

**BEFORE THE ADJUDICATING OFFICER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**  
**ADJUDICATION ORDER NO. EAD-7/BJD/NJMR/219-230/2018-19**

**UNDER SECTION 23I OF SECURITIES CONTRACTS (REGULATION) ACT, 1956, SECTION 15I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SECURITIES CONTRACTS (REGULATION) (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES, 2005 AND RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES, 1995.**

In respect of:

1. Chetan Dogra (PAN: ABNPD1798C) 903, Tower 1, NRI Complex Seawoods Estate Palm Beach Road, Nerul Navi Mumbai – 400706.	2. Chetan Dogra, HUF (PAN: AACHC5554P) 903, Tower 1, NRI Complex Seawoods Estate Palm Beach Road, Nerul Navi Mumbai – 400706.
3. Daffodil Tradex Private Ltd., (PAN: AACCD5773A) 172/531, V&PO: Garha Jalandhar – 144022.	4. Subah Multimedia Pvt., Ltd., (PAN: AAKCS8196C) 903, Tower 1, NRI Complex Seawoods Estate Palm Beach Road, Nerul Navi Mumbai – 400706.
5. Shraddha Entertainment Pvt. Ltd., (PAN: AAKCS8199P) 903, Tower 1, NRI Complex Seawoods Estate Palm Beach Road, Nerul Navi Mumbai – 400706.	6. Tulip Expotrade Pvt., Ltd., (PAN: AACCT6697B) 172/531, V&PO: Garha Jalandhar – 144022.
7. Green cottage and Resorts Ltd., (PAN: AABCG1220C) 326, Karim Building, Ground Floor, Beside Super Cinema Grant Road, Mumbai – 400007.	8. Zoom Colonizers Pvt., Ltd., (AAACZ1608G) 1011, Embassy Centre, 207, Nariman Point, Mumbai– 400021.
9. Phenomenal Crafts Pvt., Ltd., (PAN: AACCP7737N) 326, Karim Building, Ground Floor, Beside Super Cinema Grant Road, Mumbai – 400007.	10. Yellow Consultants Pvt., Ltd., (PAN: AAACY2813N) 326, Karim Building, Ground Floor, Beside Super Cinema Grant Road, Mumbai – 400007
11. Suresh Sharma (PAN: ANFPS2503J) 15, Gulmohar Extension Indore – 452001.	12. Mitihlesh Sharma (PAN: ANFPS2505Q) 15, Gulmohar Extension Indore – 452001.

***In the matter of Vertex Spinning Ltd.,***

## BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as **“SEBI”**) conducted investigation in the scrip of Vertex Spinning Ltd., (hereinafter referred to as **“VSL” / “Company”**) for any possible violation of the provisions of SEBI Act and the Regulations made thereunder during the period April 1, 2010 to September 30, 2010 (hereinafter referred to as **“Investigation Period”**). The investigation revealed that the promoter entities of VSL viz., Green Cottage & Resorts Pvt., Ltd., (Noticee 7), Zoom Colonizers Pvt., Ltd., (Noticee 8), Phenomenal Craft Pvt., Ltd., (Noticee 9), Yellow Consultants Pvt., Ltd., (Noticee 10) and the counterparties namely, Chetan Dogra (Noticee 1), Chetan Dogra HUF (Noticee 2), Daffodil Tradex Pvt., Ltd., (Noticee 3), Subah Multimedia Pvt., Ltd., (Noticee 4) Shraddha Entertainment Pvt., Ltd., (Noticee 5) and Tulip Expotrade Pvt., Ltd., (Noticee 6) had carried out transfer of shares through off-market without receipt / payment of consideration and thereby violated the provisions of Section 16 of Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as **“SCRA”**) read with SEBI Notification G.S.R 219 (E) dated March 2, 2000, Section 13 and Section 18 of SCRA, 1956 read with Section 2(i) of SCRA, 1956. The investigation also found that the promoter entities of VSL viz., Noticees 8, 9, 10 along with other promoters of VSL namely Suresh Sharma (Noticee 11) and Mithilesh Sharma (Noticee 12) while acting as Persons Acting in Concert (PAC) had failed to disclose change in their shareholding pattern of more than 2% under SEBI (Substantial Acquisition of Shares & Takeover) Regulations, 1997 (*hereinafter referred to as “SAST” Regulations*). The investigation also brought out certain non-disclosures by the Promoter / Director of VSL viz., Noticee 10 & 11, which were required to be made under SEBI (Prohibition of Insider) Regulations, 1992 (*hereinafter referred to as “PIT” Regulations*).

## APPOINTMENT OF ADJUDICATING OFFICER

2. Ms. Anita Kenkare was appointed as Adjudicating Officer, vide Order dated October 26, 2015 under Sub-section (1) of Section 23-I of SCRA and Rule 3 of Securities Contracts (Regulation) (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 2005 (*hereinafter referred to as “SCR Rules”*) and under Section 19 read with Sub-section (1) of Section 15-I of the SEBI Act, 1992 and Rule 3 of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 (*hereinafter referred to as “Adjudicating Rules”*) to inquire into and adjudge the alleged violations committed by the Noticees of the provisions of the corresponding Act, Notification and Regulations, under respective Sections of SCRA and SEBI.

Sl. No.	Name of the Entity	Violations observed	Initiation of Adjudication under the legal provisions
1	Cheta Dogra	Section 16 of SCRA, 1956 read with SEBI Notification G.S.R 219 (E) dated March 02, 2000, Section 13 and Section 18 of SCRA, 1956 read with Section 2(i) of SCRA, 1956. Section 16 of SCRA, 1956 read with SEBI Notification G.S.R 219 (E) dated March 2, 2000, Section 13 and Section 18 of SCRA, 1956 read with Section 2(i) of SCRA, 1956.	Section 23H of Securities Contracts (Regulation) Act, 1956
2	Chetan Dogra, HUF		
3	Daffodil Tradex Pvt., Ltd.,		
4	Subah Multimedia Pvt., Ltd.,		
5	Shraddha Entertainment Pvt., Ltd.,		
6	Tulip Expotrade Pvt., Ltd.,		
7	Green Cottage and Resorts Ltd.,		
8	Zoom Colonizers Pvt., Ltd.,	Section 16 of SCRA, 1956 read with SEBI Notification G.S.R 219 (E) dated March 02, 2000, Section 13 and Section 18 of SCRA, 1956 read with Section 2(i) of SCRA, 1956.  Reg. 7(1A) of SEBI (SAST) Regulations, 1997 read with Regulation 35 of	Section 23H of Securities Contracts (Regulation) Act, 1956.  Section 15 A (b) of SEBI Act.
9	Phenomenal Crafts Pvt., Ltd.,		
10	Yellow Consultants Pvt., Ltd.,		

		SEBI (SAST) Regulations, 2011.	
11	Suresh Sharma	Regulation 13(3) and 13(4) r/w Regulation 13(5) of SEBI (Prohibition of Insider Trading) (PIT) Regulations, 1992 and Regulation 12 of SEBI (PIT) Regulations, 2015 as applicable.  Reg. 7(1A) of SEBI (SAST) Regulations, 1997 r/w Regulation 35 of SEBI (SAST) Regulations, 2011.	Section 15 A (b) of SEBI Act.
12	Mithhilesh Sharma	Regulation 13(1) of SEBI (PIT) Regulations, 1992 r/w Regulation 12 of SEBI (PIT) Regulations, 2015 as applicable.  Reg. 7(1A) SEBI (SAST) Regulations 1997 r/w Regulation 35 of SEBI (SAST) Regulations, 2011.	

3. Pursuant to internal restructuring, the undersigned has been appointed as Adjudicating Officer vide Order dated May 18, 2017.

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

4. A Show Cause Notice (hereinafter referred to as "SCN") bearing ref. no. EAD/BJD/NJMR/26311/2017 dated October 27, 2017 was issued to the Noticees under Rule 4 of SCR Rules and Adjudicating Rules to show cause as to why an inquiry be not held against them in terms of Rule 4 of the SCR Rules & Adjudicating Rules and penalty be not imposed under section 23H of SCRA & 15 A (b) of SEBI Act for the violations alleged to have been committed by them.
5. The SCN sent to the Noticees 1 to 6 by Speed Post as per the addresses mentioned in the SCN, returned undelivered. Accordingly, in terms of Rule 7

(c) of SCR Rules and Adjudicating Rules, the SCN addressed to Noticee 4, 5 and 6 was affixed on November 21, 2017 at the outer door of the premises (*Address: 201, 2<sup>nd</sup> Floor, Gharu Niwas, Chitkara Park, Annadale, Roadlower, Kaithu, Shimla – 171003*) in which the Noticees 4, 5 and 6 were last known to have carried on business. Further, in terms of Rule 7 (b) of SCR Rules and Adjudicating Rules, the SCN was also sent to the Noticees 1 to 6 through electronic mail digitally signed on December 6, 2017. I note that the email sent to the Noticees did not bounce. Further, the Noticees 7 to 12 vide their letters dated November 7, 2017 while acknowledging receipt of the SCN, requested for personal hearing. Further, the Noticees 7 to 12 vide their letters dated November 14, 2017 sought four weeks to furnish their replies to the charges alleged in the SCN. I note that the Noticees had not responded to the SCN.

