

**BEFORE THE ADJUDICATING OFFICER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**[ADJUDICATION ORDER NO. PB/AO-01/2018]**

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

**In respect of**

<b>Sl.No.</b>	<b>Name of the Entity</b>	<b>PAN Card No.</b>
1.	Mr. Anand Kumar Chaurasia	AAIPC1441K
2.	Ms. Chanda Chaurasia	AAEPC7761L
3.	Mr. Kamal Kishore Chaurasia	ABJPC8088J
4.	Mr.Navneet Chaurasia	AAEPC7666E

**In the matter of Rich Capital & Financial Services Limited (Now  
known as Rich Universe Network Limited)**

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**FACTS OF THE CASE IN BRIEF**

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) conducted investigation in trading in the scrip of Rich Capital & Financial Services Limited (Now known as Rich Universe Network Limited) (hereinafter referred to as ‘**RCFL**’) which was listed on Bombay Stock Exchange (hereinafter referred to as ‘**BSE**’). The period of investigation in the scrip of RCFL was from December 19, 2006 to March 05, 2007 (hereinafter referred to as “**investigation period**” ).

2. It was alleged that (i) Mr. Anand Kumar Chaurasia, (ii) Ms. Chanda Chaurasia, (iii) Mr. Kamal Kishore Chaurasia and (iv) Mr. Navneet Chaurasia (hereinafter collectively referred to as '**noticees**') had violated regulations 7(1) read with 7(2) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 (hereinafter referred to as "SAST Regulations, 1997") read with regulation 35 of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 (hereinafter referred to as "SAST Regulations, 2011") and therefore, liable for monetary penalty under section 15 A (b) of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act**").

### **APPOINTMENT OF ADJUDICATING OFFICER**

3. The undersigned was appointed as Adjudicating Officer vide order dated April 27, 2012 under section 15 I of the SEBI Act read with rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Rules**') to inquire into and adjudge the alleged violations of provisions of the SAST Regulations, 1997 read with SAST Regulations, 2011.

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

4. The Common Show Cause Notice dated July 20, 2012 (hereinafter referred to as "**SCN**") was issued to the noticees under rule 4(1) of the Rules to show cause as to why an inquiry should not be held and penalty be not imposed under section 15A (b) of the SEBI Act for the alleged violation specified in the said SCN.
5. The noticees vide their identical replies dated August 08, 2012 sought time of 20 days to prepare the reply on the ground that their counsel was out of station.

6. The noticees submitted the identical replies dated September 19, 2012. The gist of the replies submitted by the noticees is as under:

- *The noticees belonging to the same family but they have separate kitchens and separate sources of income and investment and on the basis of mere common address of all the noticees it can not be concluded that they are connected.*
- *The noticees have not shared the income from RCFL with each other.*
- *The noticees have not acted in the form of a company for the shares of RCFL.*
- *The noticees may have common investment advisor, common depository participant or a common broker because they belong to the same family. However, they did not disclose the income/investment to each other.*
- *The noticees did not act in such a way to control RCFL and had never participated in the business activities of RCFL.*
- *The noticees did not hold in their individual capacity more than 5% of the total paid up capital of the Company.*

7. In the interest of natural justice, an opportunity of hearing was granted to the noticees on December 15, 2015 vide letters dated November 26, 2015. through Speed Post Acknowledgement Due which were delivered to the noticees. The noticees vide their identical replies dated December 11, 2015 sought time of one month in order to appoint qualified person to represent them in the matter. Acceding to the request of the noticees and considering the principles of natural justice, another opportunity of hearing was granted to the noticees on January 15, 2016 vide letter dated December 17, 2015. The identical letters dated January 12, 2016 were received from the noticees wherein they authorized Dr. S.K.Jain, Practicing Company Secretary and Mr. Vikas Bengani (hereinafter referred to as "Authorized Representatives") on their behalf to make written or oral submissions in the matter.

8. The Authorized Representatives of the noticees appeared for the hearing on January 15, 2016. During the course of hearing the Authorized Representatives reiterated the submissions made by all the noticees vide letters dated September 19, 2012 and December 11, 2015. During the course of hearing Authorized Representatives of the noticees were advised to submit the demat statement of all the noticees during the period from January 2007 to March 2007 and the family connection amongst the noticees. The Authorized Representatives of the noticees requested 15 days time to submit the reply to the queries raised during the course of hearing. Acceding to the request of the Authorized Representatives of the noticees, 15 days time was granted to submit the aforesaid information. The Authorized Representative of the noticees Mr. Vikas Bengani vide email dated February 03, 2016 informed that Dr. S.K. Jain's brother expired on January 17, 2016 and he was busy in performing rituals at native place in Uttar Pradesh and requested to provide 15 days time to submit the reply which was acceded to. The identical replies dated February 12, 2016 were received from the noticees wherein the noticees reiterated the submissions made by Authorized Representatives of the noticees and denied that they have violated the provisions of regulation 7(1) read 7(2) of SAST Regulations, 1997 read with regulation 35 of SAST Regulations, 2011 and further denied that they have acted in concert with each other in acquiring the shares of RCFL. The relationship details were provided by Shri. Kamal Kishore Chaurasia, Shri. Anand Chaurasia and Smt. Chanda Chaurasia. However, the details of relationship were not provided by Shri. Navneet Churasia. The details of relationship were provided by the said three noticees which includes the relationship of Shri. Navneet Chaurasia with other noticees, the details of the said relationship are as under:

<b>Sr. No.</b>	<b>Name</b>	<b>Relationship</b>
1	Shri. Kamal Kishore Chaurasia	Shri. Kamal Kishore Chaurasia and Anand Chaurasia are brothers.
2	Shri. Anand Chaurasia	

3	Shri. Navneet Churasia	Smt. Chanda Chaurasia is the wife of Anand Chaurasia and Shri. Navneet Chaurasia is the son of Shri. Kamla Kant Chaurasia who is the brother of Shri. Kamal Kishore Chaurasia and Anand Chaurasia
4	Smt. Chanda Chaurasia	

9. However, the noticees did not submit the demat statements as sought during the course of hearing on the ground that their depository participant had closed their operations. The noticees further relied on the judgements of Hon'ble Securities Appellate Tribunal (hereinafter referred to as "SAT") in the matters of Vitro Commodities Private Limited dated September 04, 2013 and Mega Resources Limited dated October 21, 2005. The noticees further requested to keep the proceedings in abeyance till the outcome of the review petition filed by SEBI before the Hon'ble Supreme Court in the matter of Roofit Industries Limited or any legislation amendment by the Government of India into the matter of levying the quantum of penalty.
10. During the period of instant proceeding, the Hon'ble Supreme Court of India vide judgment dated November 26, 2015 in the case of SEBI vs. Roofit Industries Ltd. held that Adjudicating Officer has no discretion in deciding quantum of penalty under Chapter VI A (except u/s 15F (a) and 15HB of the SEBI Act). The issue involved in Roofit case was differently interpreted in case of Sidharth Chaturvedi (decided on March 14, 2016) and accordingly, the legal issue / matter was pending before Larger Bench of Hon'ble Supreme Court of India. Meanwhile, as per "The Finance Act 2017" (Notified for Part VIII of Chapters VI came into effect from April 26, 2017) following has been inter - alia clarified in respect of adjudication under SEBI Act-

“147. In section 15J of the principal Act, the following Explanation shall be inserted, namely:-

Explanation- For the removal of the doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under section 15A to 15E and clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.”

11. Consequent to the clarity brought into the Finance Act, 2017, another final opportunity was provided to the noticees vide letter dated October 30, 2017 wherein the noticees were advised to intimate the undersigned within 15 days of the receipt of the said notice whether they want a personal hearing or to file further written submissions or the undersigned should decide the matter on the material available on record. The noticees vide their identical replies dated December 09, 2017 submitted that the delay in filing the replies occurred unintentionally as the relevant files and papers concerning to this matter have been misplaced by their Authorized Representatives at the time of shifting their office and requested to provide the copies of the same. In the interest of justice, all the correspondences exchanged between the undersigned and the noticees from the SCN dated July 20, 2012 to their replies dated February 12, 2016 were provided to their Authorized Representative, Mr. Vikas Bengani. The noticees vide their identical replies dated December 28, 2017 submitted that without prejudice to their rights and contentions on the non applicability of regulations 7(1) read with 7(2) of SAST Regulations, 1997 read with regulation 35 of the SAST Regulations, 2011, they wish to rely upon the following orders of the Adjudicating officers with regard to the quantum of penalty for the alleged violation and requested to take lenient and judicious view while deciding the matter and further requested to grant opportunity of personal hearing.

<b>Date of Order</b>	<b>Name of the Entity</b>	<b>Penalty</b>
April 22, 2003	Milan Mahendra Securities Pvt. Ltd.	` 1,50,000/-
December 30, 2004	Laffan Software Limited (Hon'ble SAT modified the penalty to Rs. 20,000/-	` 1,00,000/-
November 14, 2011	Sunil Talwar	` 50,000/-
November 30, 2005	1.Sourabh H. Bora 2. Rakhi S. Bora and 3. Sourabh H. Bora HUF	` 2,50,000/-
September 30, 2015	Lakeside Properties Private Limited	` 2,50,000/-

12. Acceding to the request of the noticees and in the interest of natural justice an opportunity of hearing was granted to the noticees on January 30, 2018 vide letter dated January 19, 2018. However, due to administrative exigency, the hearing could not take place. Another opportunity of hearing was granted to the noticees on February 09, 2018 vide letters dated February 05, 2018. The Authorized Representative of the noticees, Mr. Vikas Bengani appeared for personal hearing on February 09, 2018 and reiterated the earlier submissions made by the noticees till February 09, 2018 and requested to take lenient view in the matter.

