in the company.

**Relevant provisions of PIT Regulation 2015**

***Repeal and Savings.***

**12.(2)** Notwithstanding such repeal,—

- (a) the previous operation of the repealed regulations or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred under the repealed regulations, any penalty, forfeiture or punishment incurred in respect of any offence committed against the repealed regulations, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid, shall remain unaffected as if the repealed regulations had never been repealed; and
- (b) anything done or any action taken or purported to have been done or taken including any adjudication, enquiry or investigation commenced or show-cause notice issued under the repealed regulations prior to such repeal, shall be deemed

16. It was stated in the SCN that the aforesaid alleged violations, if established, would make the Noticees liable for monetary penalty under Section 15A(b) of the SEBI Act.

17. SCN was served to the Noticees through Speed Post Acknowledgement Due (SPAD). Vide letter dated March 27, 2018, Joby Mathew & Associates, the authorized representative (AR) of Noticee(s) No. 1 to 5 and 7, requested for inspection of documents. Accordingly, vide letter dated April 03, 2018, Noticees

were granted inspection and inspection was conducted by Mr. Ramesh Singh Gogawat, Noticee, AR of the Noticees, Dinesh Sharma and Shruti Sharma.

18. An opportunity of hearing was provided to the Noticees on May 4, 2018 vide notice dated April 16, 2018 which was served to the Noticees.

a) Vide email dated April 30, 2018, Joby Mathew & Associates, the authorized representative (AR) of Noticee(s) No. 1 to 5 and 7, requested for adjournment of hearing, which was then rescheduled on May 11, 2018. Noticees submitted their reply vide letter dated May 9, 2018. Hearing on May 11, 2018 was attended by Mr. Joby Mathew, Mr. Ramesh Gogawat and Mr. Dinesh Sharma, the Authorised Representative of the Noticee No. 1 to 5 and 7 (AR). During the hearing, AR of the Noticees reiterated the submissions made in their reply dated May 9, 2018.

b) Vide email dated April 27, 2018, Noticee No. 6, through its AR, Mr. Vikas Bengani, replied that it had received the SCN dated March 6, 2018 and hearing Notice dated April 16, 2018 stating that SEBI has received reply to the SCN. This was shocking and surprising as it had not made any reply to the SCN till date as claimed in the notice. By letter dated March 27, 2018, it had made complaint to the Chairman against issuing the above referred SCN, referring it as one of the Noticee despite the following facts:-

- It was allotted 5,00,000 Equity shares of Rs.10/- each of Kesar in Public Category on September 12, 2009 against payment of consideration Rs.50,00,000/-.
- It had written several letters to BSE and SEBI regarding wrongful categorization to it as Promoter by the Company through letters dated June 14, 2012, July 15, 2014 and September 11, 2017.
- As a whistle-blower, it made Complaint dated February 25, 2015 against the irregularities done by the Company and its Promoters regarding violation of MPS. It was shocking and surprising to it that instead of acting against the erring Company and its

Promoters, SEBI issued SCN to it based on its Complaint as whistle-blower.

- Along with its AR, it had personally attended the hearing before the Ld. WTM, SEBI on September 25, 2017 and gave detailed submissions dated October 13, 2017 as to why it should not be treated as a Promoter of the Company and be given due credit for bringing the entire issue of violation of MPS norms to the notice of SEBI.
- Even the Company took notice of the fact and reclassified its shareholding from Promoter to Public Category under Regulation 31A of SEBI (LODR) Regulations, 2015.
- Again it requested to the Hon'ble Chairman to recall the SCN else it would be compelled to approach appropriate legal forum.
- It cannot appear for Personal hearing scheduled on May 4, 2018.
- It further requested to keep the aforesaid proceeding in abeyance until it got response from Hon'ble Chairman to the Complaint letter dated March 27, 2018.

c) Another opportunity of hearing was provided to Noticee No. 6 on May 21, vide notice dated May 8, 2018, at its address - Raj Kumar, EMP 21/203, Thakur Village, Kandivali East, Mumbai – 400101, through Speed Post Acknowledgement Due (SPAD). However, this was returned undelivered. Therefore, another opportunity of hearing was provided to the Noticee on May 30, 2018, through email to Vikas Bengani, the authorized representative (AR) of the Noticee. Hearing on May 30, 2018 was attended by Mr. Vikas Bengani and Noticee himself. During the hearing, AR of the Noticee submitted letters dated July 10, 2017 and October 13, 2017 addressed to SEBI in regard to SCN issued under Section 11 of SEBI Act as his reply under SCN issued under current Adjudication Proceedings.



