

**BEFORE THE ADJUDICATING OFFICER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**  
**[ADJUDICATION ORDER NO. EAD-2/DSR/RG/403 A/2015]**

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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**

**Smt Devyani Chandrakant Doshi [PAN: ABVPD9687L]**

**In the matter of**

**Rajoo Engineers Limited**

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1. The Hon'ble Securities Appellate Tribunal (SAT), in Appeal No. 64 of 2014, vide order dated May 08, 2014, while setting aside the Adjudication Order dated January 23, 2014 remanded the case to the Adjudicating Officer for passing a fresh order in the matter. While doing so, the Hon'ble SAT observed that Smt Devyani Chandrakant Doshi (hereinafter referred to as the Noticee) relied upon an order passed by another Adjudicating Officer of SEBI on November 29, 2013 in the case of Ms D. Sarojanamma wherein a lenient view was taken by not imposing penalty and the entity was exonerated from the charges leveled against in the show cause notice which was not brought to the notice of the Adjudicating Officer in the present matter.

**Notice, Reply & Personal Hearing:**

2. I have been reappointed as the Adjudicating Officer under Section 15-I of the SEBI Act, 1992 (hereinafter referred to as the Act) read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as the Adjudication Rules) to inquire into and adjudge under Section 15A(b) of the Act the alleged violation of Regulation 13(1) & 13(4A) read with Regulation 13(5) the SEBI (Prohibition of

Insider Trading) Regulations, 1992 (hereinafter referred to as the PIT Regulations) and Regulation 29(1) read with Regulation 29(3) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 (hereinafter referred to as SAST Regulations) by the Noticee. As the matter has been remanded by the Hon'ble SAT for passing a fresh order, the show cause notice dated October 15, 2013 (hereinafter referred to as the SCN) and the allegations leveled against the Noticee stands for the purpose of the present proceeding.

3. Accordingly, in the interest of natural justice and in order to conduct an inquiry as per Rule 4 (3) of the Adjudication Rules, an opportunity of personal hearing was granted to the Noticee on December 18, 2014. Vide letter dated December 11, 2014, the Noticee requested for an adjournment of the said hearing to any date after December 20, 2014. The said request was acceded to and another opportunity of personal hearing was granted to the Noticee on January 05, 2015. The Authorized Representative (AR) attended the hearing on the scheduled date on behalf of the Noticee and made oral submissions. The AR reiterated the submissions made by the Noticee vide her letter dated December 27, 2013 (which was filed for the SCN dated October 15, 2013) and further submitted additional reply dated January 05, 2015 which was taken on record.

#### **Consideration of Issues, Evidence and Findings**

4. I have carefully perused the charges leveled against the Noticee as per the SCN, written submissions and the material as available on record. The issues that arise for consideration in the present case are:

***(a) Whether the Noticee has violated the provisions of Regulation 13(1) & 13(4A) read with 13(5) of the PIT Regulations and Regulation 29(1) read with Regulation 29(3) of the SAST Regulations?***

***(b) Does the violation, if any, on the part of the Noticee attract any penalty under Sections 15A (b) of the SEBI Act?***

**(c) If yes, what should be the quantum of penalty?**

5. Before moving forward, it will be appropriate to refer to the relevant provisions of PIT Regulations and SAST Regulations which read as under:-

**Relevant provisions of PIT Regulations:**

***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.

**Continual disclosure.**

**(4A)** Any person who is a promoter or part of promoter group of a listed company, shall disclose to the company and the stock exchange where the securities are listed in Form D, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such person from the last disclosure made under Listing Agreement or under sub-regulation (2A) or under this sub-regulation, and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.

**Relevant provisions of SAST Regulations:**

***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.

**(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.

6. Regulation 13(1) of PIT Regulations, 1992 and Regulation 29(1) read with Regulation 29(3) of the SAST Regulations, 2011 mandates any person who holds more than 5% shares or voting rights in any listed company to disclose to the company, the total number of shares held by the person. The said change is to be disclosed to the company within 2 working days from the date of acquisition or receipt of intimation of allotment of shares. Further, Regulation 13(4A) specifically mandates the promoters of the listed company to disclose to the company and the stock exchanges where the shares of the company are listed, if there has been a change in such holdings of such person from the last disclosure and the change exceeds ₹ 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.
7. I find from the SCN that Rajoo Engineers Limited (hereinafter referred to as REL) is a company listed on BSE, ASE and Rajkot Stock Exchange. The Noticee and her husband viz. Late Shri Chandrakant Nanalal Doshi were the promoters of REL. The Noticee was holding 13,45,000 (3.66%) shares on February 06, 2013 and received 27,77,000 (11.22%) shares in an off-market transaction from her husband which resulted in an increase in her holding to more than 5% of the total paid-up share capital. The details of the transaction is as under:

<b>Date of transaction</b>	<b>Noticee's Holding before the transaction</b>	<b>Transaction Type</b>	<b>Debit/ credit</b>	<b>No. of shares transacted</b>	<b>Noticee's Holding After transaction</b>	<b>Counterparty Client</b>
06.02.2013	13,45,000 (3.66%)	Off MKT	Credit	27,77,000	41,22,000 (11.22%)	Chandrakant Nanalal Doshi

