BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

(ADJUDICATION ORDER NO: AO/SBM/EAD-3/ 26- 32 /2017)

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:

1. Shri Anil B Vedmehta (PAN ACHPV0535C)	**2. Ms. Bhavana V Gandhi (PAN details not Available)**
3. Shri Paresh Parekh (PAN details not available)	**4. Ms. Mamta P Parekh (PAN details not available)**
5. Shri Chetan Gosalia (PAN details not available)	**6. Shri Rajkumar Jain (PAN details not available)**
7. Shri Pulkit Vimal Mehta (PAN details not available)	

In the matter of
Mobile Telecommunications Limited

FACTS OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') while conducting an examination in the scrip of Mobile Telecommunication Limited (hereinafter referred to as "**MTL" / "Company**") during the period between April 1, 2012 to July 31, 2013 (hereinafter referred to as '**examination period**') had observed that Shri Anil B Vedmehta (hereinafter referred to as "**Noticee no 1**"), who is the Chairman and Managing Director and also the core promoter of MTL along with other persons belonging to the promoter group of MTL viz. Ms. Bhavana V Gandhi (hereinafter referred to as **Noticee no 2)**, Shri Paresh Parekh (hereinafter referred to as **Noticee no 3**), Ms. Mamta P Parekh (hereinafter referred to as **Noticee no 4**), Shri Chetan Gosalia (hereinafter referred to as

Noticee no 5), Shri Rajkumar Jain (hereinafter referred to as **Noticee no 6**) and Shri Pulkit Vimal Mehta (hereinafter referred to as **Noticee no 7**) and hereinafter collectively referred to as '**Noticees**' in the context of the present proceedings had allegedly failed to make the necessary disclosures pertaining to their acquisition and sale of the shares of MTL during the examination period, which were required to be made under the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as '**SAST Regulations**'). It was alleged that Noticee no 1 had purchased and sold significant quantities of shares of MTL during the aforementioned examination period and Noticee no 2 to 7 (who were part of the promoter group of MTL) were 'persons acting in concert' (**PACs**) along with Noticee no 1 within the meaning of Regulation 2(1)(q) (2) (iv) of the SAST Regulations.

2. MTL is a company listed on the Bombay Stock Exchange **(BSE).** The total paid up share capital of the company as on March 31, 2010 was Rs 5,51,82,000/- (represented by 55,18,200 shares of Rs 10/- each). As per the shareholding pattern of the MTL, which was submitted to the BSE by the company for the quarter ended March 31, 2013, its promoter group comprised of Mr. Anil B. Vedmehta (as Chairman and Managing Director), Ms. Bhavana V Gandhi, Ms.Mamta P Parekh, Mr. Paresh Parekh, Mr. Chetan Gosalia, Mr. Rajkumar Jain and Mr. Pulkit Vimal Mehta.

3. It was observed by SEBI that Noticee no 1 who was holding 6,09,96,824 shares amounting to 51.26% of the paid up capital of MTL as on March 31, 2012 had bought and sold the shares of the company during the examination period pursuant to which the shareholding of Noticee no. 1 in MTL increased to 53.31% as on August 14, 2012. Further, during the period between August 14, 2012 to March 20, 2013, the shareholding of Noticee no 1 in MTL had increased from 53.31% to 55.92%.Thereafter, in view of the sale of shares of the Company by Noticee no 1 during the period between March 20, 2013 to March 28, 2013, the shareholding of Noticee no 1 in MTL decreased from 55.92% to 53.39% as on March 28, 2013. Since Noticee no 1 along with the PACs mentioned above were holding substantial quantities of shares of MTL (i.e more than 50% of the total paid up capital of MTL) and the purchase and sale of the shares of the company during the examination period were in excess of 2% of the total share capital of MTL, the Noticees were required to make necessary disclosures to BSE and to

the Company under the provisions of Regulation 29 (2) read with Regulation 29 (3) of the SAST Regulations within two working days of the acquisition/disposal of shares by them. It is alleged that the Noticees had failed to make the necessary disclosures in terms of Regulation 29 (2) read with Regulation 29 (3) of the SAST Regulations.