19. Another opportunity of hearing was provided to the Noticees on September 3, 2018 vide notice dated August 16, 2018 which was served to the Noticees.

- a) Vide email dated August 30, 2018, Dinesh Sharma requested for adjournment of hearing, which was then rescheduled on September 7, 2018. Dinesh Sharma also informed that Noticee No. 1, 2, 4, 5 and 7, address is – B 2103, Rustomjee Oriana, Gandhi Nagar, Bandra East Mumbai – 400051. Hearing on September 7, 2018 was attended by Mr. Dinesh Sharma and Ms Manali M More, the Authorised Representative of the Noticee No. 1 to 5 and 7 (AR). During the hearing AR of the Noticees sought another date of hearing. Accordingly, another date of hearing was granted to the Noticees on September 27, 2018 which was postponed to October 25, 2018 due to administrative reasons.
- b) Personal hearing granted on September 3, 2018 Noticee No. 6 was postponed to September 7, 2018 due to administrative reasons. Hearing on September 7, 2018 was attended by Mr. Vikas Bengani, AR of the Noticee. During the hearing AR of the Noticee was advised to provide the proof of payment of shares acquired by him through Mr. Dinesh Sharma and his Family and the status of allotment of shares of Kesar Petro Products Ltd. Another opportunity of hearing was granted to the Noticee on September 27, 2018.
- c) Vide email dated September 24, 2018, Mr. Vikas Bengani, AR of the Noticee No. 6, requested for adjournment of hearing. Therefore another opportunity of hearing was granted to the Noticee on October 25, 2018 vide notice dated September 26, 2018. Hearing on October 25, 2018 was attended by Mr. Shubhkaran Jain, Mr. Vikas Bengani, AR of the Noticee and Noticee himself.

20. The key submissions of the Noticee No. 1 to 5 and 7 vide its reply dated May 9, 2018, are reproduced as below:-

- a) Kesar Petro Products Ltd (“the Target Company”) is a public company incorporated in the year 1990 under provisions of the Companies Act, 1956 and inter-alia engaged in the business of manufacturing Bis Phenol

- A. The equity shares of the Target Company are listed on the Bombay Stock Exchange Ltd. ("BSE").
- b) For various reasons, the Target Company was forced to suspend its manufacturing operations sometime in the month of November 2004 and on September 23, 2005, the Board of Industrial and Financial Reconstruction ("BIFR") declared the Target Company as a sick undertaking. Thereafter, vide an order dated April 28, 2006, the BIFR held that there was no viable rehabilitation proposal and hence ordered the Target Company to be wound up. At that point of time, the Target Company had an approximately 33,000 shareholders and subsequently, trading in the shares of the Target Company was suspended on BSE.
- c) On June 29, 2006, Shreyas Intermediates Ltd ("SIL"), a public company incorporated under the provision of the Companies Act, 1956 in the year 1989 and promoted by Mr. Dinesh Sharma and whose shares are listed on the BSE, submitted a proposal to the BIFR to take over the Target Company and the BIFR vide its order dated August 17, 2007 accepted the proposal of SIL and ordered a scheme of rehabilitation of the Target Company by sanctioning a takeover by SIL. As a result of the takeover the Target Company by SIL and subsequent efforts of the present Promoter/ Promoter group, the Target Company was eventually revived and wealth was created for the shareholders of the Target Company, which had been ordered to be wound up.
- d) Pursuant to the sanction of rehabilitation scheme by BIFR, the capital of the Target Company was restructured and in and around April 2008, SIL and Dinesh Sharma HUF infused fresh money in the Company by way of loans to the Target Company and equity share capital, thus acquiring 65 lakh shares. Accordingly, shareholding of SIL (35 lakh shares equivalent to 51.72%) and Dinesh Sharma HUF (30 lakh shares equivalent to 44.33%) in the Target Company was disclosed to BSE.
- e) Thereafter, from time to time, the Target Company filed its Shareholding Pattern with BSE disclosing the details of the Promoters and their holding. As per the shareholding Pattern of the Target Company for the Quarter ended September 2012 the details of the Promoter and Promoter Group is as under:-

