

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO. EAD-7/BD/NR/2019-20/7307-7309**

**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) RULES, 1995**

In respect of

1. Nutraplus India Ltd., (PAN: AAACN1882EE) 317, Pioneer Industrial Estate Subhash Road End Jogeshwari (E) Mumbai – 400060.	2. Gita Mukesh Naik (PAN: ABAPN7778H) C-402, Avantika Apartment Birla Lane, Juhu, Vile Parle West Mumbai – 400049.
3. Nidhi Naik (PAN: APQPN7426N) C-402, Avantika Apartment Birla Lane, Juhu, Vile Parle West Mumbai – 400049.	

In the matter of Nutraplus India Ltd.,

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') conducted an investigation in the scrip of Nutraplus India Ltd., (*hereinafter referred to as "**Nutraplus**" / "**Company**"*) *inter-alia* to ascertain any possible violation of the provisions of SEBI Act, 1992 and SEBI (PFUTP) Regulations, 2003 by certain connected entities during the period January 1, 2015 and July 27, 2017 (*hereinafter referred to as "**Investigation Period**" / "**IP**"*). The investigation revealed that Nutraplus India Ltd., (*Noticee 1*) had made delayed disclosure and in another instance failed to make any disclosure consequent upon change in shareholding of one of its promoters. It was also observed in the investigation that two of the promoters of Nutraplus namely Gita Mukesh Naik (*Noticee 2*) and Nidhi Naik (*Noticee 3*), failed to make the requisite disclosures consequent upon change in their shareholding. Therefore, it was alleged that the Noticees by not making the requisite disclosures in terms of SEBI (Prohibition of Insider Trading Regulations), 2015 (*hereinafter referred to*

“PIT Regulations”) and SEBI (Substantial Acquisition of Shares & Takeovers), 2011 (*hereinafter referred to “SAST Regulations”*) had violated the following provisions of SEBI (PIT) and SEBI (SAST) Regulations:

Sl. No.	Name of the Noticee	Violations observed
1	Nutraplus India Ltd.,	Regulation 7 (2) (b) of SEBI (PIT) Regulations, 2015.
2	Gita Mukesh Naik	Regulation 7 (2) (a) of SEBI (PIT) Regulations, 2015.
3	Nidhi Naik	Regulation 29 (2) read with Regulation 29 (3) of SEBI (SAST) Regulations, 2011.

APPOINTMENT OF ADJUDICATING OFFICER

- SEBI initiated Adjudication Proceedings against the Noticees and appointed the undersigned as the Adjudicating Officer vide Order dated August 28, 2019 under Section 15I of the SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (*hereinafter referred to as “SEBI Adjudication Rules”*) to inquire into and adjudge under Section 15 A (b) of the SEBI Act for the alleged violation of provisions SEBI (PIT) Regulations and SEBI (SAST) Regulations.

SHOW CAUSE NOTICE, REPLY AND HEARING

- A common Show Cause Notice (*hereinafter referred to as “SCN”*) bearing ref. no. EAD-7/BJD/NJMR/6268/2020 dated February 17, 2020 was served on the Noticees under Rule 4 of SEBI Adjudication Rules to show cause as to why an inquiry be not held against them in terms of Rule 4 of the SEBI Adjudication Rules and penalty be not imposed under section 15 A (b) of the SEBI Act, 1992 for the violation alleged to have been committed by them.
- The following is alleged in the SCN:

- The shareholding pattern of the Company from the quarter ended (QE) December 2014 to March 2017 is furnished hereunder:

Particular	Quarter ended Dec 14	Quarter ended March 15
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	No. of sharehold ers	No. Of shares	%	No. of sharehol ders	No. Of shares	%
Promoter Holding	7	39,07,500	59.25	7	39,06,100	35.00
Non Promoter Holding	6105	26,87,500	40.75	6191	72,55,848	65.00
Total share capital	6112	65,95,000	100.00	6198	1,11,63,348	100.00
	Quarter ended June 15			Quarter ended Sept 15		
Promoter Holding	6	47,10,000	39.37	6	47,10,000	39.37
Non Promoter Holding	6237	72,53,348	60.63	6310	72,53,348	60.63
Total share capital	6243	1,19,63,348	100.00	6316	1,19,63,348	100.00