4. It was further observed by SEBI that Noticee no 1 being the core promoter and Managing Director of MTL and the fact that he had bought and sold substantial quantities of shares of MTL during the examination period, in terms of Regulation 13 (3) r/w Regulation 13 (5) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as '**PIT Regulations**'), Noticee no 1 was required to make the necessary disclosures to the Company in the prescribed format (Form C) and report the change in the shareholding of more than 2% within two working days of the purchase or sale of the shares by him. Similarly, Noticee No 1 was also required to make necessary disclosures to the Company and BSE within two working days in terms of Regulation 13(4), Regulation 13(4A) read with Regulation 13(5) of the PIT Regulations as his acquisition and sale of shares of MTL during the examination period had exceeded the threshold limit of 25,000 shares on 41 occasions. It is alleged that Noticee no 1 had failed to make the relevant disclosures to the Company and BSE under the provisions of Regulations 13 (3), 13(4) and Regulation 13(4A) read with Regulation 13(5) of the PIT Regulations.

5. In view of the above, it is alleged that the PACs (i.e Noticees no 2 to 7) have violated the provisions of Regulation 29 (2) r/w Regulation 29 (3) of the SAST Regulations and Noticee no 1 has violated the provisions of regulation 13(3),13(4) and 13 (4A) r/w regulation 13(5) of the PIT Regulations and regulation 29 (2) r/w regulation 29(3) of the SAST Regulations. SEBI has, therefore, initiated adjudication proceedings against the Noticees under the provisions of section 15 A (b) of the SEBI Act, 1992 (hereinafter referred to as '**SEBI Act'**) for their alleged violations of the aforementioned provisions of law.

APPOINTMENT OF ADJUDICATING OFFICER

6. Shri D. Ravikumar was appointed as Adjudicating Officer, vide Order dated August 14,2014 under Section 15-I of the SEBI Act read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Adjudication Rules'**) to inquire into and

adjudge under the provisions of Section 15A(b) of the SEBI Act for the alleged failure on the part of the Noticees to make the necessary disclosures in terms of the aforementioned provisions of law. Subsequently, upon the transfer of Shri D Ravikumar, the undersigned has been appointed as the Adjudicating Officer in the matter vide Order dated June 22, 2015.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING:

7. A common Show Cause Notice (hereinafter referred to as "**SCN**") dated November 7, 2014 was issued to the PACs viz. Noticees no 2 to 7. Thereafter, on November 11, 2014, a separate SCN was issued to Noticee no 1. The SCN was issued to the Noticees under Rule 4 (1) of the Adjudication Rules, to show cause as to why an inquiry should not be held against them for their alleged violation of the provisions of law. In response to the SCN, Noticee no 1 submitted his reply vide letter dated May 24, 2016. The SCNs issued to the PACs i.e Noticee no 2 to 7 could not be served on them as the same returned undelivered.The SCN issued to the Noticee no -1 and the PACs i.e Noticee no 2 to 7 had the following common observations/ allegations :

(a) *SEBI conducted an examination in the scrip of Mobile Telecommunications Ltd. (hereinafter referred to as "the company / Mobile Tele'). It is observed that you are one of promoters of the company and also Chairman & Managing Director of the company. It is observed that you had dealt in the shares of Mobile Tele and your shareholding had changed in the following manner:*

Increase in shareholding from 51.26% as on March 31, 2012 to 53.31% as on August 14, 2012. -
Increase in shareholding from 53.31% as on August 14, 2012 to 55.92% as on March 20, 2013.
Decrease in shareholding from 55.92% as on March 20, 2013 to 53.39% as on March 28, 2013.