S. No.	Name of promoter	No. of shares held	% of shareholding
1.	Shreyas Intermediates Limited (Noticee No. 3)	35,00,000	48.16
2.	Dinesh Sharma HUF (Noticee No. 4)	30,00,000	41.28
3.	Dinesh Sharma (Noticee No. 5)	1	0
4.	Raj Kumar (Noticee No. 6)	5,00,000	6.88
5.	Shankarlal Sharma (Noticee No. 7)	1	0
	Total	70,00,002	96.32

- f) SIL(Noticee No.3), Dinesh Sharma HUF (Noticee No. 4) and Dinesh Sharma (Noticee No. 5) were Promoters of the Target Company and declared as such by the Target Company since April 2008 to September 2012.

- g) On November 09, 2012, SIL transferred its 17,50,000 equity shares in the Target Company, equivalent to 24.08% (each) to Noticees 1 and 2. The transfer was done after giving a proper notice to the BSE and filing proper disclosures of how the transaction was done. It may be noted that intimation regarding the impending acquisition was given to the BSE by the Target Company vide letter dated November 03, 2012 and received by the BSE on November 05, 2012; thereafter, vide their letters dated November 13, 2012, Shreyas Sharma (Noticee No. 1) and Shruti Sharma (Noticee No. 2) submitted a report to the BSE in respect of the aforesaid acquisition of shares.
- h) It may be noted that Noticee 1 and 2 did not pay any consideration for the said transfer and therefore, the said transfer is not a purchase of shares by them, rather since they and SIL were promoters of the Target Company and disclosed as such, the transaction was an inter se transfers of shares among promoters. Subsequent to the said inter se transfers of equity shares, the shareholding pattern of the Target Company for the quarter ended December 2012 the details of the promoter and promoter group is as under:

S. No.	Name of promoter	No. of shares held	% of shareholding
1	Dinesh Sharma HUF (Noticee No. 4)	30,00,000	41.28
2	Raj Kumar (Noticee No. 6)	5,00,000	6.88
3	Shankarlal Sharma (Noticee No. 7)	1	0
4	Shreyas Dinesh Sharma (Noticee No. 1)	17,50,000	24.08
5	Shruti Dinesh Sharma (Noticee No. 2)	17,50,000	24.08
	Total	70,00,001	96.35

- i) Noticee No. 1 to 5 and 7 are Persons Acting in Concert (PACs) and are related to each other.
- j) Regulation 29(1) and 29(3) of the SAST 2011, there has to be change in the shareholding of an acquirer and PACs; in this case, the total shareholding of the PACs remained unchanged due to the inter se transfer of 35,00,000 shares of the Target Company between Noticee No 3 and Noticees 1 & 2 who were part of the promoter group. There was no sale of shares by Noticee no. 3 to Noticee no. 1 & 2.
- k) The Target Company and Noticees 1 & 2 submitted advance information of the aforesaid inter se transfer of 35,00,000 shares to the BSE on November 5, 2012, 4 days prior to the transfer and upon conclusion of the transaction, Noticees 1 & 2 submitted a report to BSE setting out details of the same including the post transaction shareholding on November 13, 2012 i.e. on the 2<sup>nd</sup> working day after the transaction- the transaction took place on November 9, 2012, a Friday and the report was filed with BSE on November 13, 2102, the following Tuesday. Thus BSE, the stock exchange on which the shares of the company are listed, was informed of the transfer and the resultant change in shareholding. The statements of BSE to the contrary vide their email dated November 02, 2015 therefore, seem to be erroneous and false.