Particular	Quarter ended Dec 15			Quarter ended March 16		
	No. of shareholders	No. Of shares	%	No. of shareholders	No. Of shares	%
Promoter Holding	6	47,10,300	38.25	6	50,65,300	39.98
Non Promoter Holding	6278	76,05,648	61.75	6282	76,05,648	60.02
Total share capital	6284	1,23,15,948	100.00	6288	1,26,70,948	100.00
	Quarter ended June 16			Quarter ended Sept 16		
Promoter Holding	6	57,30,300	42.97	6	62,10,300	40.08
Non Promoter Holding	6235	76,05,648	57.03	6645	92,85,648	59.92
Total share capital	6241	1,33,35,948	100.00	6651	1,54,95,948	100.00

Particular	Quarter ended Dec 16			Quarter ended March 17		
	No. of shareholders	No. Of shares	%	No. of shareholders	No. Of shares	%
Promoter Holding	4	62,08,600	40.07	4	1,36,58,920	40.07
Non Promoter Holding	6939	92,87,348	59.93	8009	2,04,32,166	59.93
Total share capital	6943	1,54,95,948	100.00	8013	3,40,91,086	100.00
	Quarter ended June 17			Quarter ended Sept 17		
Promoter Holding	4	1,36,58,920	40.07	4	1,36,58,920	40.07
Non Promoter Holding	8116	2,04,32,166	59.93	8084	2,04,32,166	59.93
Total share capital	8120	3,40,91,086	100.00	8088	3,40,91,086	100.00

(b) It is observed from the above table that there is an increase in total share capital of the company during the period from QE December 2014 to QE March 2017. The company vide its letter dated January 05, 2018 submitted the details of all changes in the capital structure of the company. The same is tabulated below:

Sl. No.	Date	Total no of equity shares (Opening Balance)	No of equity shares	Particulars	Total no of equity shares (Closing Balance)
1	26.02.2015	6595000	3218500	Allotment of equity shares on preferential basis	9813500
2	12.03.2015	9813500	1349848	Allotment of equity shares on preferential basis	11163348
3	29.05.2015	11163348	800000	Allotment of equity shares on conversion of warrants into equity shares	11963348
4	08.12.2015	11963348	289300	Allotment of equity shares on preferential basis	12252648
5	22.12.2015	12252648	63300	Allotment of equity shares on preferential basis	12315948
6	30.03.2016	12315948	355000	Allotment of equity shares on conversion of warrants into equity shares	12670948
7	12.04.2016	12670948	185000	Allotment of equity shares on conversion of warrants into equity shares	12855948
8	02.05.2016	12855948	480000	Allotment of equity shares on conversion of warrants into	13335948

Sl. No.	Date	Total no of equity shares (Opening Balance)	No of equity shares	Particulars	Total no of equity shares (Closing Balance)
				equity shares	
9	11.08.2016	13335948	427160	Allotment of equity shares on conversion of warrants into equity shares	13763108
10	20.08.2016	13763108	472840	Allotment of equity shares on conversion of warrants into equity shares	14235948
11	25.08.2016	14235948	500000	Allotment of equity shares on conversion of warrants into equity shares	14735948
12	04.09.2016	14735948	100000	Allotment of equity shares on conversion of warrants into equity shares	14835948
13	11.09.2016	14835948	660000	Allotment of equity shares on conversion of warrants into equity shares	15495948
14	23.01.2017	15495948	1549595	Allotment of equity shares by way of bonus issue	17045543
15	27.02.2017	17045543	17045543	Stock split from face value of ₹ 10/- each to ₹ 5/- each	34091086

(c) The individual promoter shareholding during the period of investigation is tabulated hereunder:

Sl. No.	Name	No. of shares							
		QE Dec 14	%age	QE Mar 15	%age	QE Jun 15	%age	QE Sep 15	%age
1	Pareshbhai M Desai	50,800	0.77	50,800	0.46	--	--	--	--
2	Mukesh Dhirubhai Naik	11,64,800	17.66	11,64,800	10.43	11,67,300	9.76	11,67,300	9.76
3	Uday Desai	11,02,400	16.72	11,02,400	9.88	11,02,400	9.21	11,02,400	9.21
4	Gita Mukesh Naik	8,88,100	13.47	8,88,100	7.96	9,38,900	7.85	9,38,900	7.85
5	Jyotsana Mahesh Doshi	1,200	0.02	1,200	0.02	1,200	0.02	1,200	0.02
6	Mahesh H Doshi	200	0.00	200	0.00	200	0.00	200	0.00
7	Nidhi Naik	7,00,000	10.61	7,00,000	6.27	15,00,000	12.54	15,00,000	12.54
	Total	39,07,500	59.25	39,07,500	35.00	47,10,000	39.37	47,10,000	39.37

Sl. No.	Name	No. of shares							
		QE Dec 15	%age	QE Mar 16	%age	QE Jun 16	%age	QE Sep 16	%age
1	Mukesh Dhirubhai Naik	11,67,300	9.48	12,87,300	10.16	17,67,300	13.25	17,67,300	11.40
2	Uday Desai	11,02,400	8.95	12,22,400	9.65	12,22,400	9.17	17,02,400	10.99
3	Gita Mukesh Naik	9,38,900	7.62	10,53,900	8.32	12,38,900	9.29	12,38,900	7.99
4	Jyotsana Mahesh Doshi	1,200	0.01	1,200	0.01	1,200	0.01	1,200	0.01
5	Mahesh H Doshi	500	0.00	500	0.00	500	0.00	500	0.00
6	Nidhi Naik	15,00,000	12.18	15,00,000	11.84	15,00,000	11.25	15,00,000	9.68
	Total	47,10,300	38.25	50,65,300	39.98	57,30,300	42.97	62,10,300	40.08

Sl. No.	Name	No. of shares							
		QE Dec 16	%age	QE Mar 17	%age	QE Jun 17	%age	QE Sep 17	%age
1	Mukesh Dhirubhai Naik	17,67,300	11.40	38,88,060	11.40	38,88,060	11.40	38,88,060	11.40
2	Uday Desai	17,02,400	10.99	37,45,280	10.99	37,45,280	10.99	37,45,280	10.99
3	Gita Mukesh Naik	12,38,900	7.99	27,25,580	7.99	27,25,580	7.99	27,25,580	7.99
4	Nidhi Naik	15,00,000	9.68	33,00,000	9.68	33,00,000	9.68	33,00,000	9.68

	Total	62,08,600	40.07	1,36,58,920	40.07	1,36,58,920	40.07	1,36,58,920	40.07
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- (d) It is observed from the above tables that the no. of promoters reduced from 7 as on QE December 2014 to 4 as on QE September 2017. It was observed that the shareholding of one of the promoters, namely, Mr. Pareshbhai M Desai reduced from 50,800 shares as on QE December 2014 to NIL as on QE June 2015. It was also observed that two of the promoter entities, namely Mr. Mahesh H Doshi and Ms. Jyotsana Mahesh Doshi were not shown as part of promoter group of the company w.e.f QE December 2016, pursuant to reclassification to public (non-promoter) shareholders.
- (e) Vide summons dated December 15, 2017, Nutraplus was inter-alia, advised to provide the details of all the disclosures received by Nutraplus under SEBI (PIT) Regulations and SEBI (SAST) Regulations during the period of investigation and subsequent disclosures made by Nutraplus to BSE.
- (f) It was observed that the shareholding of Pareshbhai M Desai decreased from 50,800 shares (0.46%) as on QE March 2015 to NIL as on QE June 2015. It was observed that Pareshbhai M Desai had transferred the said shares through off-market transaction by way of gift deed to another promoter entity, namely, Gita Mukesh Naik on May 21, 2015. Considering the value of the transaction based on the close price of the scrip on the day of the said off-market transaction (at ₹ 143.50), the same amounts to ₹ 72,89,800. Since, the value of the transaction is more than ₹10 lakh in a calendar quarter, the same was required to be disclosed by the entity to Nutraplus under Regulation 7(2)(a) of SEBI (PIT) Regulations, 2015 within 2 trading days of the said transaction i.e. by May 25, 2015. It was observed from the reply dated January 05, 2018 received from Nutraplus that Pareshbhai M Desai made the required disclosure under Regulation 7(2) r/w Regulation 6(2) of PIT Regulations, 2015 to the company on May 26, 2015 i.e., with a delay of one trading day.
- (g) The change in shareholding of Pareshbhai M Desai was required to be disclosed by the Company to the stock exchange (BSE) within two trading days i.e., by May 28, 2015 under Regulation 7(2)(b) of PIT Regulations, 2015. However, as per reply dated January 05, 2018 received from the Company, the Company had made the required disclosure to BSE on July 03, 2015 i.e., with a delay of 26 trading days. In view of the above, it is alleged that the Noticee 1 i.e., Nutraplus India Ltd., made delayed disclosure regarding change in shareholding of Pareshbhai M Desai, which is in violation of Regulation 7(2)(b) of PIT Regulations, 2015 to BSE.