(b) *The other members of the promoter group of the company viz. Ms. Bhavana V Gandhi Ms. Mamta P Parekh, Shri Paresh Parekh, Shri Chetan Gosalia, Shri Rajkumar Jain and Shri Pulkit Vimal IVtehta, were deemed to be 'persons acting in concert' (PACs) as per Regulation 2(1)(q)(2)(iv) of the Takeover Regulations.The text of the said regulation is reproduced below:*

"persons acting in concert" means —

(2) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be persons acting in concert with other persons within the same category, unless the contrary is established,—

(iv) promoters and members of the promoter group;

(c) *You all being PACs along with Shri Anil Babulal Mehta , were required under Regulation 29(2) read with Regulation 29(3) of the Takeover Regulations, to make disclosures with respect to the aforesaid change in your shareholding in the specified Form to the stock exchanges where the securities of the target company are listed and to the target company within two working days of the acquisition/disposal of shares.*

(d) *It is alleged that you all have violated the provisions of Regulation 29(2) read with Regulation 29(3) of the Takeover Regulations.*

(e) *The alleged violation of the said provisions, if proved, makes you liable for penalty under the provisions of section 15 A (b) of the SEBI Act..*

8. The SCN dated November 11, 2014 issued to Noticee no 1 contained the following additional observations/allegations:

a) Further, you were also required under Regulations 13 (3),13 (4) and 13 (4A) r/w Regulation 13 (5) of the PIT Regulations to make disclosures with respect to the aforesaid change in your shareholding in the specified Form C and D respectively, to the stock exchanges where the securities of the target company are listed and also to the company within two working days of the acquisition/sale of the shares.

b) From the foregoing, it is alleged that you have violated the provisions of Regulation 29 (2) read with Regulation 29 (3) of the Takeover Regulations and Regulations 13(3), 13(4) and 13(4A) read with Regulation 13(5) of PIT Regulations.

c) The alleged violation of the said provisions, if proved, makes you liable for penalty under the provisions of section 15 A (b) of the SEBI Act..

9. The SCNs dated November 7, 2014 addressed to the PACs i.e Noticees no 2 to 7 had returned undelivered on two occasions. As per the records/material made available, the address of the Company was mentioned as the communication address of the PACs. Therefore, vide letter dated June 26, 2015,

the SCNs were sent to the Company along with instructions to deliver/serve the same on the PACs. Further, in view of the fact that the PACs were part of the promoter group of the Company, the aforementioned SCNs dated November 7, 2014 were served on the PACs by way of affixture on the address of the Company on September 12 , 2016 in terms of Rule 7 of the Adjudication Rules. A report of the affixture is also available on record. Further, the undelivered SCNs addressed to the PACs were placed on the SEBI website under the head "Unserved Summons/Notices".

10. In terms of Rule 4(3) of the Adjudication Rules, an opportunity of personal hearing was granted to Noticee no 1 on August 31, 2016 and October 5, 2016. On both the occasions, Noticee no 1 failed to appear for the hearing. Thereafter, vide letter dated November 18, 2016, a final opportunity was provided to Noticee no 1 to appear for the hearing on December 15, 2016. Shri Anil B Vedmehta (i.e Noticee no 1) appeared for the hearing on the stipulated date and reiterated his submissions made vide his earlier letter dated May 24, 2016. He made oral submissions during the course of the hearing and also submitted a letter dated December 15, 2016. The PACs (i.e Noticees 2 to 7) were also provided with opportunity of personal hearing on August 31,2016,October 05,2016, December 23, 2016 and on February 1, 2017 respectively. The said hearing notices were served on the PACs by way of affixture on the address of the company and the affixture report in this regard in terms of Rule 7 of the Adjudication Rules is available on record. The aforementioned hearing notices were also served on the PACs through the Company vide letter dated December 15, 2016. I observe that the PACs have not only failed to appear for the hearing on the stipulated dates but also failed to submit their reply to the notices.