### **CONSIDERATION OF ISSUES AND FINDINGS**

13. I have carefully perused the charges made against the Noticees, the basis therefor, written and oral submissions of the Noticees and the material available on record. The issues that arise for consideration in the present case are :

- a) Whether the noticees were PACs in terms of SAST Regulations, 1997?
- b) Whether the noticees had violated the provisions of regulations 7(1) read with 7(2) of SAST Regulations, 1997 read with regulation 35 of SAST Regulations, 2011?
- c) Does the violation, if any, on the part of the noticees attract monetary penalty under sections 15 A(b) of the SEBI Act?
- d) If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in section 15J of the SEBI Act?

14. Before moving forward, it will be appropriate to refer to the relevant provisions of the SAST Regulations, 1997 and SAST Regulations 2011, which reads as under:

***SAST Regulations, 1997***

***Acquisition of 5 per cent or more shares or voting rights of a company***

*7 (1) Any acquirer, who acquires shares or voting rights which (taken together with shares or voting rights, if any, held by him) would entitle him to more than five per cent or ten per cent or fourteen per cent or fifty four per cent or seventy four per cent] shares or voting rights in a company, in any manner whatsoever, shall disclose at every stage the aggregate of his shareholding or voting rights in that company to the company and to the stock exchanges where shares of the target company are listed.*

.....

*(2) The disclosures mentioned in sub-regulations (1) and (1A)] shall be made within two 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.*

***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;*

.....

*(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.*

15.Regulation 7(1) read with regulation 7(2) of SAST Regulations deals with disclosure of number and percentage of shares/voting rights to the company and to the stock exchanges where shares of the target company are listed, by an acquirer who acquires shares or voting rights which (taken together with shares or voting rights, if any held by him) would entitle him to more than 5% or 10% or 14% or 54% or 74% shares or voting rights in a company, in any manner whatsoever, within two days of, viz., the receipt of intimation of allotment of shares or the acquisition of shares or voting rights, as the case may be.

16.SEBI conducted investigation relating to buying, selling or dealing in the shares of the RCFL during the period from December 19, 2006 to March 05, 2007. The shares of RCFL were listed on BSE.

17. RCFL was originally incorporated as Rich Hire Purchase Limited on July 16, 1990. The scrip was listed on BSE, with effect from January 07, 2003. The details of the Board of Directors of RCFL are as under:

Name	Designation
<b>Shashwat Agarwal</b>	<b>Chairman &amp; Managing Director</b>
<b>Rajeev Agarwal</b>	<b>Director</b>
<b>Sanjay Gupta</b>	<b>Director</b>
<b>Dhrupesh Shah</b>	<b>Non Executive Director</b>
<b>K.K. Agarwal</b>	<b>Non Executive Director</b>

18. The price of the scrip i.e. open, high, low, and close price during the investigation period is as under:-

Exchange	Open	High	Low	Close	Avg. Volume	Total Volume
<b>BSE</b>	1.91 Dec 19, 2006	15.15 Mar 05, 2007	1.91 Dec 19, 2006	14.59 Mar 05, 2007	26,042 Shares	10,67,744 Shares

19. The price of the scrip of RCFL opened at Rs. 1.91 on December 19, 2006 and closed at Rs. 14.59 on March 05, 2007 with average trading volume of 26042 shares. A total volume of 10,67,744 shares were traded during the investigation period.

20. During the course of investigation, the KYC, unique client code (UCC) database updated by the brokers and replies of entities were examined and on the basis of same, the connections amongst the entities were established. Upon perusal of the KYC form provided by the broker Mefcom Securities Ltd. and the transaction statement of the noticees, it is observed that the noticees are connected / related to each other as detailed below:

Name of Entity	Basis of Connection/relation
Anand Kumar Chaurasia (AAIPC1441K)	1) Address is same i.e. 28/114, Pheel Khana, Kanpur-208001 2) Common telephone number i.e. 2356483. 3) Demat Account of all 4 was opened with same DP i.e. Prabhat Financial Services Ltd. 4) Trading account of all 4 was opened on the same date i.e. 01-11-2006 and all 4 are registered with the same broker i.e. Mefcom Securities Ltd. 5) Common introducer i.e. Shashwat Agarwal MD of RCFL. 6) All 4 acquired shares during the same period. 7) Did not sell shares during the period of investigation.
Chanda Chaurasia (AAEPC7761L)	
Kamal Kishore Chaurasia (ABJPC8088J)	
Navneet Chaurasia (AAEPC7666E)	