8. Upon the said increase in the holdings, the Noticee was required to make the necessary disclosures to the company as prescribed under the PIT and SAST Regulations. However, it is alleged that the Noticee did not make the said disclosures.
9. Vide letter dated October 29, 2013 and December 27, 2013, the Noticee had submitted her replies to the SCN. The Noticee vide her reply dated October

29, 2013 had submitted that her husband viz. Shri Chandrakant Nanalal Doshi had expired on January 05, 2013 and enclosed a certified copy of the 'Certificate of Death' as issued by the Rajkot Municipal Corporation, Gujarat Government as proof thereof. In view of the same, the adjudication proceeding initiated against Shri Chandrakant Nanalal Doshi stood abated vide my previous order dated January 23, 2014. The Noticee vide her reply dated December 27, 2013 submitted that the said transfer of shares (i.e. 27,77,000 shares) from Shri Chandrakant Nanalal Doshi to her was on account of transmission of shares on the basis of nomination by shareholders under Section 109B of the Companies Act, 1956 and being a nominee in the Demat account of her husband, Shri Chandrakant Nanalal Doshi. Further, the Noticee stated that the number of shares transferred was very insignificant and the aggregate holding post transmission is quite negligible. She also submitted that she is a housewife and she has neither interfered in the affairs of her husband nor was she aware of the affairs of the company so far as the responsibility, accountability and obligations were concerned. She is neither conversant with nor accustomed with the Capital Market Activity and corresponding rules and regulations in that regard. However, the Noticee submitted that she has initiated the process of engaging legal counsel for dealing with the requisite SEBI Laws. In compliance with the regulatory requirements, the Noticee has even filed the requisite disclosures with BSE. A copy of the said disclosure is also available on record.

10. From the foregoing facts, I find that the Noticee is admittedly a promoter of REL and was holding 13,45,000 (3.66%) shares of REL as on February 06, 2013. On account of the said transmission of shares, upon expiry of her husband i.e. Shri Chandrakant Nanalal Doshi, her holding did increase from 13,45,000 shares (3.66%) to 41,22,000 shares (11.22%), which required her to make the necessary disclosures as prescribed under the PIT and SAST Regulations which she admittedly had failed to make. Further, I also note from the submissions of the Noticee that she has filed the said disclosures with the stock exchange only vide her letter dated December 24, 2013.

11. However, I find that the main issue in the present case has arisen as the Hon'ble SAT has placed reliance on one Order passed by another Adjudicating Officer in a similar case of acquisition of shares by way of transmission of shares i.e. in the case of Ms D. Sarojanamma passed on November 29, 2013, wherein, the Adjudicating Officer has given findings on transmission of shares as under:

"in case of transmission of shares, execution of transfer deed is not required. while transfer of shares relates to a voluntary act on the part of the shareholder, transmission is brought about by the operation of law. I find that the shares were transmitted to her from her late husband by way of operation of law. I further find that the Companies Act distinguishes transmission of shares from transfer of shares. Execution of transfer deed is not required in case of transmission of shares. Further, while transfer of shares relates to a voluntary act on the part of the shareholder, transmission is brought about by the operation of law. Taking the same into consideration, I am inclined to take a lenient view in the matter and thus conclude that transmission of shares, sans any voluntary act on the part of the promoter, is not a fit case for imposition of monetary penalty under Section 15A(b) and 15J of the SEBI Act and that Ms. D. Sarojanamma is exonerated from the charges levelled as per the SCN."

12. In addition to the above, upon perusal of the documents available on record, I find that the disclosure with respect to the holding of securities (including shares, warrants, convertible securities) of persons belonging to the category of "Promoter and Promoter Group" including that of the Noticee was made by REL to the BSE as required under Clause 35 of the Listing Agreement within two months of the date of acquisition of shares by the Noticee i.e. on April 06, 2013 (acquisition date being February 06, 2013). Therefore, I note that the said information was in the public domain.
13. In view of the above and in the light of the two adjudication orders passed by the another Adjudicating Officer in the cases of Ms D. Sarojanamma (decision dated November 29, 2013) and Mr. Chandra Prakash Kunoï &

others (Decision dated April 29, 2014), I am of the view that this is not a fit case for imposition of monetary penalty under Section 15A(b) of the Act and therefore, the Noticee viz. Smt Devyani Chandrakant Doshi is exonerated from the charges leveled in the SCN.

### **ORDER**

- 14.** In view of the above, after considering all the facts and circumstances of the case and exercising the powers conferred upon me under section 15-I (2) of the SEBI Act, 1992, I hereby conclude that the charges leveled against the Noticee viz. Smt Devyani Chandrakant Doshi do not stand established and the matter is, accordingly, disposed of.
- 15.** In terms of the Rule 6 of the Adjudication Rules, copies of this order are sent to the Noticee and also to Securities and Exchange Board of India.

**Date: March 24, 2015**

**Place: Mumbai**

**D SURA REDDY  
GENERAL MANAGER &  
ADJUDICATING OFFICER**