11. I note that during the course of the hearing on December 15, 2016, it was specifically mentioned by Noticee no 1 that the notices/letters addressed to the PACs may be sent to his company's address and that he would represent the PACs for any further hearings/proceedings. Subsequently, in response to the notice of personal hearing granted to the PACs vide letter dated January 17, 2017, which was served on the PACs through the Company, it was informed by the Company that it would represent Ms.Nutan Singh, Company Secretary of the Company (hereinafter referred to as Authorised Representative (**AR**)) for the hearing. During the course of the hearing held on February 1, 2017, the AR specifically mentioned that she is representing on behalf of the PACs and

requested for 15 days time to make additional submissions. Thereafter, vide letter dated February 15, 2017, Noticee no 1, *inter alia,* made the following submissions on behalf of the PACs :

- *I am in receipt of your letter dated January 17, 2017 which is issued against me and others as promoters who are not the part of the promoter and promoters group. I am requesting you to drop their names as they are no more traceable, we have tried to locate them with the help of the Registrar and various other data base but it seems they are not active investors.*

- *They were wrongly included in the promoters category by merely on the basis of subscription share allotted initially being the signatory to the Memorandum and Articles of association which was rectified in the shareholding pattern since the year 1999.*

- *Since they are not traceable, I am representing on behalf of all the other Noticees as I am the only Promoter of Mobile Telecommunications Limited.*

12. The other key submissions made by Noticee no 1 in his letters dated May 24, 2016, December 15, 2016 and January 4, 2017 are as under :

(a) *That the allegations leveled against me are false and baseless*
(b) *The issues raised in the show cause notice is being investigated and noticee have been asked to present the case before the honorable WTM.*
(c) *That the WTM has convinced that we have never breached the threshold limit of 55% of the shareholding. We are enclosing here with a copy of the order issued by the honorable WTM,where has after scrutinizing the documents submitted has dropped the charges of the investigation officer alleging us to cross 55% shareholding in the company.An appeal against the above mentioned order of the WTM has been filed before the Securities Appellate Tribunal*
(d) *We are enclosing herewith a copy of SAST Declarations filled by us with in the FY 1st April 2012 to 31st March 2013 which clearly shows that we have filed the requisite declaration.*
(e) *There were inter- se transfer of 32,10,000 shares from the account of the Ex-wife of the noticee into the account of noticee .*
(f) *There were sale of some shares without the knowledge of the noticee done by a broker where the shares were lying in pool account which couldn't be reported on time . however it was a bulk deal and the same was captured in the bulk deal*

segment and reflected on the system at the end of the day hence there was a disclosure in the Interest of Minority shareholders.

(g) *The noticee submitted that it could not submit the details of shares sold by the broker without their knowledge / and consent as the shares were lying in the pool account of M/s Fairwealth Securities Limited*

(h) *All other promoter entity has negligible holdings. They were shown as promoters and are in no way connected with the company as promoters.They were wrongly included in the promoter category by merely on the basis of their being a signatory to the Memorandum/articles of Association . They were shown as promoters and are in no way connected with the company as promoters.*

(i) *We hope the above submissions will be sufficient enough for you to dispose off the matter.*

CONSIDERATION OF ISSUES AND FINDINGS:

13. I have carefully perused the allegations leveled against the Noticees as per the SCN, oral and written submissions made by Noticee no 1, additional submissions made by Noticee no 1, facts and circumstances of the case and the material available on record. It is alleged in the SCN that the Noticees have failed to make the necessary disclosures which were required to be made under the provisions of SAST Regulations and PIT Regulations, as applicable.

14. Before proceeding further, it will be appropriate to refer to the relevant provisions of the SAST Regulations and PIT Regulations, which read as under :-

SAST Regulations, 2011

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.

PIT Regulations, 1992

13(3) Any person who holds more than 5% shares for voting rights in any listed company shall disclose to the company in Form C 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.

(4) Any person who is a director or officer 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 and his dependents (as defined by the company) from the last disclosure made under sub regulation (2) or under this subregulation, and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.

(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.]

(5) The disclosure mentioned in sub-regulations [(3), (4) and (4A)] shall be made within [two] working days of:
(a) the receipts of intimation of allotment of shares, or
(b) the acquisition or sale of shares or voting rights, as the case may be.