6. Accordingly, in the interest of natural justice and in terms of Rule 4 (4) of SCR Rules and Adjudicating Rules, an opportunity of personal hearing was accorded to all the Noticees on July 12, 2018, which was communicated vide Notice dated June 20, 2018. In accordance with Rule 7 (b) of SCR Rules and Adjudicating Rules, the Notice of hearing was also sent through electronic mail digitally signed to all the Noticees on June 28, 2018. I note that the email sent to the Noticees did not bounce.
7. On behalf of the Noticees from Sl. No. 7 to 12, Mr. Ashok Kumar Singh, Advocate {*hereinafter referred to “**Authorized Representative**” (AR)*} vide letter dated July 14, 2018 requested for adjournment of personal hearing, which was scheduled on July 12, 2018. Accordingly, the hearing was rescheduled to August 10, 2018, which was communicated vide letter dated August 2, 2018. However, the AR vide email dated August 9, 2018 further requested for adjournment of hearing due to non-availability of the Counsel. The hearing was further adjourned to August 20, 2018, which was communicated to the AR vide email dated August 10, 2018. However, the hearing could not be held on August 20, 2018 due to administrative exigencies. Therefore, the hearing was rescheduled to September 5, 2018,

which was communicated vide email dated August 23, 2018. On September 5, 2018 the AR appeared and sought for adjournment of hearing. Vide email dated September 5, 2018, the AR was given final opportunity of personal hearing scheduled on September 12, 2018. I note that on the scheduled date of hearing i.e., September 12, 2018 the AR appeared before me and reiterated the submissions made by him vide letter dated August 20, 2018. Further, the AR undertook to furnish additional submissions. I note from the letter dated July 14, 2018 submitted by the AR, that the Noticees 7 to 12 have duly authorized the AR to appear before me, which was taken on record. The AR vide letters dated August 20, 2018 and September 12, 2018 had submitted the reply on behalf of the Noticees 7 to 12, which is summarized hereunder.

- i. *It is submitted that the Noticee-1 i.e., Chetan Dogra had contracted Mr. Suresh Sharma (Noticee-11), who is the Chairman of VSL and Director of Noticee-7, 8, 9 & 10 and induced him to enter into loan transaction with his Associated entities. Accordingly, the following loan agreements were entered into between Chetan Dogra entities and the Promoter entities of VSL, the details of which are furnished hereunder. As per the terms and conditions of the loan agreement, the lender agrees to provide loan in the form of shares of VSL held by the respective lenders to the borrowers and the borrowers shall issue a cheque towards consideration of the same.*

Name of the Lender	Name of the Borrower	Loan agreement date	No., of shares transferred	Amount paid by Borrower in ₹
Phenomenal Crafts Pvt., Ltd.,	Chetan Dogra	25/04/2010	10 lakhs	13,00,000
Yellow Consultants Pvt., Ltd.,	Shraddha Entertainment Pvt., Ltd.,	30/04/2010	25 lakhs	NIL
Green Cottage & Resorts Ltd.,	Tulip Expotrade Pvt., Ltd.,	14/05/2010	25 lakhs	NIL
Zoom Colonizers Pvt., Ltd.,	Subah Multimedia Pvt., Ltd.,	29/04/2010	25 lakhs	NIL

- ii. *Pursuant to transfer of shares to the borrowers, the cheques given by Chetan Dogra and his group of entities were presented for payment, but the same were returned by the Banks with a remark “insufficient funds”.*
- iii. *Accordingly, the lenders who are the promoters of VSL had sent a legal notice on July 24, 2010 to the borrowers who had defaulted in payment of consideration, intimating about dishonour of the cheque and demand notice for payment as per the loan agreement*
- iv. *Further, the lenders filed a complaint with the Sr., Inspector of Police, Marine Drive Police Station on July 24, 2010 against the borrowers who had defaulted in payment to the lenders.*
- v. *The Sr., Inspector of Police on October 26, 2010 asked the authorized person of the complainants i.e, Noticees 7, 8 and 10 to remain present to record his statement against the defaulted borrowers i.e., Noticees 4, 5 and 6.*
- vi. *The lenders viz., Noticees 7, 8 and 10 filed a police complaint on June 24, 2013 against the defaulted borrowers i.e., Noticee 4, 5 and 6 and their Directors in Marine Line Police Station, Mumbai.*
- vii. *It is further submitted that the Noticees 7 to 12 have been cheated and mis-appropriated by Chetan Dogra and his Associated Companies firstly by inducing to enter into loan agreement by way of transfer of shares and then getting the cheque dishonoured which were issued against discharge of their liability against such transfer and therefore the transfer of shares from Noticees No. 7, 8, 9 and 10 cannot be termed as transfer without receipt of consideration.*
- viii. *It is submitted that it is a pure case of cheating and misappropriation by Chetan Dogra and his entities against which appropriate legal remedy are being pursued to recover the same. The Noticee as a bonafide transferor have been pursuing legal remedy to recover the said amount and as such by no stretch of imagination it can be said transfer without consideration. The matter of non-payment of consideration by Chetan Dogra and his associated Companies is still being investigated by Marine Lines Police Station.*

- ix. *As regards the allegation of non-disclosure of change in shareholding by the PACs upon crossing 2% of change in shareholding, it is submitted that the necessary disclosures were made to BSE, where the shares of VSL were listed, within 2 days from the date of acquisition of shares. The details of communication sent by the Promoters & connected entities are annexed, wherein the details of date of intimation made by the Promoters to the Company are also mentioned. From the documents submitted by the Noticees, it is clear that the requisite disclosures to be made to the Company and to the Stock Exchange, have been duly made by the PACs, within the timelines prescribed under SEBI (SAST) Regulations.*
- x. *It is also submitted that the disclosures to be made by the Noticees 11 & 12 in terms of SEBI (PIT) Regulations have been duly made to the BSE, which can be seen from the attached documents. Therefore, there is no violation of non-disclosure of change in shareholding under SEBI (PIT) Regulations, by the Noticees 11 & 12.*
- xi. *Further, the AR vide letter dated September 12, 2018 had filed additional submissions. The AR submitted that the Company has not included physical shares held by the Noticee 11 while disclosing his change in shareholding. It is further submitted that the Noticee 12 had disclosed change in shareholding to the Company from 4.83% to 8.63% in April 2010, however, the same is not readily traceable.*
- xii. *In view of the above submissions, it is prayed that the SCN may be dropped against the Noticees.*
8. I note that the Noticees from Sl. No. 1 to 6 neither submitted their reply to the charges alleged in the SCN nor availed the opportunity of personal hearing. It was clearly mentioned in the SCN and Notice of hearing that if no reply is submitted by the Noticees and no appearance is made on the scheduled date of hearing respectively, the matter shall be decided on the basis of the facts/materials available on record in terms of sub-rule (7) of Rule (4) of the SCR Rules & Adjudicating Rules.



9. I note that despite the SCN and hearing notices having been duly served upon the Noticee, the Noticee failed to submit his reply to the SCN and has not refuted the charges. In this context, I would like to rely upon the observations of The Hon'ble Securities Appellate Tribunal (SAT) in the matter of Classic Credit Ltd. vs. SEBI (Appeal No. 68 of 2003 decided on December 08, 2006) wherein it, inter alia, observed that - *"..... the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show-cause notice were admitted by them"*.
10. The Hon'ble SAT has again in the matter of Sanjay Kumar Tayal & Others v SEBI (Appeal No. 68 of 2013 decided on February 11, 2014), inter alia, observed that – *".....As rightly contended by Mr. Rustomjee, learned senior counsel for respondents, appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges levelled against them in the show cause notices....."*.
11. In view of the above, I am of the opinion that the SCN and Notice of hearing have been duly served upon the Noticees 1 to 6, but the Noticees failed to reply and also failed to avail the opportunity of personal hearing. The principle of natural justice has been duly followed in the matter, as enough opportunities were provided to the Noticees to reply to the SCN and appear for hearing. Therefore, I am inclined to decide the matter ex-parte in respect of 1 to 6, after taking into account the evidence / material available on record.