- l) Since as aforesaid, disclosures regarding the transaction and the resultant change in shareholding were made to BSE, Noticees 1 & 2 have complied with the requirements of Regulation 29(1) read with 29(3) of SAST Regulations, 2011.
- m) With regards to the allegations that Noticees 1 and 2 did not comply with the requirements of Regulation 13(1) of the PIT Regulations, 1992 r/w regulation 12 of PIT Regulations 2015, vide report dated November 13, 2012, Noticees 1 and 2 had submitted details of the shares transferred into their name by Noticee 3 within 2 working days of the said transfer. Therefore, they have complied with the requirements of Regulation 13(1) of the PIT 1992 r/w Regulation 12 of PIT 2015.
- n) With reference to paragraphs 9 to 12 of the said SCN, Annual Disclosures under Regulations 30(1) & 30(2) read with 30(3) of the SAST Regulations. 2011 were made by the Noticees for the years 2013 and 2014. Evidently, the statement in BSE's email dated November 2, 2015 that Annual Disclosures for the years 2013 and 2014 were not received is erroneous and false. In fact the Noticees made the annual disclosures to BSE which is evident from the Disclosures duly acknowledged by BSE during the relevant time and the copies of the same were provided.
- o) In view of the above, considering that the Noticees have complied with the requirements of Regulations 29 & 30 of the SAST Regulations 2011 and Regulation 13 of PIT Regulations 1992 and Regulation 12 of PIT Regulations 2015, since there was no change in the shareholding of the promoter group and of PACs at the relevant time and since no harm or loss has been caused to investors, Noticees requested that they may be given the benefit of the doubt and discharged from the present proceedings and that the said SCN may be withdrawn.

21. The key submissions of the Noticee No. 6 vide its reply dated October 25, 2018, are reproduced as below:-

- a) Noticee submitted that he had not acquired any shares through Mr. Dinesh Sharma and his family in the scrip of Kesar. He had applied for the shares of the Company and got allotted 5,00,000 shares of Rs.10/- each of the Company. He had paid entire amount of application money i.e. Rs. 50,00,000/- from his bank account and the details of the same are already provided on page number 18-20 of his letter dated October 13, 2017.
- b) He had been allotted 5,00,000 shares of Rs.10 each of the Company under Public Category. The Company had confirmed the allotment of shares to him vide its letter dated September 12, 2009 same was

provided at page number 21 of his letter dated October 13, 2017. However, till date the Company has not delivered him share certificate for 5,00,000 shares of Rs.10/- each of the Company.

22. Kesar Petro Products Limited vide letter dated April 8, 2019 submitted the following:-

- a) Noticee met with SEBI officials on May 11, 2018 and September 07, 2018. It also subsequently submitted an order passed in respect of Kesar Petro Products Limited by the Board for Industrial and Financial Reconstruction dated August 17, 2007 and an intimation filed with RoC (Registrar of Companies) dated November 16, 2016 in this regard vide letter dated September 24, 2018.
- b) It submitted that it had been providing all information/documents that had been sought from it from time to time.
- c) Since it had been a considerable time since the meeting, it requested to expedite the matter and dispose of the proceedings in accordance with law.

23. As the inquiry in the matter has been completed, I now proceed to decide the case on the basis of SCN issued, replies made by the Noticees and material available on record.

## **CONSIDERATION OF ISSUES AND FINDINGS**

24. The issues that arise for consideration in the instant matter are:

**Issue No. I** Whether the Noticee No. 1 and 2 had failed to make mandated disclosures under the Regulation 29(1) read with 29(3) of SAST Regulations and Regulation 13(1) of PIT Regulations, 1992 read with Regulation 12 of PIT Regulations, 2015 and Noticee No. 3 had failed to make mandated disclosures under the Regulation 29(2) read with 29(3) of SAST Regulations and Regulation 13(3) of PIT Regulations, 1992 read with Regulation 12 of PIT Regulations, 2015 as alleged in the SCN?

**Issue No. II** Whether the Noticee No. 1 to 7 had failed to make mandated disclosures under the Regulation 30(1) and Regulation 30(2) read with 30(3) of SAST Regulations as alleged in the SCN?

**Issue No. III** If yes, whether the failure, on the part of the Noticees would attract monetary penalty under Section 15A(b) of the SEBI Act?

**Issue No. IV** If yes, what would be the monetary penalty that can be imposed upon the Noticees taking into consideration the factors stipulated in Section 15J of the SEBI Act read with Rule 5(2) of the Adjudication Rules?