- (h) It was observed that the shareholding of Gita Mukesh Naik (Noticee 2) increased from 8,88,100 shares as on QE December 2014 to 9,38,900 shares as on QE March 2016 i.e., by 50,800 shares. It was observed that one of the promoter entities, namely, Pareshbhai M Desai had transferred the said shares through off-market transaction by way of gift to the Noticee 2 on May 21, 2015, as mentioned in previous paragraphs. Considering the value of the transaction based on the close price of the scrip on the day of the said off-market transaction (at ₹ 143.50), the same amounts to ₹ 72,89,800. Since, the value of the transaction is more than ₹10 lakh in a calendar quarter, the same was required to be disclosed by the Noticee 2 to Nutraplus under Regulation 7(2)(a) of PIT Regulations, 2015 within 2 trading days of the transaction i.e., by May 25, 2015. However, as per replies received from the Company, it is observed that no disclosure under Regulation 7(2) of PIT Regulations, 2015 was made by the Noticee 2 to Nutraplus. Therefore, it is alleged that the Noticee 2 i.e., Gita Mukesh Naik by failing to make the requisite disclosures upon change in shareholding had violated the provisions of Regulation 7(2)(a) of PIT Regulations, 2015.
- (i) It was observed during the course of investigation that Nidhi Naik i.e., Noticee 3 was appointed as an Additional director of Nutraplus on March 26, 2015. It was observed that the shareholding of the Noticee 3 increased from 7,00,000 shares as on QE March 2015 to 15,00,000 shares as on QE June 2015 i.e., by 8,00,000 shares (i.e. increase of 6.27 %). It was observed that the same was due to the conversion of warrants into equity shares of the Company on May 29, 2015. It was observed that the said warrants were converted into equity shares at a price of ₹12.85/- (including a premium of ₹ 2.85/- per share). Considering the same, the value of transaction was ₹ 1,02,80,000. As the value was more than ₹10 lakh in a calendar quarter, the same was required to be disclosed by the Noticee 3 to Nutraplus under Regulation 7(2)(a) of PIT Regulations, 2015 within 2 trading days of the said transaction, i.e. by June 02, 2015. It was observed from the reply dated November 19, 2018 received from Nutraplus that the Noticee 3 had made the required disclosure to the Company on June 01, 2015 under Regulation 7(2) of PIT Regulations, 2015. The Company i.e., Noticee 1, in turn, was required to disclose the same to the stock exchange within two trading days i.e., by June 03, 2015 under Regulation 7(2)(b) of PIT Regulations, 2015. However, the company had failed to disclose the same to BSE in terms of Regulation 7(2)(b) of PIT Regulations, 2015. In view of the above, it is alleged that the Company by failing to make disclosure regarding change in shareholding of the Noticee 3 to BSE has violated the provisions of Regulation 7(2)(b) of PIT Regulations, 2015.