15. From the material /details on record, I note that the following table summarises the transactions done by Noticee no 1 in the scrip of MTL during the examination period:

Particulars	**Net purchases/sales**	**Cumulative share holding**	**% to share capital**
Holding as on March 31,2012		6,09,96,824	51.26
Net Purchases between March 31,2012 and August 14,2012	24,44,343 shares	6,34,41,167	53.31
Net Purchases between August 14, 2012 and March 20,2013	30,99,768 shares	6,65,40,935	55.92
Net sales between March 20,2013 and March 28,2013	(30,10,253 shares)	6,35,30,682	53.39

16. From the above table, I observe that as on March 31,2012, Noticee no 1 was holding 6,09,96,824 shares of the company which represented 51.26% of the total paid up share capital of the Company. Thereafter, during the period between March 31,2012 to August 14,2012, Noticee no 1 purchased a net quantity of 24,44,343 shares of MTL by way of both market and off-market transactions, which increased his total shareholding in the Company from 6,09,96,824 shares to 6,34,41,167 shares and in percentage terms, his shareholding in the Company increased by 2.05% i.e from 51.26% to 53.31%. Thereafter, during the period between August 14,2012 to March 20,2013, I observe that Noticee no 1 had purchased a net quantity of 30,99,768 shares of MTL by way of both market and off-market transactions, which increased his total shareholding in the Company from 6,34,41,167 shares to 6,65,40,935 shares and in percentage terms, the shareholding of Noticee no 1 in the Company increased by 2.61% i.e from 53.31% to 55.92%. Subsequently, I find that during the period between March 20,2013 to March 28,2013, Noticee no 1 sold 30,10,253 shares of MTL, which decreased his total shareholding in the Company from 6,65,40,935 shares to 6,35,30,682 shares and in percentage terms, his shareholding in the company decreased by 2.53% i.e from 55.92 % to 53.39%.

17. Thus, from the aforementioned Table and observations made therein, I observe that the acquisition and sale of shares of Noticee no 1 had exceeded the benchmark limit as prescribed u/r 29(2) of SAST Regulations and also u/r 13 (3) of the PIT Regulations i.e there was an increase and decrease in the shareholding of Noticee no 1 beyond 2% of the total capital of the company on three occasions, details of which have been brought out in the paragraph above. Therefore, Noticee no 1 was required to make disclosure of such acquisition/disposal of the shares of MTL in the prescribed formats to the Company i.e MTL and also to the Stock Exchange i.e BSE within two working days of such acquisition/disposal of shares in terms of Regulation 29 (2) r/w Regulation 29(3) of SAST Regulations and under Regulation 13 (3) r/w Regulation 13 (5) of the PIT Regulations. I find that Noticee no 1 had failed to make the relevant disclosures under the aforementioned provisions of SAST Regulations and PIT Regulations.

18. Similarly, I find that Noticee no 1 being the Managing Director and also the Core Promoter of the Company, the purchase and sale of shares of MTL by him during the examination period had exceeded the benchmark limit as prescribed u/r 13

(4) and 13 (4A) of the PIT Regulations, 1992 in terms of quantity of shares bought and sold by him during the said period. For example, the material made available indicated that the shareholding of Noticee no 1 had crossed the threshold limit of 25,000 shares (in terms of quantity) on 41 occasions during the entire examination period. Thus, Noticee no 1 was required to make necessary disclosures in the prescribed reporting formats about the change in his shareholding to the company i.e MTL and to the Stock Exchange i.e BSE within two working days of his purchase/sale of shares under Regulation 13(4) and Regulation 13 (4A) of the PIT Regulations. I observe that Noticee no 1 has failed to make these disclosures under the relevant provisions of PIT Regulations.