## **CONSIDERATION OF ISSUES**

12. I have taken into consideration the facts and material available on record. I observe that the allegation levelled against Noticees 1 to 10 is that they had carried out transfer of shares through off-market without receipt / payment of consideration. Further, the Noticees 8, 9, 10, 11 & 12 while acting as PACs

failed to make disclosures upon change in shareholding of more than 2%. The Noticees 11 & 12 have failed to make appropriate disclosures under SEBI (PIT) Regulations. After perusal of the material available on record, I have the following issues for consideration, viz.,

- (I) Whether the Noticees 1 to 10 have violated the provisions of Section 16 of SCRA, 1956 read with SEBI Notification G.S.R 219 (E) dated March 02, 2000, Section 13 and Section 18 of SCRA, 1956 read with Section 2(i) of SCRA, 1956. Section 16 of SCRA, 1956 read with SEBI Notification G.S.R 219 (E) dated March 02, 2000, Section 13 and Section 18 of SCRA, 1956 read with Section 2(i) of SCRA, 1956?*
- (II) Whether the Noticees 8 to 12 have violated the provisions of Regulation 7(1A) of SEBI (SAST) Regulations, 1997 read with Regulation 35 of SEBI (SAST) Regulations, 2011.*
- (III) Whether the Noticees 11 & 12 have violated the provisions of Regulation 13 (1), 13(3) and 13(4) r/w Regulation 13(5) of SEBI (Prohibition of Insider Trading) (PIT) Regulations, 1992 and Regulation 12 of SEBI (PIT) Regulations, 2015 (as applicable).*
- (IV) Does the violation, if any, attract monetary penalty under Section 23H of SCRA and Section 15 A (b) of SEBI Act (as applicable)?*
- (V) If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 23J of SCRA and 15J of SEBI Act (as applicable)?*

**ISSUE-I: Whether the Noticees 1 to 10 have violated the provisions of Section 16 of SCRA, 1956 read with SEBI Notification G.S.R 219 (E) dated March 02, 2000, Section 13 and Section 18 of SCRA, 1956 read with Section 2(i) of SCRA, 1956. Section 16 of SCRA, 1956 read with SEBI Notification G.S.R 219 (E) dated March 2, 2000, Section 13 and Section 18 of SCRA, 1956 read with Section 2(i) of SCRA, 1956?**

13. Before moving forward, it is pertinent to refer to the relevant provisions of SCRA and SEBI Notification dated March 2, 2000, which reads as under:

**Section 2 (i) of SCRA**

*In this Act, unless the context otherwise requires,—*

*spot delivery contract” means a contract which provides for, -*

*(a) actual delivery of securities and the payment of a price therefor either on the same day as the date of the contract or on the next day, the actual period taken for the despatch of the securities or the remittance of money therefor through the post being excluded from the computation of the period aforesaid if the parties to the contract do not reside in the same town or locality;*

*(b) transfer of the securities by the depository from the account of a beneficial owner to the account of another beneficial owner when such securities are dealt with by a depository*

**Section 13 of SCRA**

*If the Central Government is satisfied, having regard to the nature or the volume of transactions in securities in any State or States or area that it is necessary so to do, it may, by notification in the Official Gazette, declare this section to apply to such State or States or area and thereupon every contract in such State or States or area which is entered into after the date of the notification otherwise than between members of a recognised stock exchange or recognised stock exchanges in such State or States or area or through or with such member shall be illegal.*

**Section 16 of SCRA**

*If the Central Government is of opinion that it is necessary to prevent undesirable speculation in specified securities in any State or area, it may, by notification in the Official Gazette, declare that no person in the State or area specified in the notification shall, save with the permission of the Central Government, enter into any contract for the sale or purchase of any security specified in the notification except to the extent and in the manner, if any, specified therein.*

**Section 18 of SCRA**

*Nothing contained in sections 13, 14, 15 and 17 shall apply to spot delivery contracts.*

**SEBI Notification G.S.R 219(E) dated March 2, 2000**

*“In exercise of the powers conferred by sub-section (1) of section 16 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), read with Government of India Notification No. S.O. 573(E), dated 30th July, 1992, (See [1992] 75 Comp Cas (St.) 216.) and Notification No. 183(E), dated 1st March, 2000, (See page 53 supra.) issued under section 29A of the said Act, the Securities and Exchange Board of India (hereinafter referred to as “the Board”) being of the opinion that it is necessary to prevent undesirable speculation in securities in the whole of India, hereby declare that no person in the territory to which the said Act extends, shall, save with the permission of the Board, enter into any contract for sale or purchase of securities other than such spot delivery contract or contract for cash or hand delivery or special delivery or contract in derivatives as is permissible under the said Act*

*or the Securities and Exchange Board of India Act, 1992 (15 of 1992), and the rules and regulations made under such Acts and rules, regulations and bye-laws of a recognised stock exchange*

*Provided that any contracts for sale or purchase of Government securities, gold related securities, money market securities and ready forward contracts in debt securities entered into on the recognised stock exchange shall be entered into in accordance with-*

*(a) the rules or regulations or the bye-laws made under the Securities Contracts (Regulation) Act, 1956 (42 of 1956), or the Securities and Exchange Board of India Act, 1992 (15 of 1992), or the directions issued by the Securities and Exchange Board of India under the said Acts;*

*(b) the rules made or guidelines or directions issued under the Reserve Bank of India Act, 1934 (2 of 1934), or the Banking Regulation Act, 1949 (10 of 1949) or the Foreign Exchange Regulation Act, 1973 (46 of 1973), by the Reserve Bank of India;*

*(c) the provisions contained in the notifications issued by the Reserve Bank of India under the Securities Contracts (Regulation) Act, 1956 (42 of 1956)*

14. I note that the shares of VSL were listed at BSE. During the investigation period, the price of VSL opened at ₹ 3.23 on April 1, 2010, closed at ₹ 2.84 on September 30, 2010, touching a low of ₹ 1.64 on July 5, 2010 and high of ₹ 5 on May 12, 2010.
15. From the off-market data analysis, it is noted that some of the promoters of Vertex Spinning Ltd., viz., Green Cottage and Resorts Ltd., Phenomenal Craft Pvt., Ltd., Yellow Consultants Pvt., Ltd and Zoom Colonizers Pvt., Ltd., transferred shares in off-market to Chetan Dogra, Chetan Dogra HUF, Daffodils Tradex Pvt., Ltd., Subah Multimedia Pvt., Ltd., Shraddha Entertainment Pvt., Ltd., and Tulip Export Pvt., Ltd., (Chetan Dogra is one of the Directors) between April 26, 2010 and May 14, 2010. The details of off-market transaction are furnished hereunder.

Date of Transfer	Source Client Name	Target Client Name	Transferred Quantity	No of Transactions
26.04.2010	Phenomenal Craft Pvt., Limited	Chetan Dogra	700000	3
26.04.2010	Phenomenal Craft Pvt., Limited	Daffodil Tradex Pvt., Ltd	200000	1
26.04.2010	Phenomenal Craft Pvt., Limited	Chetan Dogra HUF	100000	1
29.04.2010	Zoom Colonizers Private Limited	Subah Multimedia Pvt., Ltd	2500000	1
30.04.2010	Yellow Consultants Private Limited	Shraddha Entertainment Pvt., Ltd	2500000	1
14.05.2010	Green Cottage And Resorts Ltd	Tulip Expotrade Pvt., Ltd	1000000	1

16. The details of the trading done by Noticees 1 to 6 (*hereinafter referred to as Chetan Dogra group of entities*) in the scrip of VSL during the period of investigation are hereunder.

Sl No	Client Name	Gross Buy	Gross Buy % To Total Buy Volume	Gross Sell	Gross Sell % To Total Sell Volume	Net Trade	Net Trade % To Total Trade Volume
1	Chetan Dogra	3101667	5.59	6316366	11.38	-3214699	-5.79
2	Chetan Dogra HUF	2428682	4.38	3103652	5.59	-674970	-1.22
3	Daffodil Tradex Private Limit	198741	0.36	398741	0.72	-200000	-0.36
4	Tulip Expotrade Private Limited	96378	0.17	96378	0.17	0	0
5	Shraddha Entertainment Private Limited	92852	0.17	93335	0.17	-483	0
6	Subah Multimedia Private Limite	77096	0.14	77096	0.14	0	0
	Total	5995416	10.81	10085568	18.17	-4090152	-7.37

17. I note from the above table that the Noticees 1 to 6 accounted for 10.81% of total buy volume and 18.17% of total volume in the scrip of VSL. I also note that Chetan Dogra and Chetan Dogra HUF bought 31,01,667 shares (5.59% of market volume) and 24,28,682 shares (4.38% of market volume) and sold 63,16,366 shares (11.38% of market volume) and 31,03,652 shares (5.59% of market volume) respectively. I also note that as per the records one of the Directors of Noticee 3, 4, 5 & 6 was Chetan Dogra, the Noticee 1.