- (j) Further, since the shareholding of the Noticee 3 i.e., Nidhi Naik increased by more than 2% on May 29, 2015, the Noticee 3 was required to disclose the same under Regulation 29(2) r/w Regulation 29(3) of Takeover Regulations to Nutraplus and BSE within two working days. It was observed from replies received from Nutraplus that the Noticee 3 had not made the required disclosure to Nutraplus and BSE. Therefore, it is alleged that the Noticee 3 i.e., Nidhi Naik by failing to make the requisite disclosure regarding change in her shareholding to BSE & Nutraplus, had violated the provisions of Regulation 29(2) r/w Regulation 29(3) of SEBI (SAST) Regulations, 2011.
5. The Noticees vide letter dated February 22, 2020 represented that since the matter is old and that the people employed during that time and associated with the matter are no longer in employment with them, sought some time to collate the documents and a file reply.
6. Vide email dated February 28, 2020, all the Noticees were informed of granting extension of time till March 10, 2020 to file their reply. I note that all the Noticees vide letter dated March 3, 2020 filed their replies, which are summarized hereunder, Noticee-wise.

Reply of Noticee 1 (Nutraplus India Ltd.,)

- (a) *We received the disclosure from our Promoter Mr. Paresh M Desai on time, however, we have inadvertently forwarded it to the Stock Exchange with a delay of 26 days.*
- (b) *Although necessary disclosures were received from Ms. Nidhi Naik on time under SEBI (PIT) Regulations, 2015 on time i.e., on June 1, 2015, we had by oversight not made the requisite disclosures to the Stock Exchange.*
- (c) *We would like to submit that since new SEBI (PIT) Regulations came into force on May 15, 2015, there were certain delays and inadvertent non-disclosures for the transactions during that period as we were still not familiar with the new Regulations and its requirements and there was no malafied intention.*
- (d) *We would also like to submit that there have been no delays or non-submissions after this date although there have been several allotments or*

conversion of warrants on a preferential basis to promoters and non-promoters.

- (e) In view of the above submissions, we request you to kindly take a lenient view and drop all further proceedings.*

Reply of Noticee 2 (Gita Mukesh Naik)

- (a) I would like to submit that there has been a reduction of my voting rights from 7.96% to 7.85% due to further issue of shares by the Company, although I had received 50,800 shares from another Promoters.*
- (b) Further, I was also under the belief that since Mr. Paresh M Desai had made the disclosure regarding transfer of shares to me by way of gift, which was in the public domain, I was not required to make any further disclosures.*
- (c) The non-disclosure was only due to ignorance and not due to any malafied intention. I therefore request you to kindly take a lenient view and drop all further proceedings.*

Reply of Noticee 3 (Nidhi Naik)

- (a) The non-disclosure of acquisition of 8,00,000 shares by way of conversion of warrants by me was purely due to oversight and there is malafied intention. Hence, I request you to kindly take a lenient view and drop all further proceedings.*

7. Upon analysing the reply furnished by the Noticee, in the interest of natural justice and in terms of Rule 4 (3) of SEBI Adjudication Rules, the Noticees were given an opportunity of personal hearing on March 16, 2020, which was communicated vide email dated March 4, 2020.
8. The Noticees vide letter dated March 6, 2020 authorized Ms. Shailashri Bhaskar, Practicing Company Secretary (*Authorized Representative*) to appear on their behalf, before me. On the scheduled date of hearing i.e., March 16, 2020, the Authorized Representative appeared before me and reiterated the submissions made by the Noticee vide their letter dated March 3, 2020.

CONSIDERATION OF ISSUES

9. I have taken into consideration the facts and material available on record. I observe that the allegation levelled against the Noticees is that either they have delayed or failed to make the requisite disclosures under the relevant provisions of SEBI (PIT) Regulations, 2015 and SEBI (SAST) Regulations, 2011.