19. In the present case, I find that Noticee no 1 has submitted that the PACs i.e Noticee no 2 to 7 did not belong to the promoter group of the company and that they were wrongly included in the promoter category on the basis of their initial subscription to the Memorandum and Articles of Association of the Company, which was subsequently rectified by the company in the year 1999 through its various filings made to stock exchanges on the shareholding pattern. I do not find any merit in the submission of Noticee no 1. I find that even in the filing made by the Company under the Listing Agreement on shareholding pattern for the FY ended March 31, 2013, the PACs i.e Noticees 2 to 7 were shown under the category of promoters/promoter group of the Company. It is also on record that the Company in its previous filings have always shown the PACs as persons belonging to the promoter group. In the context of the present proceedings, admittedly, Noticee no 1 has made a specific request to drop the proceedings against the PACs i.e Noticees no 2 to 7 as they had not bought or sold any shares of the Company during the examination period. Noticee no 1 specifically mentioned that the PACs only held shares of the company, which were originally held by them on the basis of their initial subscription to the Memorandum and Articles of Association of the Company. I also find from the records/material made available that the PACs have not bought or sold shares of the company during the examination period. It was the acquisition/sale of shares of MTL by Noticee no 1 during the examination period which had triggered the disclosure requirements under the provisions of SAST Regulations and PIT Regulations. For the reasons mentioned above, I am inclined to drop the proceedings against the PACs i.e Noticees 2 to 7, which was initiated against them vide SCN dated November 7, 2014.

20. Various arguments advanced by Noticee no 1 namely, (a) the shares which were lying in the pool account of the broker were sold by the broker and therefore could not be reported /disclosed on time (b) there was an inter-se transfer of 32,10,000 shares from the account of his ex-wife and therefore, he has not breached the threshold limit of 55% shareholding in the company and (c) that he has already made the relevant disclosures under the PIT and SAST Regulations etc are not valid grounds to avoid liability.

21. I find that Noticee no 1 vide his letter dated January 4, 2017 had submitted copies of the disclosure formats purportedly made by him to the Stock Exchanges under the provisions of PIT Regulations and under SAST Regulations. I observe that Noticee no 1 has not produced any proof in support of the fact that the Stock exchanges had received the disclosure formats purportedly submitted by Noticee no 1. I find from the material made available that BSE in its communication to SEBI had categorically confirmed the fact that the Exchange had not received any disclosures made by Noticee no 1 u/r 13 (3),13(4), 13 (4A) read with Regulation 13 (5) of the PIT Regulations and also under Regulation 29(2) r/w Regulation 29 (3) of the SAST Regulations. I find it hard to disbelieve the confirmation given by BSE in this regard. Also, disclosures available on the BSE website would reveal the details of such disclosures, if made by Noticee no 1. Thus, the contention of Noticee no 1 that he had made the necessary disclosures under the provisions of PIT Regulations and SAST Regulations cannot be accepted.

22. The argument of Noticee no 1 that he had not breached the threshold limit of 55% of the share capital and therefore exempt from making disclosures is devoid of any merit. I find that the present proceedings has been initiated against Noticee 1 for his failure to make the relevant disclosures under the PIT Regulations and SAST Regulations. Similarly, the arguments advanced by Noticee 1 that he had received the shares into his account by way of inter-se transfer from his ex-wife's account, sale of shares were made by his stock broker from the pool account etc are also untenable, because, liability to make disclosures arises once the shareholding of a person exceeds the limits prescribed under SAST Regulations and PIT Regulations, irrespective of the mode and manner of acquiring/disposal of those shares.

23. In this context, I observe that Hon'ble SAT has consistently held that the obligation to make disclosure within the stipulated time is a mandatory obligation and penalty is imposed for non-compliance with the mandatory obligation. 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.*"

24. In view of the above, I am convinced that Noticee no 1 has violated the provisions of Regulation 29(2) read with Regulation 29 (3) of the SAST Regulations and also the provisions of Regulations 13 (3), 13 (4) and 13 (4 A) read with Regulation 13(5) of the PIT Regulations. Therefore, I am of the view that it is a fit case to impose monetary penalty under the provisions of Section 15 A (b) of the SEBI Act, which reads as under :

Penalty for failure to furnish information, return, etc

15 A. If any person, who is required under this Act or any rules or regulations made there under-

(b)To file any return or furnish any information, books or other documents within the time specified therefore in the regulations, fails to file return or furnish the same within the time specified therefore 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.

25. While determining the quantum of penalty under Section 15A (b) of SEBI Act, it is important to consider the factors stipulated in section 15J of SEBI Act, which reads as under:

"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."