18. The details of off-market transactions entered by promoter entities with Chetan Dogra Group entities is tabulated below:-

Sl. No.	Name of the Source Promoter Entity (Lender)	Name of Target Entity (CDG group entity) (Borrower)	No. of shares transferred	Mode of receipt of payment-Cash, adjusted with other transfer	Consideration received by the promoter entity (Lender)
1.	Phenomenal Craft Pvt., Limited	Chetan Dogra	1,00,000 Equity Shares on 26/04/2010	Cheque No. 180863 drawn on HDFC Bank ,Fort Branch dated 29.04.2010	₹ 13.00 lakh realized through cheque
2.	Phenomenal Craft Pvt., Limited	Daffodil Tradex Pvt., Ltd	2,00,000 Equity Shares on 26/04/2010		
3.	Phenomenal Craft Pvt., Limited	Chetan Dogra HUF	1,00,000 Equity Shares on 26/04/2010		
4.	Phenomenal Craft Pvt., Limited	Chetan Dogra	1,00,000 Equity Shares on 26/04/2010		

Sl. No.	Name of the Source Promoter Entity (Lender)	Name of Target Entity (CDG group entity) (Borrower)	No. of shares transferred	Mode of receipt of payment-Cash, Cheque, adjusted with other transfer	Consideration received by the promoter entity (Lender)
5.	Phenomenal Craft Pvt., Limited	Chetan Dogra	5,00,000 Equity Shares on 26/04/2010		
6.	Zoom Colonizers Private Limited	Subah Multimedia Pvt., Ltd	25,00,000 Equity Shares on 29/04/2010	Cheque No. 136644 dated 03.05.2010 and Cheque no. 136645 dated 03.05.2010.	No payment received as the Cheque of ₹ 37.50 lakhs bounced.
7.	Yellow Consultants Private Limited	Shraddha Entertainment Pvt., Ltd	25,00,000 Equity Shares on 30/04/2010	Cheque No. 643332 dated 03.05.2010	No payment received as the Cheque of ₹ 37.50 lakhs bounced.
8.	Green Cottage And Resorts Ltd	Tulip Expotrade Pvt., Ltd	10,00,000 Equity Shares on 14/05/2010	Cheque No. 643388 dated 03.05.2010	No payment received as the Cheque of ₹ 37.50 lakhs bounced.

19. I note from the agreements entered into between the promoters of VSL and Chetan Dogra group of companies, which was stated to be as loan agreement, on behalf of the Noticees 3, 4, 5 & 6, Noticee 1 signed the agreement in the capacity of one of the Directors.

20. On perusal of the documents made available to me, I find that there was an agreement dated April 25, 2010 supposed to be executed between Phenomenal Crafts Pvt., Ltd., (Noticee 9) and Noticee 1 i.e., Chetan Dogra, However, the same was not executed by both the parties as mentioned above. I also find that there was no agreement stated to have been entered into between Noticee 9 and Noticees 2 & 3. As per the records, I note that Phenomenal Crafts Pvt., Ltd., on April 26, 2010 had transferred 7 lac shares to Chetan Dogra, 1 lac shares to Chetan Dogra HUF, and 2 lac shares to Daffodil Tradex Pvt., Ltd., totalling 10 lac shares. The Noticee 9 submitted that it had received a consideration of ₹ 13,00,000/- vide Cheque No. 180863 drawn on HDFC Bank, Fort on April 29, 2010. I note that the off-market transfer had taken place on April 26, 2010, whereas the consideration of ₹ 13,00,000 was received by the Noticee 9 on April 29, 2010. I note that the closing price of VSL scrip on April 26, 2010 was ₹ 3.89 and considering the same the amount to be received from Noticees 1, 2 and 3 by Noticee 9 was ₹ 38,90,000/-, whereas the Noticee 9 had received only ₹ 13,00,000/-

21. Further, in respect of the off-market transfers carried out by Zoom Colonizers Pvt., Ltd., in favour of Subah Multimedia Private Ltd., I note that the

agreement stated to be a loan agreement was executed by both the parties on April 29, 2010. On the same day, Zoom Colonizers Pvt., Ltd., had transferred 25 lac shares to Subah Multimedia Private Ltd., for which Subah Multimedia Private Ltd., issued two cheques bearing no., 136644 and 136645 on May 3, 2010 for a sum of ₹ 25,00,000/- and ₹ 12,50,000/- respectively totalling ₹ 37,50,000/- drawn on HDFC Bank in favour of Zoom Colonizers Pvt., Ltd., I note that both the instruments were returned by the Bank with a memorandum on May 7, 2010, with the remarks “insufficient funds”. I also note from the bank statement of Zoom Colonizers the aforesaid instruments were resubmitted for payment on July 2, 2010, which was rejected by HDFC Bank on July 2, 2010 with the remarks “account closed”.

22. In respect of the off-market transfers carried out by Yellow Consultants Pvt., Ltd., in favour of Shraddha Entertainment Private Ltd., I note that the agreement stated to be a loan agreement was executed by both the parties on April 30, 2010. On the same day, Yellow Consultants Pvt., Ltd., had transferred 25 lac shares to Shraddha Entertainment Private Ltd., for which Shraddha Entertainment Private Ltd., issued a cheque bearing no., 643332 on May 3, 2010 for a sum of ₹ 37,50,000/- drawn on HDFC Bank in favour of Yellow Consultants Pvt., Ltd., I note that the cheque was returned by the Bank with a memorandum on May 6, 2010, with the remarks “insufficient funds”. I also note from the bank statement of Yellow Consultants Pvt., Ltd., that the aforesaid instrument was once again submitted for payment on July 1, 2010, which was rejected by HDFC Bank on July 1, 2010 with the remarks “account closed”.
23. In respect of the off-market transfers carried out by the Noticee 7 viz., Green Cottage and Resorts Ltd., in favour of Tulip Expotrade Pvt., Ltd., I note that the agreement stated to be a loan agreement was executed by both the parties on May 14, 2010. On the same day, Green Cottage and Resorts Ltd., had transferred 10 lac shares to Tulip Expotrades Pvt., Ltd., for which Tulip Expotrades issued a cheque bearing no., 643388 dated May 3, 2010 for a ₹ 37,50,000/- drawn on HDFC Bank in favour of Tulip Expotrades Pvt., Ltd., I

note from the bank records of Tulip Expotrades Pvt., Ltd., that the said cheque was deposited for clearing on May 29, 2010, which was returned by the Bank on May 29, 2010, with the remarks “insufficient funds”. I also note from the bank statement of Green Cottage and Resorts Ltd., that the aforesaid instrument was once again submitted for payment on July 1, 2010, which was rejected by HDFC Bank on July 2, 2010 with the remarks “account closed”.

24. I find from the above facts that the Noticees 7, 8, 9, 10 (promoters of VSL) had had transferred 70 lac shares in off-market to Noticees 1 to 6 (Chetan Dogra group of entities) from April 26, 2010 to May 14, 2010 and received only ₹ 13,00,000 from Chetan Dogra and related entities as against a total consideration of ₹ 1,25,50,000 as per the agreements entered into by them. The closing price of the VSL share on 26.04.2010, 29.04.2010, 30.04.2010 and 14.05.2010 was ₹ 3.89 , ₹ 4.03, ₹ 3.95 and ₹ 4.66 respectively. On the basis of closing price, on the dates when the off-market transfers were effected, I note that the prevailing market price of the shares was approximately ₹ 2,85,00,000 which is much higher than the agreed amount by the Noticees 1 to 10, i.e., ₹ 1,25,50,000/-
25. I note that for the purpose of finance requirements, generally loan is raised from a Financial Institution / Bank / NBFC. However, in the instant case, I note that the promoters of VSL purportedly raised loan from an individual and his companies, who do not fall under the category of Financial Institution / Bank / NBFC. I am of the view that such type of loan would be advanced only to a known borrower and not otherwise. I note that off-market transfer of shares leads to change in beneficial ownership. If the shares are given as loan by the promoters to Chetan Dogra group of entities, then they should have followed the procedure as mentioned in Depositories Act, 1996 and SEBI (Depositories and Depository Participants) Regulations, 1996 along with the relevant Bye-laws prescribed by the Depositories. However, in the instant case, I note that no such procedure was followed by the Noticees 1 to 10. Further, I note that pursuant to off-market transfer of shares by



Noticees 7, 8, 9 and 10, except in few instances, requisite disclosures were made in terms of SEBI (SAST) and SEBI (PIT) Regulations. The point to be noted here is that the Noticees have confirmed off-market transfer of shares and made disclosures in this regard to BSE, without receipt of the proceeds. In view of the above, I am convinced that the Noticees were satisfied that the off-market transactions were in order at the time of making disclosures. However, upon non-receipt of proceeds from Chetan Dogra group of entities, the Noticees disputing these transactions is contradictory to what was disclosed to BSE, which I term it as afterthought exercise. I also note from the records that pursuant to receipt of shares in off-market from the promoters of VSL, Chetan Dogra group of entities have further sold in the market. In view of the above, I am not inclined to consider the off-market transfers for the purpose of loan, but mean for other purposes.