After perusal of the material available on record, I have the following issues for consideration, viz.,

- I. Whether the Noticees have violated the provisions of Regulation 7 (2) (a) & (b) of SEBI (PIT) Regulations, 2015 and Regulation 29 (2) read with Regulation 29 (3) of SEBI (SAST) Regulations, 2011?*
- II. Does the violation, if any, attract monetary penalty under Section 15 A (b) of SEBI Act.?*
- III. If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act?*

ISSUE-1: Whether the Noticees have violated the provisions of Regulation 7 (2) (a) & (b) of SEBI (PIT) Regulations, 2015 and Regulation 29 (2) read with Regulation 29 (3) of SEBI (SAST) Regulations, 2011?

10. Before moving forward, it is pertinent to refer to the relevant provisions of SEBI (PIT) Regulations, 2015 and SEB (SAST) Regulations, 2011, which reads as under:

Regulation 7 (2) (a) of SEBI (PIT) Regulations, 2015

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

Regulation 7 (2) (b) of SEBI (PIT) Regulations, 2015

Every company shall notify the particulars of such trading to the stock exchange on which the securities are listed within two trading days of receipt of the disclosure or from becoming aware of such information.

Regulation 29 (2) of SEBI (SAST) Regulations, 2011

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.

Regulation 29 (3) of SEBI (SAST) Regulations, 2011

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.

FINDINGS

11. Now, I deal with the allegations levelled against the Noticees and record my findings hereunder.

(a) I note that it is obligatory on the part of the Promoters to make the requisite disclosure to the Stock Exchange and to Company once the prescribed shareholding limits were exceeded, irrespective of the mode and manner of acquisition of the shares. Further, it is also obligatory on

the part of the Company to furnish the details of change in shareholding received from the Promoters to the Stock Exchange within two trading days of receipt of the disclosure or from becoming aware of such information.

(b) I note that the Noticee 1 i.e., Nutraplus, pursuant to receipt of disclosure by one of the promoters namely Pareshbhai M Desai, of change in his shareholding (50,800 shares) by way of off-market transfer to another promoter namely Gita Mukesh Naik, on May 26, 2015, submitted the same to BSE on July 3, 2015. In terms of the provisions of Regulation 7 (2) (b) of SEBI (PIT) Regulations, the Company upon receipt of the disclosure shall notify the particulars to the Stock Exchange within 2 days. However, in the instant case, I note that the Noticee 1 instead of furnishing the disclosures to BSE on May 28, 2015 had furnished the same on July 3, 2015 i.e., with a delay of more than a month, which is an admitted fact by the Noticee 1. Therefore, I find that the Noticee 1 by making the delayed disclosure of change in shareholding of one of its promoters had violated the provisions of Regulation 7 (2) (b) of SEBI (PIT) Regulations, 2015.

(c) I note that consequent upon change in shareholding by one of the promoters viz., Nidhi Naik due to conversion of warrants into 8,00,000 shares @₹12.85/- (transaction value was ₹ 1,02,80,000), the requisite disclosures were made by Nidhi Naik to the Company under Regulation 7 (2) (a) of SEBI (PIT) Regulations, on June 1, 2015, since the value of the transaction was more than ₹ 10 lakhs. However, it is observed that the Company failed to make the aforesaid disclosure received from the promoter, to BSE, which is an admitted fact by the Noticee 1. Therefore, I find that the Noticee 1 by not disclosing the change in shareholding of one of its promoters had violated the provisions of Regulation 7 (2) (b) of SEBI (PIT) Regulations, 2015.

(d) I note that the Noticee 2 i.e., Gita Mukesh Naik, promoter of Nutraplus had received 50,800 shares through off-market from another promoter

viz., Pareshbhai M Desai on May 21, 2015. I note from the closing price of the scrip on the day of the said off-market (at ₹ 143.50), the value of the transaction amounts to ₹ 72,89,800. Since the value of the transaction is more than ₹10 lakh in a calendar quarter, the same was required to be disclosed by the Noticee 2 to Nutraplus under Regulation 7(2)(a) of PIT Regulations, 2015 within 2 trading days of the transaction i.e., by May 25, 2015. However, I note from the replies furnished by the Noticee 1 vide letters dated January 5, 2018 and November 2, 2018 to the Investigating Authority that no such disclosure was filed by the Noticee 2 to Nutraplus, which is an admitted fact by the Noticee 2. Therefore, I find that the Noticee 2 by not disclosing the change in her shareholding had violated the provisions of Regulation 7 (2) (a) of SEBI (PIT) Regulations, 2015.