26. By not making the disclosures on time, Noticee 1 has failed to comply with the mandatory statutory obligation. In this context, reliance is placed upon the order of The Hon'ble Supreme Court in the matter of *Chairman, SEBI Vs Shriram Mutual Fund { [2006]5 SCC 361 }* – where the Hon'ble Supreme Court of India held that *"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant……..."*

27. With regard to the above factors to be considered while determining the quantum of penalty, it may be noted that the examination report has not quantified the profit/loss for the violations committed by Noticee no 1. No quantifiable figures or data are made available on record to assess the disproportionate gain or unfair advantage and amount of loss caused to an investor or group of investors as a result of the default committed by Noticee no 1. The material/records indicate that Noticee no 1 has failed to make the disclosures u/r 29(2) r/w Regulation 29 (3) of SAST Regulations and also under Regulation 13 (3) of the PIT Regulations on three occasions and also failed to make the disclosures u/r 13(4) and 13 (4A) r/w Regulation 13(5) of the PIT Regulations on 41 occasions. This indicates that the default committed by Noticee no 1 is repetitive in nature.

28. I am of the view that the details of the shareholding of the persons acquiring substantial stake and the timely disclosures thereof, are of significant importance from the point of view of the investors, as such information received by them in a time bound manner would facilitate them immensely in taking a balanced investment decision as regards their holdings in the Company. In the instant case, Noticee no 1, being the core promoter of the company and having

acquired/disposed significant quantities of the shares of the Company during the examination period , the timely disclosures of the same by the Noticee no 1 under the relevant provisions of SAST Regulations and PIT Regulations, were of significant importance from the point of view of the investors. Further, the purpose of these disclosures is to bring about transparency in the transactions and to assist the Regulator to effectively monitor the transactions in the securities market.

ORDER

29. Having considered all the facts and circumstances of the case, the material available on record, the oral and written submissions made by Noticee no 1, I, in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, hereby impose a total penalty of Rs 4,00,000/- (Rupees Four Lakh only) on Noticee No 1 i.e Shri Anil B. Vedmehta (PAN- ACHPV0535C**)** under the provisions of Section 15A(b) of the SEBI Act for his failure to make the necessary disclosures under Regulation 29(2) read with Regulation 29(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and Regulation 13(3) , 13 (4) and 13 (4A) of SEBI (Prohibition of Insider Trading) Regulations, 1992 read with Regulation 12 (1) and 12(2)(a) of SEBI (Prohibition of Insider trading) Regulations, 2015. I am of the view that the said penalty is commensurate with the default committed by Noticee no 1. The proceedings against the PACs i.e Noticees no 2 to 7 are disposed of for the reasons mentioned in paragraph 19 above.

30. Noticee no 1 shall remit / pay the said amount of penalty within 45 days of the receipt of this order either by way of Demand Draft in favour of “SEBI - Penalties Remittable to Government of India”, payable at Mumbai, OR through e-payment facility into the Bank Account, the details of which are given below

Account No. for remittance of penalties levied by Adjudication Officer	
Bank Name	State Bank of India
Branch	Bandra-Kurla Complex
RTGS Code	SBIN0004380
Beneficiary Name	SEBI – Penalties Remittable To Government of India
Beneficiary A/c No	31465271959

31. Noticee no 1 shall forward the said Demand Draft or the details / confirmation of penalty so paid through e-payment to the Division Chief of Enforcement Department (EFD) of SEBI. The format for forwarding details / confirmations of e-payments made to SEBI shall be in the form as provided at Annexure A of Press Release No. 131/2016 dated August 09, 2016 shown at the SEBI Website which is mentioned as under:

1. Case Name:	
2. Name of Payee:	
3. Date of payment:	
4. Amount Paid:	
5.Transaction No:	
6. Bank Details in which payment is made:	
7. Payment is made for: (like penalties /disgorgement/recovery/Settlement amount and legal charges along with order details)	

32. In terms of the provisions of Rule 6 of the Adjudication Rules, copies of this order are sent to all the Noticees and also to Securities and Exchange Board of India.

Place: Mumbai
Date: 31.07.2017

SURESH B MENON
ADJUDICATING OFFICER