26. I note from the agreements stated to have been as loan agreements, the Noticees 7,8,9 and 10 being the promoters of VSL had entered the agreement as lenders and the borrowers being Chetan Dogra Group of entities. As per the terms of agreement, the Lender agrees to provide loan to the borrower the shares of VSL for a period of 6 months. Against the loan, the borrower agrees to pay the lender the amounts as mentioned in the aforesaid table. An additional option was also mentioned in the agreement that it may be decided mutually at a later stage to sell some of these shares and realize the sale proceeds and lender shall adjust proportionate loan of shares against the sale proceeds to the borrower. Another significant factor to be noted is that the shares are being transferred to the demat account of Chetan Dogra group of entities, which implies transfer of beneficial ownership of the shares. The transfer of beneficial ownership comes along with the rights and liabilities attached to the ownership of shares. The conduct of the parties, which is important in any transaction, establishes that there was a transfer of the shares. The conduct of the parties and nature of the transactions establishes that the Noticees 1 to 10 had entered into a transaction in off-market, without receipt / payment of consideration, which is in contravention of the provisions relating to spot delivery contracts.

27. In this regard, I would like to draw reference to Section 16 of SCRA, which provides that if the Central Government is of opinion that it is necessary to prevent undesirable speculation in specified securities in any State or area, it may, by notification in the Official Gazette, declare that no person in the State or area specified in the notification shall, save with the permission of the Central Government, enter into any contract for the sale or purchase of any security specified therein. Sub section of section 16 declares that all contracts in contravention of the provisions of sub section (1) entered into after the date of the notification issued thereunder shall be illegal. The central Government had issued a notification in the year 1969, and thereafter SEBI issued a similar Notification on March 2, 2000 in exercise of its delegated authority under section 16 of SCRA prohibiting any person in the territory of India to enter into any contract for sale or purchase of securities other than spot delivery or contract for cash or hand delivery or special delivery or contract in derivatives as is permissible under SCRA or the Act and the Rules and Regulations made there under and Rules, Regulations and Bye laws of a recognized stock exchange. In other words, the prohibition contained in the Notification means that no security could be traded in an off market transaction except by way of spot delivery contract as defined in section 2(i) of SCRA. Further this was made applicable to the whole of India vide notification dated SO 3644 dated November 29, 1962.
28. As per SEBI Notification G.S.R 219(E) dated 2nd March, 2000 no person in the territory to which SCRA extends, shall, save with the permission of SEBI, enter into any contract for sale or purchase of securities other than such spot Delivery contract or contract for cash or hand delivery or special delivery or contract in derivatives as is permissible under the said SCRA or the SEBI Act and the rules and regulations made under such Acts and rules, regulations and bye-laws of a recognized stock exchange.
29. In terms of Section 13 of SCRA, any transactions in securities in an area other than between the members of a recognized stock exchange or through

or with such member will be illegal, except spot delivery contracts. In the instant case, I note that the transactions carried out by Noticees 1 to 10 are not spot delivery contract.

30. The Hon'ble Securities Appellate Tribunal in its order dated July 17, 2007 in the matter of Alok Kehtan Vs. SEBI, Appeal No. 55 of 2007, upheld that:

*“.....it is clear that the appellant sold his unlisted shares on 25.08.1999 in an off market transaction and received the sale consideration of ₹ 22,50,000/- only in January, 2000 which is much beyond the time permitted by section 2(i) of the SCRA. Since the transaction was off market the contract for the sale of shares could only be by way of spot delivery in view of the restriction imposed by the Board under section 16 of SCRA which mandates that the sale consideration ought to have been received either on the same day of the transaction or on the following day. It is, thus, clear that the sale of shares by the appellant on 25.08.1999 in the off market transaction is violative of the restriction imposed under section 16 read with section 2(i) of SCRA.”*

31. If the facts of the present case are tested with the touchstone of the observations made by the Hon'ble SAT, it is clear that the 70,00,000 shares sold by the Noticees 7 to 10 to Noticees 1 to 6 in off-market deal i.e., outside the stock exchange mechanism, against no consideration (except ₹ 13,00,000/-) is not in conformity with the provisions of section 2(i) of SCRA. Therefore, I am of the view that the said transactions are illegal, void and a nullity and consequently in contravention of SEBI Notification G.S.R 219(E) dated March 2, 2000 and provisions of Section 13, 16 and 18 of SCRA.

32. Consequently, I hold that the allegation of violation of SEBI Notification G.S.R. 219(E) dated March 2, 2000 read with Section 16 and Section 18 of SCRA, 1956 against the Noticees viz., Yellow Consultants Pvt., Ltd., Phenomenal Craft Pvt., Ltd., Green Cottage & Resorts Pvt., Ltd., Zoom Colonizers Pvt., Ltd., Chetan Dogra, Chetan Dogra HUF, Subah Multimedia

Pvt., Ltd., Shraddha Entertainment Pvt., Ltd., Tulip Expotrade Pvt., Ltd., and Daffodil Tradex Pvt., Ltd., stands established.

***ISSUE-II: Whether the Noticees 8 to 12 have violated the provisions of Regulation 7(1A) of SEBI (SAST) Regulations, 1997 read with Regulation 35 of SEBI (SAST) Regulations, 2011.***

33. Before moving forward, it is pertinent to refer to the relevant provisions of SEBI (SAST) Regulations, 1997 & 2011, which reads as under:

**Regulation 7 (1A) of SEBI (SAST) Regulations, 1997**

*7 (1A) - Any acquirer who has acquired shares or voting rights of a company under sub-regulation (1) of regulation 11, or under second proviso to sub-regulation (2) of regulation 11] shall disclose purchase or sale aggregating two per cent or more of the share capital of the target company to the target company, and the stock exchanges where shares of the target company are listed within two days of such purchase or sale along with the aggregate shareholding after such acquisition or sale.*

**Regulation 35 of SEBI (SAST) Regulations, 2011**

**35 (1) -** *The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, stand repealed from the date on which these regulations come into force.*

*(2) Notwithstanding such repeal,—*

*(a) anything done or any action taken or purported to have been done or taken including comments on any letter of offer, exemption granted by the Board, fees collected, any adjudication, enquiry or investigation commenced or show-cause notice issued under the repealed regulations, prior to such repeal, shall be deemed to have been done or taken under the corresponding provisions of these regulations;*

*(b) 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 has never been repealed;*

*(c) any open offer for which a public announcement has been made under the repealed regulations shall be required to be continued and completed under the repealed regulations.*

*(3) After the repeal of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, any reference thereto in any other regulations made, guidelines or circulars issued thereunder by the Board shall be deemed to be a reference to the corresponding provisions of these regulations.*

34. It was observed from the shareholding pattern of VSL that the promoter holdings had reduced from 68.08% for the quarter ended March 2010 to 63.88% in June 2010. Suresh Sharma was the Managing Director of VSL and Mithilesh Sharma is the wife of Suresh Sharma. Suresh Sharma is one of the Directors of Zoom Colonizers Pvt., Ltd., Yellow Consultants Pvt., Ltd., and Phenomenal Crafts Pvt., Ltd., The date-wise % holdings of the promoters entities, namely Suresh Sharma , Mithilesh Sharma , Zoom Colonizers Pvt., Ltd., Phenomenal Crafts Pvt., Ltd and Yellow Consultants Pvt., Ltd., whose shareholding changed from the quarter ended March 2010 to June 2010, are as under:

Date	Mithilesh Sharma	Phenomenal Craft Pvt., Ltd	Suresh Sharma	Yellow Consultants	Zoom Colonizers	Remaining promoter holding	Total	% change	Cumulative % change
01/04/2010	4.83	4.17	6.05	2.51	2.51	45.71	65.79	0.00	0.00
13/04/2010	8.63	4.17	2.24	2.51	2.51	45.71	65.79	0.00	0.00
15/04/2010	9.14	4.17	1.74	2.51	2.51	45.71	65.79	0.00	0.00
16/04/2010	9.03	4.17	1.83	2.51	2.51	45.71	65.78	0.01	0.01
19/04/2010	9	4.17	1.83	2.51	2.51	45.71	65.75	0.03	0.04
20/04/2010	8.95	4.17	1.83	2.51	2.51	45.71	65.70	0.05	0.09
26/04/2010	8.95	3.67	1.83	2.51	2.51	45.71	65.19	0.50	0.59
29/04/2010	8.95	3.67	1.83	2.51	1.26	45.71	63.94	1.26	1.85
30/04/2010	8.95	3.67	1.83	1.26	1.26	45.71	62.68	1.26	3.11

35. It is observed from the above table that the cumulative % age shareholding of promoter entities acting as Persons Acting in Concert (PAC) changed from 65.79% (as on April 1, 2010) to 62.68% (as on April 30, 2010), i.e., by 3.11%.
36. The details of change in shareholding of promoter entities viz., Noticees 8, 9, 10, 11 & 12 which was cumulatively changed 2% from April 1, 2010 to April 30, 2010 is tabulated hereunder.