- (e) I note that as at the end quarter ended period the shareholding of one of the promoters viz., Nidhi Naik (Noticee 3) was 6.27% (i.e., 7,00,000 shares). Pursuant to conversion of warrants to 8,00,000 shares, the shareholding of the Noticee 3 increased to 12.54% (i.e., 15,00,000 shares). Since, the increase in the change in shareholding of the Noticee 3 was more than 2%, the Noticee 3 is required to make the requisite disclosures to the Company and to BSE under Regulation 29 (2) read with Regulation 29 (3) of SEBI (SAST) Regulations, within two days from the date of acquisition of shares. However, I note from the replies furnished by the Company vide letters dated January 5, 2018 and November 2, 2018 to the Investigating Authority that no such disclosure was made by the Noticee 3 to the Company. I also note from the reply furnished by the Noticee 3 vide her reply dated March 3, 2020 that the Noticee 3 had admittedly not made the requisite disclosures under SEBI (SAST) Regulations to the Company and to BSE. Therefore, I find that the Noticee 3 by not disclosing the change in her shareholding (*more than 2%*) had violated the provisions of Regulation 29 (2) read with Regulation 29 (3) of SEBI (SAST) Regulations, 2011.

12. I note from the submissions made by the Noticees that non-compliance with the disclosure requirement was due to ignorance and lack of awareness. It is trite Law that ignorance of Law will not excuse the Noticee to escape the liability of violating the Law and therefore I find no merit in the contention raised by the Noticees.
13. The object of requiring such disclosure to be made with two days under SEBI (PIT) and SEBI (SAST) Regulations, is with a view to ensure that there is no abuse on account of investor being not aware of such change in shareholding of a Promoter, who is an insider under SEBI (PIT) Regulations.
14. The Hon'ble SAT in its Order dated September 30, 2014, in the matter of Akriti Global Traders Ltd. Vs SEBI had observed that:
"Obligation to make disclosures under the provisions contained in SAST Regulations, 2011 as also under PIT Regulations, 1992 would arise as soon as there is acquisition of shares by a person in excess of the limits prescribed under the respective regulations and it is immaterial as to how the shares are acquired. Therefore, irrespective of the fact as to whether the shares were purchased from open market or shares were received on account of amalgamation or by way of bonus shares, if, as a result of such acquisition/ receipt, percentage of shares held by that person exceeds the limits prescribed under the respective regulations, then, it is mandatory to make disclosures under those regulations."
15. In view of the foregoing, I conclude that by not making the requisite disclosures (Noticees 1, 2 and 3) and by filing delayed disclosures (Noticee 1), with regard to change in shareholding in terms of SEBI (PIT) Regulations, 2015 and (SAST) Regulations, 2011, the Noticees have violated the following Regulatory provisions.

Sl. No.	Name of the Noticee	Violations observed
1	Nutraplus India Ltd.,	Regulation 7 (2) (b) of SEBI (PIT) Regulations, 2015.

2	Gita Mukesh Naik	Regulation 7 (2) (a) of SEBI (PIT) Regulations, 2015.
3	Nidhi Naik	Regulation 29 (2) read with Regulation 29 (3) of SEBI (SAST) Regulations, 2011.

ISSUE – 2: Does the violation, if any, attract monetary penalty under Section 15 A (b) of SEBI Act.?