**Issue No. I** **Whether the Noticee No. 1 and 2 had failed to make mandated disclosures under the Regulation 29(1) read with 29(3) of SAST Regulations and Regulation 13(1) of PIT Regulations, 1992 read with Regulation 12 of PIT Regulations, 2015 and Noticee No. 3 had failed to make mandated disclosures under the Regulation 29(2) read with 29(3) of SAST Regulations and Regulation 13(3) of PIT Regulations, 1992 read with Regulation 12 of PIT Regulations, 2015 as alleged in the SCN?**

25. I note from the SCN that as on September 30, 2012, the shareholding of Noticee No. 3 (seller) was more than 5% and it had sold more than 2% shares to Noticee No. 1 and 2, due to which Noticee No. 3 triggered disclosures under Regulation 29(2) read with 29(3) of SAST Regulations and 13(3) of PIT 1992 read with 12 of PIT 2015 and Noticee No. 1 and 2 (acquirers) had crossed more than 5% individually and it triggered the disclosure requirement under Regulation 29(1) read with 29(3) of SAST Regulations and 13(1) of PIT 1992 read with 12 of PIT 2015.

26. Noticees in their reply submitted that the transaction took place on November 9, 2012 and report was filed to BSE on November 13, 2012 and thus they have not violated the above said SAST and PIT Regulations. On perusal of the reply,

I note that the disclosure filed with BSE on November 13, 2012 was under Regulation 10 of SAST Regulations. Hence, I note that while information regarding the change in shareholding was filed by the Noticees, the same was done under provision pertaining to inter-se transfer of shares amongst promoters, and while the substantial disclosure of change of ownership was made, the disclosures were not filed under the Regulation 29(1) and 29 (2) read with 29(3) of SAST Regulations and 13(1) and 13(3) of PIT Regulations, thereby violating said provisions.

**Issue No. II      Whether the Noticee No. 1 to 7 had failed to make mandated disclosures under the Regulation 30(1) and Regulation 30(2) read with 30(3) of SAST Regulations as alleged in the SCN?**

27. It was alleged in the SCN that all the Noticees were Persons Acting in Concert (PACs) as they are related to each other. The shareholding of the promoter group was more than 25% due to which the Noticees were required to make the disclosure under Regulation 30(1) & 30(2) read with 30(3) of SAST Regulations. I note from the replies of the Noticee No. 1 to 5 and 7, dated May 9, 2018, that Noticee No. 1 to 5 and 7 have acted as Persons Acting in Concert (PACs) and are related to each other. Further it also informed that it had made the annual disclosures to BSE and provided the copies of it. On perusal of the reply of the Noticees, I note that Noticees have made the said disclosures under Regulation 30 of SAST Regulations for the years 2013 and 2014 on April 7, 2013 and April 7, 2014 by Noticee No. 1, Noticee No. 2 and Noticee No. 4 as PAC with Noticee No. 5 to 7. Shareholding of Noticee No. 3 was Nil.

28. I note from the SCN that Noticee No. 6 was also allotted 5,00,000 shares in the promoter category during the quarter ended September 2012. However, Noticee No. 6 in his reply submitted that he was only an investor in the company and was never a promoter of the target Company. In support of his argument, Noticee has submitted copy of a letter dated June 14, 2012 addressed to BSE Ltd (with a receipt stamp of BSE Ltd), intimating BSE regarding his wrongful

categorisation as part of the promoter group and requesting BSE to instruct the Target Company to regroup him and put him in the general category. I note that while the copy of the Board resolution allotting the shares, filed along with Form 2 is silent on whether the allottee – Noticee No. 6 belongs to the promoter group, letter dated May 27, 2010 filed by the Target Company to BSE in the matter of listing of additional capital, inter-alia, refers to the allotment as made to ‘individual public namely Mr. Raj Kumar’.