**Noticee 8: Zoom Colonizers Pvt., Ltd.,**

Opening balance as on	No., of shares held	% of holding (opening)	Date of transaction	Sale / Purchase / Off-market receipt or transfer	No. of shares	% of holding (closing)	% of change in share-holding
01/04/2010	5000000	2.51%	29/04/2010	Off-market transfer	2500000	1.26	1.25%

I note from the submissions made by the AR, that the Noticee 8 had made disclosures to BSE of change in aforesaid shareholding vide letter dated April 30, 2010, which was subsequently rectified and revised filing was made by the Noticee 8 vide letter dated May 12, 2010.

**Noticee 9: Phenomenal Crafts Pvt., Ltd.,**

Opening balance as on	No., of shares held	% of holding (opening)	Date of transaction	Sale / Purchase / Off-market receipt or transfer	No. of shares	% of holding (closing)	% of change in share-holding
01/04/2010	8306467	4.17%	26/04/2010	Off-market transfer	1000000	3.67%	0.50%

I note from the submissions made by the AR, that the Noticee 9 had made disclosures to BSE of change in aforesaid shareholding vide letter dated April 28, 2010, which is within the due date.

**Noticee 10: Yellow Consultants Pvt., Ltd.,**

Opening balance as on	No., of shares held	% of holding (opening)	Date of transaction	Sale / Purchase / Off-market receipt or transfer	No. of shares	% of holding (closing)	% of change in share-holding
01/04/2010	5000000	2.15%	30/04/2010	Off-market transfer	2500000	1.26%	1.25%

I note from the submissions made by the AR, that the Noticee 10 had made disclosures to BSE of change in aforesaid shareholding vide letter dated May 3, 2010, which is within the due date.

**Noticee 11: Suresh Sharma**

Opening balance as on	No., of shares held	% of holding (opening)	Date of transaction	Sale / Purchase / Off-market receipt or transfer	No. of shares	% of holding (closing)	% of change in
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							<b>share- holding</b>
01/04/2010	12044355	6.05%	13/04/2010	Off-market transfer	7576935	3.81%	<b>2.24%</b>
13/04/2010	4467420	2.24%	15/04/2010	Off-market transfer	1000000	1.74%	0.50%

I note from the documents submitted by the AR that the Noticee 11 vide letter dated April 13, 2010 had disclosed to the BSE about off-market transfer of 75,76,935 shares, which was 2.24%. However, the Noticee did not take into consideration 34,67,420 shares held by him in physical form while disclosing the shares held by him before the sale of shares. Therefore, I note that even though the Noticee 11 had disclosed change in shareholding of 75,76,935 shares, but the disclosure made by him did not portray his actual shareholding, because the shares held by him in physical format were not taken into consideration. The AR vide letter dated September 12, 2018 had admitted the error of non-disclosure of shares held in physical form. In respect of off-market transfer of 10,00,000 shares on April 13, 2010, I note that the Noticee 11 had disclosed the change in shareholding to BSE vide letter dated April 16, 2010.

#### **Noticee 12: Mithilesh Sharma**

<b>Opening balance as on</b>	<b>No., of shares held</b>	<b>% of holding (opening)</b>	<b>Date of transaction</b>	<b>Sale / Purchase / Off-market receipt or transfer</b>	<b>No. of shares</b>	<b>% of holding (closing)</b>	<b>% of change in shareholding</b>
01/04/2010	9610844	4.83%	13/04/2010	Off-market receipt	7576935	8.63%	<b>3.80%</b>
15/04/2010	17187779	8.63%	15/04/2010	Off-market receipt	1000000	9.14%	0.51%
16/04/2010	18187779	9.14%	16/04/2010	Sale	204000	9.03%	0.11%
19/04/2010	17983779	9.03%	19/04/2010	Sale	60000	9.00%	0.03%
20/04/2010	17923779	9.00%	20/04/2010	Sale	100000	8.95%	0.15%

The Noticee 12 viz., Mithilesh Sharma upon receipt of 75,76,935 shares from another promoter viz., Suresh Sharma, had failed to disclose the change in shareholding, which increased from 4.83% to 8.63%, resulting into 3,80% change. Further, the Noticee had not made any disclosure to BSE about receipt of 10,00,000 shares in the off-market on April 15, 2010. In respect of

shares sold the by the Noticee 12 on April 16, 19 and 20, 2010, I note that the Noticee 12 had disclosed the change in shareholding to BSE vide letter dated May 20, 2010 with a delay ranging from 30 days to 35 days.

37. From the above facts, I would like to summarize the change in holding of the promoters between April 1, 2010 and April 30, 2010, as under:

Name of the Promoters	No., of shares held as on April 1, 2010	% age of shares held	No. of shares sold / purchased / off-market receipt / transfer between April 1, 2010 and April 30, 2010	% age of shares changed	Holding of shares as on April 30, 2010	% of age of holding as on April 30, 2010
Zoom Colonizers	50,00,000	2.51%	25,00,000 (off-market transfer)	1.25%	25,00,000	1.26%
Phenomenal Crafts	83,06,467	4.17%	10,00,000 (off-market transfer)	0.50%	73,06,467	3.67%
Yellow Consultants	50,00,000	2.51%	25,00,000 (off-market transfer)	1.25%	25,00,000	1.26%
Suresh Sharma	1,20,44,355	6.05%	85,76,935 (off-market transfer)	4.22%	34,67,420	1.83%
Mithilesh Sharma	96,10,844	4.83%	85,76,935 (off-market receipt) 3,64,000 (sale of shares)	4.12%	1,78,23,779	8.95%

38. I note that when the shareholding of the promoters viz., Noticees 8 to 12 changed from 65.79% to 62.68%, which is 3.11% i.e., more than 2% of the share capital, the Noticees were required to make disclosure to the Company and to the Stock Exchange as contemplated under Regulation 7 (1A) of the SEBI (SAST) Regulations. In this connection, I would like to dwell upon the importance of disclosures to be made by the Promoters under Regulation 7 (1A) of the SEBI (SAST) Regulations. Regulation 7 (1A) was inserted to the SEBI (SAST) Regulations, 1997 with effect from September 9, 2002 based on the recommendations made by the Committee constituted under the Chairmanship of Justice PN Bhagwati. In the said report, it was



recommended that acquirers holding 15% and above should disclose purchase or sales at every 2% level. Since acquisition of 15% and more shares is directly linked to the control over the Company, it is apparent that acquisition of shares by an acquirer under Regulation 7 (1A) would be acquisition of shares by the acquirer himself together with the persons acting in concert (PAC) with the acquirer.

39. In the instant case, the promoters were holding 65.71% of total share capital as on April 1, 2010, which changed by 3.11% as on April 30, 2010. Since the object of Regulation 7 (1A) of SEBI (SAST) Regulations is to make it mandatory for acquirers holding (together with persons acting in concert) shares between 55% and 75% to disclose purchase or sale of those shares in excess of 2%, the obligation to make disclosure under Regulation 7 (1A) arises when the aggregate purchase or sale of shares held by the acquirer together with persons acting in concert with him exceeds 2%. It is an admitted fact that the promoters (Noticees 8 to 12) have made disclosures of change in their respective shareholding under Regulation 7 (1A) of SEBI (SAST) Regulations individually, wherein they had shown themselves as Acquirers and persons acting in concert with the acquirers.
40. The expression 'acquirer' defined under Regulation 2(1)(b) stipulates that wherever the expression 'acquirer' is used in the SEBI (SAST) Regulations, 1997 it shall be referable to a person who acquires shares or voting rights in the target company either by himself or with any person acting in concert with the acquirer. Therefore, purchase or sale of shares by 'Any acquirer' under Regulation 7(1A) would be referable to purchase or sale of shares effected by the acquirer either by himself or with persons acting in concert with the acquirer and would not be relatable to purchase or sale of shares by the acquirer alone. Under regulation 2(1)(e) of the SEBI (SAST) Regulations 1997, when persons acquire shares or voting rights with the common object of controlling the target company, then the said persons are said to be 'persons acting in concert'. In the present case, aggregate sale of shares of

the target company by the Noticees 8 to 12 as persons acting in concert exceeded 2% of the share capital of the target company,

41. However, I note that the Noticees 8 to 12 have made disclosures to BSE in respect of their respective change in shareholding individually. In the present case, the aggregate sale of shares of the target company i.e., VSL by the Noticees 8 to 12 (acquirers) as persons acting in concert when exceeded 2% of share capital of the target company (*i.e., by 3.11% on April 30, 2010*), they were obliged to make disclosure to the target company and to the stock exchanges under Regulation 7 (1A) of SEBI (SAST) Regulations, 1997.
42. In this connection, I note that the disclosure to be made by the Noticees 8 to 12 is relatable to the shareholding of the acquirers together with persons acting in concert with the acquirer and does not relatable to the shareholding of an acquirer alone. The obligation to make disclosures under Regulation 7 (1A) arises when an acquirer covered under Regulation 11 (2) of SEBI (SAST) Regulations purchases or sells shares of the target company together with persons acting in concert with that acquirer, aggregating to 2% or more of the share capital of the target company. Therefore, the Noticees 8 to 12 were obliged to disclose their aggregate change in shareholding upon cross 2% of share capital / voting rights. However, the Noticees failed to disclose the aggregate change in shareholding upon cross 3.11% of share capital / voting rights (*during the period April 16, 2010 to April 30, 2010*) as on April 30, 2010.
43. In terms of Regulation 7 (2) of SEBI (SAST) Regulations, 1997, the disclosures under Regulation 7 (1A) SEBI (SAST) Regulations, 1997 shall be made within two days of the events viz., (a) the receipt of intimation of allotment of shares or (b) the acquisition of shares or voting rights, as the case may be. I note that the Regulation 7 (2) casts upon an obligation on the acquirer to make disclosure only to acquisition of shares and does not relate to sale of shares or voting rights in excess of the limits prescribed under Regulation 7 (1A).