16. It is a well-known fact and practice that as per the requirements of SEBI (PIT) Regulations, there is a requirement of timely disclosure of change in shareholding beyond certain threshold by Promoter. It is obligatory on the part of the Promoter to make timely disclosures to Stock Exchange & to the Company and in turn by the Company to the Stock Exchange. By not making the requisite disclosures under SEBI (PIT) & (SAST) Regulations, the Noticees have failed to comply with the statutory requirements of Law. The timely disclosure is mandated under these Regulations for the benefit of the investors at large. There can be no dispute that compliance with the provisions of the Regulations is mandatory and it is the duty of SEBI to enforce compliance of these Regulations. Timeliness is the essence of disclosure and delayed disclosure would serve no purpose at all.
17. Hon'ble SAT in the case of Coimbatore Flavors & Fragrances Ltd., Vs SEBI (Appeal No. 209 of 2014) observed *"Undoubtedly, the purpose of these disclosures is to bring about more transparency in the affairs of the companies. True and timely disclosures by a company or its promoters are very essential from two angles. Firstly; investors can take a more informed decision to invest or not to invest in a particular scrip secondly; the Regulator can properly monitor the transactions in the capital market to effectively regulate the same."* (Emphasis supplied).
18. Since the violation of the statutory obligation under the provisions of respective Regulations of SEBI (PIT) and (SAST) Regulations have been established against the Noticees, the Noticee are liable for monetary penalty under Section 15 A (b) of SEBI Act.

19. The provisions of Section 15 A (b) of SEBI Act are reproduced hereunder.

Penalty for failure to furnish information, return, etc.

Section 15A of SEBI Act– *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 therefor in the regulations, he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees*

ISSUE – 3 - If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act?

20. While determining the quantum of monetary penalty under Section 15 A (b) of SEBI Act, I have considered the factors stipulated in Section 15-J of SEBI Act, which reads as under:

Section 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.*

21. The material made available on record has not quantified the amount of disproportionate gain or unfair advantage made by the Noticee and the loss suffered by the investors as a result of the Noticee's default. There is also no material made available on record to assess the amount of loss caused to investors or the amount of disproportionate gain or unfair advantage made by the Noticee as a result of default. However, it is important to note that timely disclosure of information, as prescribed under the statute, is an

important regulatory tool intended to serve a public purpose. Timely disclosures are also an essential part of the proper functioning of the securities market and failure to do so prevents investors from taking a well-informed investment decision.

22. There is no dispute that the Noticees either failed to make the requisite disclosures (Noticee 1 to 3) or made delayed disclosures (Noticee 1), in terms of SEBI (PIT) Regulations, 1992 and SEBI (SAST) Regulations, which would have deprived investors in taking informed decision. Any lapse in such matters would be detrimental to the interest of investors. Therefore, I am not inclined to view the lapse on the part of the Noticees leniently and consider it necessary to impose monetary penalty which would act as deterrent to the Noticees in future.

ORDER

23. Having considered all the facts and circumstances of the case, I, in exercise of the powers conferred upon me under Section 15I of the SEBI Act read with Rule 5 of the SEBI Adjudication Rules, hereby impose the penalty on the Noticees under Section 15 A (b) of SEBI Act.

Sl. No.	Name of the Noticee	Penalty amount in ₹ and words
1	Nutraplus India Ltd.,	2,00,000/- (Rupees Two lakhs only)
2	Gita Mukesh Naik	1,00,000/- (Rupees One lakh only)
3	Nidhi Naik	1,00,000/- (Rupees One lakh only)

24. The said penalty imposed on the Noticees, as mentioned above, shall commensurate with the violation committed and acts as a deterrent factor for the Noticees and others in protecting the interest of investors.
25. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favor of “SEBI - Penalties Remittable to Government of India”, payable at Mumbai, OR through online payment facility available on the SEBI website **www.sebi.gov.in** on the following path by clicking on the payment link.

ENFORCEMENT → Orders → Orders of AO → PAY NOW

26. The Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid through e-payment to the Division Chief, Enforcement Department-I, DRA-IV, SEBI, in the format as given in table below:

Case Name	
Name of Payee	
Date of payment	
Amount Paid	
Transaction No	
Bank Details in which payment is made	
Payment is made for	Penalty

27. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under Section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.
28. In terms of Rule 6 of the SEBI Adjudication Rules, copies of this order are sent to the Noticees and also to SEBI.

Date: March 19, 2020
Place: Mumbai

B J DILIP
Adjudicating Officer