29. While Noticee 6 has been disclosed under the promoter category in the shareholding patterns from September 2010 to December 2016, he has been taking a stand and representing to BSE and the company since June 2012 that he is not part of the promoter group and has been wrongfully categorized so. The company has re-categorized him under ‘public category’ in the shareholding pattern since March 2017 onwards. As to whether Noticee No. 6 could be deemed to be a PAC for the purpose of Regulation 30, I note that there has been a long standing dispute between Noticee No. 6 and other Noticees. Both parties have lodged complaints against each other before SEBI and also before other forums including criminal complaints. Further, according to the submission of Noticee No. 6, he has also not been provided with the share certificate in respect of the 5 lakh shares allotted to him. Noticee No. 6 has raised various complaints against the Noticees before BSE and SEBI vide letters dated April 30, 2012, June 14, 2012 and SCORES complaint dated June 19, 2012, for non-receipt of the share certificates. In view of the serious disputes and differences between Noticee No. 6 and the promoters of the Target Company, even before the acquisition of shares by Noticee Nos. 1 and 2 in the Target Company on November 09, 2012, I am of the opinion that the facts and records before me do not indicate any common objective or purpose or cooperation among Noticee No. 6 and other Noticees to be deemed to be a PAC. Hence, I find that Noticee No. 6 cannot be considered to be PAC for the purpose of Regulation 30. In view of the above, I find that Noticee No. 6 did not incur any obligation under Regulation 30(1) & 30(2) read with 30(3) of SAST Regulations to disclose for the years 2012 to 2014.



30.I also note from the SCN that BSE vide email dated November 02, 2015 provided the following information:

S. No.	Disclosure u/r 30 for the year	Due date for disclosure	Actual date of disclosure	Status
1	2012	12-04-2012	16-04-2012	Delay
2	2013	09-04-2013	-	Not Complied
3	2014	10-04-2014	-	Not Complied

31.From the replies of the Noticees 1 to 5 and 7, I find that they have produced acknowledged copy of the disclosures made under Regulation 30 for the years March 2013 and March 2014 vide letters dated April 7, 2013 and April 7, 2014. On perusal of the letters I find that the receipt is shown as acknowledged by BSE on April 9, 2013 and April 9, 2014.

32.In view of the above, I am inclined to accept the contentions of the Noticees that they had submitted the necessary disclosures to BSE as required under Regulation 30(1) & 30(2) read with 30(3) of SAST Regulations for the years 2013 and 2014. Hence the non-compliance in this regard is not established.

**Issue No. III      If yes, whether the failure, on the part of the Noticees would attract monetary penalty under Section 15A(b) of the SEBI Act?**

**&**

**Issue No. IV      If yes, what would be the monetary penalty that can be imposed upon the Noticees taking into consideration the factors stipulated in Section 15J of the SEBI Act read with Rule 5(2) of the Adjudication Rules?**

33.The failure of the Noticee No. 1 and 2 in making disclosures as required under Regulation 29(1) read with 29(3) of SAST Regulations and 13(1) of PIT Regulations read with Regulation 12 of PIT Regulations 2015 and Noticee No. 3 in making disclosures as required under Regulation 29(2) read with 29(3) of

SAST Regulations and 13(3) of PIT Regulations read with Regulation 12 of PIT Regulation 2015 is established for the transaction carried out on November 9, 2012. However, it is also noted that the substantive information required to be disclosed under the said Regulations was made available in public domain through the disclosures made by the Noticees under Regulation 10 on November 13, 2012.

34. Hence, while the aforesaid violations are established, in view of necessary information being made available to public through disclosures made under Regulation 10 of the SAST Regulations, I am of the view that this is not a fit case for imposition of penalty.

### **ORDER**

35. In view of the findings noted in the preceeding paragraphs, the adjudication proceeding initiated against the Noticees i.e. i) Shreyas Dinesh Sharma, ii) Shruti Dinesh Sharma, iii) M/s. Shreyas Intermediates Limited, iv) Dinesh Sharma HUF, v) Dinesh Sharma, vi) Raj Kumar and vii) Shankarlal Sharma vide SCN dated March 6, 2018 are disposed of.

36. Copy of this Adjudication Order is being sent to the Noticees and also to SEBI in terms of Rule 6 of the Adjudication Rules.

**DATE: JUNE 19, 2020**

**PLACE: MUMBAI**

**MANINDER CHEEMA**

**ADJUDICATING OFFICER**