44. In this connection, I would like to refer to the judgement of Hon'ble SAT in the case of Ravi Mohan & Others Vs., SEBI (Appeal No. 97 of 2014) decided on December 16, 2015, which held that: *"Disclosure obligation under Regulation 7 (1A) has to be discharged in accordance with Regulation 7 (1A) read with Regulation 7 (2). Since, Regulation 7 (2) does not contemplate for disclosure relating to sale of shares in excess of the limits set out under Regulation 7 (1A), appellants herein cannot be said to have failed to comply with Regulation 7 (1A) within the time stipulated under Regulation 7(1A). Consequently penalty imposed on the appellants cannot be sustained"*
45. In view of the aforesaid judgement, as there is no obligation under Regulation 7 (2) to make disclosure of sale of shares specified under Regulation 7 (1A), I cannot hold the Noticees 8 to 12 guilty of failing to make disclosure under Regulation 7 (1A).
46. I note that the Noticee 12 received 75,76,935 shares through off-market from one of the promoters viz., the Noticee 11 on April 13, 2010. Pursuant to receipt / transfer of shares in off-market, I note that there is no change in the cumulative shareholding of the promoters, as the same was inter-se transfer of shares amongst the promoters. The shareholding of promoters remained same i.e., 65.79% during the period April 1, 2010 and April 15, 2010. However, I note that the Noticee 12 upon receipt of 75,76,935 shares through off-market, which triggered acquisition of more than 2% of share capital i.e., 3.80% of share capital, the Noticee 12 did not make any disclosure to the Company and to the Stock Exchange.
47. The Hon'ble SAT in its judgment dated July 31, 2014 in the matter of GHCL Ltd., Vs SEBI (Appeal No. 6 of 2014) held that "Regulation 7(1A) requires an individual acquirer to disclose regarding any change in its shareholding if it goes 2% up or down (emphasis supplied) and for the purpose of calculating such change of 2% shareholding, the shareholding of "person acting in concert" may not be clubbed unless they admittedly act in concert." It also

held that: *“Regulation 7(1A) of SAST Regulations casts an obligation on a person to disclose purchase or sale of shares of a company to the stock exchanges within two days of such purchase or sale only if following four conditions are fulfilled.*

- a. A person is an acquirer;*
- b. That person acquired shares or voting rights;*
- c. Such acquisition is under sub-regulation 1 of Regulation 11; and*
- d. Purchase or sell aggregates 2% or more of the share capital of the company.*

*Thus, all the above four ingredients must be satisfied before attracting the provisions of Regulation 7(1A). A person may be acquirer under SAST Regulations but may not acquire shares as a "person acting in concert" with other and as such he shall not be obliged to make disclosures under Regulation 7(1A) of the SAST Regulations unless he individually crosses the threshold of 2%.”*

48. I note from the aforesaid case that independent disclosure requirement under Regulation 7 (1A) of the SEBI (SAST) Regulations arises as soon as a person acquires 2% or more of share capital of the company and that the shareholding of persons acting in concert may not be relevant in such cases of individual acquisitions. In the instant case, pursuant to acquisition 75,76,935 shares through off-market by Noticee 12, which was 3.80% of share capital, the disclosure obligation of more than 2% of acquisition of shares was triggered. In this connection, it is pertinent to note that the decrease in shareholding of promoters from 65.79% to 62.68%, which resulted in change in shareholding to the extent of 3.11% during the period April 1, 2010 and April 30, 2010 does not include the inter-se transfer of shares amongst the promoters, as there was no change in cumulative shareholding of the promoters. However, an obligation was cast upon the Noticee 12 to make disclosure in the individual capacity upon crossing 2% of shareholding on April 13, 2010. I note from the submissions made by the AR

that the Noticee 12 had made disclosure to the Company, however the same was not traceable. Therefore, in view of absence of any documentary proof of making disclosure to the Company and to BSE, I hold that the Noticee 12 had failed to make disclosures to the Company and to BSE, upon acquisition of 75,76,935 shares, which resulted into change of 3.80% of share capital. Accordingly, I hold the Noticee 12 guilty of violating the provisions of Regulation 7 (1A) of SEBI (SAST) Regulations, 1997 read with Regulation 35 of SEBI (SAST) Regulations, 2011.

**ISSUE-III: Whether the Noticees 11 & 12 have violated the provisions of Regulation 13 (1), 13(3) and 13(4) r/w Regulation 13(5) of SEBI (Prohibition of Insider Trading) (PIT) Regulations, 1992 and Regulation 12 of SEBI (PIT) Regulations, 2015 (as applicable).**

49. Before moving forward, it is pertinent to refer to the relevant provisions of SEBI (PIT) Regulations, 1992 & 2015, which reads as under:

**Regulation 13 (1) of SEBI (PIT) Regulations, 1992**

*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.*

**Regulation 13 (3) of SEBI (PIT) Regulations, 1992**

*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.*

**Regulation 13 (4) of SEBI (PIT) Regulations, 1992**

*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 sub-regulation, and the change exceeds ₹ 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.*

**Regulation 13 (5) of SEBI (PIT) Regulations, 1992**

*The disclosure mentioned in sub-regulations (3) and (4) 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.*

**Regulation 12 of SEBI (PIT) Regulations, 2015**

*(1) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 are hereby repealed.*

*(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 to have been done or taken under the corresponding provisions of these regulations;*

*(3) After the repeal of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, any reference thereto in any other regulations made, guidelines or circulars issued thereunder by the Board shall be deemed to be a reference to the corresponding provisions of these regulations*

50. I note that as on April 1, 2010 the Noticee 12 i.e., Mithilesh Sharma held 96,10,844 shares, which was 4.83% of the total share capital. Upon receipt of 75,76,935 shares through off-market from the Noticee 11 i.e., Suresh Sharma, the shareholding of the Noticee 12 increased from 4.83% to 8.63%, resulting into change in 3.81% of the shareholding. In terms of Regulation 13 (1) of SEBI (PIT) Regulations, 1992 upon crossing more than 5% of share

capital, the Noticee 12 was required to disclose to the Company, the number of shares held by her. I note from the submissions made by the AR that the Noticee 12 had made disclosure to the Company, however the same was not traceable. Therefore, in view of absence of any documentary proof of making disclosure to the Company and, I hold that the Noticee 12 had failed to make disclosures to the Company upon acquisition of 75,76,935 shares, which resulted into increase of her shareholding by more than 5%.

51. In this connection, I am inclined to take into consideration the judgement of Hon'ble SAT in the case of Vitro Commodities Pvt., Ltd., Vs SEBI, wherein the Hon'ble SAT inter-alia held that Regulation 7 (1) of SAST Regulations and Regulation 13 (1) of PIT Regulations are not substantially difference, since violation of first automatically triggers violation of second and hence there no justification for imposition of penalty for second violation when penalty for first violation has been imposed. Therefore, I am not holding the Noticee 12 liable for monetary penalty for the violation of Regulation 13 (1) of SEBI (PIT) Regulations, 1992, since for the aforesaid violation, the Noticee 12 has been held guilty of violating the provisions of Regulation 7 (1A) of SEBI (SAST) Regulations, 1992 read with Regulation 35 of SEBI (SAST) Regulations, 2015.
52. As on April 1, 2010, the Noticee 11 i.e., Suresh Sharma held 1,20,44,355 shares of VSL, which was 6.05% of the share capital. On April 13, 2010 Suresh Sharma transferred 75,76,935 shares to another promoter viz., Mithilesh Sharma through off-market, which resulted into decrease in his shareholding from 6.05% to 2.24%, which was a change of 3.81%. Further, on April 15, 2010 the shareholding of Suresh Sharma decreased to 1.74% from 2.24% on account of transfer of 10,00,000 shares, which resulted into change of 0.50% shareholding. I note that the %age shareholding of Suresh Sharma decreased from 6.05% (*April 1, 2010*) to 1.74% on (*April 15, 2010*). Pursuant to change in shareholding from 6.05% to 2.24%, in terms of Regulation 13 (3) of SEBI (PIT) Regulations, 1992, Suresh Sharma was required to disclose the change in shareholding to the Company. Further,

Suresh Sharma being the Director of the Company was required to disclose the change in shareholding to the Company in terms of Regulation 13 (4) of SEBI (PIT) Regulations, 1992.

53. I note from the records that the Noticee 11 upon transfer of 75,76,935 and 10,00,000 shares through off-market on April 13, 2010 & April 15, 2010 respectively, had made disclosures under Regulation 13 (6) of SEBI (PIT) Regulations. The obligation of requirement of disclosures under Regulation 13 (6) of SEBI (PIT) Regulations is cast upon the Listed Company to disclose the information received under Regulation 13 (1), (2), (3) and (4). The object of requiring such disclosure to be made under SEBI (PIT) Regulations, within the requisite number of days is with a view to ensure that there is no abuse on account of investors being not aware of such in shareholding of a Promoter / Director. In the instant case, I note that the Noticee 11 had disclosed the change in shareholding happened on April 13 and 15, 2010 under Regulation 13 (6), instead of Regulation 13 (3) and 13 (4). I am of the view that the change in shareholding was in public domain and that the quoting of wrong provisions would not have caused any harm to the investors.
54. However, the disclosure of change in shareholding of 75,76,935 shares by the Noticee 11 did not portray his actual shareholding, because the shares held by him in physical format were not taken into consideration. The AR vide letter dated September 12, 2018 had admitted the error of non-disclosure of shares held in physical form. I note that even though the error was admitted by the Noticee 11, but there was no material error as regards the change of shareholding of 75,76,935 shares, which was clearly shown in the disclosure as 3.80% of share capital sold by him. Therefore, I am not inclined to view the error seriously as there was no material error in change of shareholding by the Noticee 11.

**ISSUE – IV: Does the violation, if any, attract monetary penalty under Section 23H of SCRA and Section 15 A (b) of SEBI Act (as applicable)?**



55. It is established from the foregoing paragraphs that the Noticees 1 to 10 had carried out transfer of shares through off-market without receipt / payment of consideration and thereby violated the provisions of Section 16 of SCRA, 1956 read with SEBI Notification G.S.R 219 (E) dated March 2, 2000, Section 13 and Section 18 of SCRA, 1956 read with Section 2(i) of SCRA, 1956. Section 16 of SCRA, 1956 read with SEBI Notification G.S.R 219 (E) dated March 02, 2000, Section 13 and Section 18 of SCRA, 1956 read with Section 2(i) of SCRA, 1956. Since the aforesaid violations stands established against the Noticees 1 to 10, the Noticees 1 to 10 are liable for monetary penalty under Section 23H of SCRA.
56. It is also established from the foregoing paragraphs that the Noticee 12 i.e., Mithilesh Sharma had failed to make disclosures to the Company upon acquisition of 75,76,935 shares, which resulted into change of 3.80% of share capital and thereby violated the provisions of Regulation 7 (1A) of SEBI (SAST) Regulations, 1997 read with Regulation 35 of SEBI (SAST) Regulations, 2011. Since the aforesaid violation stands established against the Noticee 12, the Noticee 12 is liable for monetary penalty under Section 15 A (b) of SEBI Act.
57. The provisions of Section 23H of SCRA and Section 15 A (b) of SEBI Act are reproduced hereunder.

***Section 23H of SCRA - Penalty for contravention where no separate penalty has been provided.***

*Whoever fails to comply with any provision of this Act, the rules or articles or bye- laws or the regulations of the recognised stock exchange or directions issued by the Securities and Exchange Board of India for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.*

***Section 15 A (b) of SEBI Act - Penalty for failure to furnish information, return, etc.***

*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 – V: If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 23J of SCRA and 15J of SEBI Act?**

58. While determining the quantum of monetary penalty under Section 23H of SCRA and Section 15 A (b) of SEBI Act, I have considered the factors stipulated in Section 23J of SCRA and 15-J of SEBI Act, which reads as under:

*Section 23J of SCRA and 15J of SEBI Act- Factors to be taken into account by the Adjudicating Officer*

*While adjudging quantum of penalty under section 23-I (SCRA) and 15-I (SEBI Act), 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.*

59. The material made available on record has not quantified the amount of disproportionate gain or unfair advantage made by the Noticees and the loss suffered by the investors as a result of the Noticees' 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 Noticees as a result of default.
60. However, I find that the Noticees 1 to 10 had carried out off-market transfer of 70 lac shares, without receipt / payment of consideration. I also find that the Noticees 1 to 6 upon receipt of shares through off-market from Noticees 7 to 10, have further sold it in the market. Considering the large number of

shares involved in such dubious deals and that the shares were sold outside the mechanism of stock exchange in contravention of the provisions of the Law, I am of the view that the Noticees 1 to 10 for their said acts of omissions and commissions should be penalized suitably.

61. There is no dispute that the Noticee 12 failed to make the requisite disclosures to the Company & BSE, in terms of SEBI (SAST) Regulations, 1997. Any lapse in such matters would be detrimental to the interest of investors.
62. In this connection, I would like to draw reference to the Hon'ble SAT's observations in the Appeal No. 66 of 2003 - Milan Mahendra Securities Pvt. Ltd. Vs. SEBI, wherein the Hon'ble SAT has observed that, *"the purpose of these disclosures is to bring about transparency in the transactions and assist the Regulator to effectively monitor the transactions in the market"*. Further, in the matter of Ranjan Varghese v. SEBI (Appeal No. 177 of 2009 and Order dated April 08, 2010), the Hon'ble SAT had observed that *"Once it is established that the mandatory provisions of Takeover Code was violated, the penalty must follow"*
63. Therefore, I am not inclined to view the lapse on the part of the Noticee 12 in not making the disclosures leniently and consider it necessary to impose monetary penalty which would act as deterrent to the Noticee in future.

### ORDER

64. In view of the foregoing, after taking into consideration all the facts and circumstances and in exercise of power conferred upon me under Section 23I of SCRA and Section 15 A (b) of SEBI Act, I impose the following penalties on the Noticees 1 to 10 and 12 under Section 23H of SCRA and Section 15 A (b) of SEBI Act, respectively.

Noticee No.	Name of the Noticee	Nature of violations	Violation of Act / Notification / Regulation	Penalty amount in ₹ and words	Penalty imposed under

1	Cheta Dogra	Received shares in off-market without payment of consideration	Section 16 of SCRA, 1956 read with SEBI Notification G.S.R 219 (E) dated March 02, 2000, Section 13 and Section 18 of SCRA, 1956 read with Section 2(i) of SCRA, 1956.	₹ 10,00,000/- (Rupees Ten lacs only)	Section 23H of SCRA
2	Chetan Dogra, HUF			₹ 10,00,000/- (Rupees Ten lacs only)	
3	Daffodil Tradex Pvt., Ltd.,			₹ 10,00,000/- (Rupees Ten lacs only)	
4	Subah Multimedia Pvt., Ltd.,			₹ 10,00,000/- (Rupees Ten lacs only)	
5	Shraddha Entertainment Pvt., Ltd.,			₹ 10,00,000/- (Rupees Ten lacs only)	
6	Tulip Expotrade Pvt., Ltd.,			₹ 10,00,000/- (Rupees Ten lacs only)	
7	Green Cottage and Resorts Ltd.,	Transferred shares in off-market without receipt of consideration		₹ 5,00,000/- (Rupees Five lacs only)	
8	Zoom Colonizers Pvt., Ltd.,			₹ 5,00,000/- (Rupees Five lacs only)	
9	Phenomenal Crafts Pvt., Ltd.,			₹ 5,00,000/- (Rupees Five lacs only)	
10	Yellow Consultants Pvt., Ltd.,			₹ 5,00,000/- (Rupees Five lacs only)	
12	Mithhilesh Sharma	Non-disclosure for change in shareholding pattern above 2%	Regulation 7 (1A) of SEBI (SAST) Regulations, 1997 read with Regulation 35 of SEBI (SAST) Regulations, 2011.	₹ 2,00,000/- (Rupees Two lacs only)	Section 15 A (b) of SEBI Act

65. 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 favour of “SEBI - Penalties Remittable to Government of India”, payable at Mumbai, OR through e-payment facility into 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

66. The Noticees shall forward said Demand Draft or the details / confirmation of penalty so paid through e-payment to the General Manager, Enforcement Department, DRA-II, 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

67. In terms of rule 6 of the SCR Rules & Adjudicating Rules, copies of this Order are sent to the Noticees and also to SEBI.

**Date: 26 September 2018**

**Place: Mumbai**

**B J DILIP**

**Adjudicating Officer**