	Thus, these 4 entities are connected to each other and are Persons Acting Concert (PACs) while acquiring RCFL shares.
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21. From the above, it is found that the noticees were connected to each other and in turn were connected to RCFL. In view of the same, they were acting as Persons Acting in Concert (hereinafter referred to as “PACs”) with a common objective to acquire the shares of RCFL. The details of the same are as under:

Trade Date (Acquisition date)	Name of PAC (PAN)	No. of Shares	% of Shares Capital	Cumulative No. of Shares	Cumulative % of Shares Capital
12/2/2007	Kamal Kishore Chaurasia (ABJPC8088J)	19850	0.27%	19850	0.27%
13/2/2007	Kamal Kishore Chaurasia (ABJPC8088J)	10000	0.14%	29850	0.41%
14/2/2007	Anand Kumar Chaurasia (AAIPC1441K)	75000	2.90%	239850	3.31%
	Kamal Kishore Chaurasia (ABJPC8088J)	135000			
15/2/2007	Chanda Chaurasia (AAEPC7761L)	135550	3.94%	525400	7.25%
	Anand Kumar Chaurasia (AAIPC1441K)	150000			
19/2/2007	Chanda Chaurasia (AAEPC7761L)	25000	0.34%	550400	7.59%
20/2/2007	Chanda Chaurasia (AAEPC7761L)	25000	0.34%	575400	7.94%
28/2/2007	Anand Kumar Chaurasia (AAIPC1441K)	16840	0.23%	592240	8.17%
2/3/2007	Navneet Chaurasia (AAEPC7666E)	22000	0.30%	614240	8.48%
	Kamal Kishore Chaurasia (ABJPC8088J)	10000	0.14%	624240	8.61%
Grand Total		<b>624240</b>			

22. The noticees acting as PACs, while crossing the threshold limit on February 15, 2007 of 5% specified under regulation 7(1) of SAST Regulations, 1997 were required to make the disclosures to the company i.e. RCFL and to the stock exchange i.e. BSE as per regulations 7(1) read with 7(2) of SAST Regulations, 1997 read with regulation 35 of SAST Regulations, 2011 i.e. within two days from the date of allotment/acquisition, which the noticees had failed to do.

23. I have noted from the submissions of the noticees that they did not deny the fact of acquisition of shares of RCFL. However, they have denied that they have acquired more than 5% of the shares of RCFL in their individual capacity on the ground that though the noticees are belonging to the same family but they have separate kitchens, separate sources of income, investment and on the basis of common investment advisor, common depository participant or a common broker and mere common address it can not be concluded that they are connected.

24. It is pertinent to refer to the definition of persons acting in concert as specified under regulation 2(1)(e) of the SAST Regulations, 1997 which reads as under:

***2(1)(e) of the SAST Regulations, 1997***

*person acting in concert” comprises,—*

*(1) persons who, for a common objective or purpose of substantial acquisition of shares or voting rights or gaining control over the target company, pursuant to an agreement or understanding (formal or informal), directly or indirectly co-operate by acquiring or agreeing to acquire shares or voting rights in the target company or control over the target company,*

*(2) without prejudice to the generality of this definition, the following persons will be deemed to be persons acting in concert with other persons in the same category, unless the contrary is established :*

*(i). a company, its holding company, or subsidiary or such company or company under the same management either individually or together with each other;*

*(ii). a company with any of its directors, or any person entrusted with the management of the funds of the company;*

*(iii). directors of companies referred to in sub-clause (i) of clause (2) and their associates;*

*(iv). mutual fund with sponsor or trustee or asset management company;*

*(v). foreign institutional investors with sub-account(s);*

*(vi). merchant bankers with their client(s) as acquirer;*

*(vii). portfolio managers with their client(s) as acquirer;*

*(viii). venture capital funds with sponsors;*

*(ix). banks with financial advisers, stock brokers of the acquirer, or any company which is a holding company, subsidiary or relative of the acquirer :*

*Provided that sub-clause (ix) shall not apply to a bank whose sole relationship with the acquirer or with any company, which is a holding company or a subsidiary of the acquirer or with a relative of the acquirer, is by way of providing normal commercial banking services or such activities in connection with the offer such as confirming availability of funds, handling acceptances and other registration work;*

*(x). any investment company with any person who has an interest as director, fund manager, trustee, or as a shareholder having not less than 2 per cent of the paid-up capital of that company or with any other investment company in which such person or his associate holds not less than 2 per cent of the paid-up capital of the latter company.*

*Note: For the purposes of this clause 'associate' means:*

*(a) any relative of that person within the meaning of section 6 of the Companies Act, 1956 (1 of 1956); and*

*(b) family trusts and Hindu Undivided Families.*

25. Whether or not, two or more persons are acting in concert, is a question of fact, and is to be answered on the facts and circumstances of each case. In the present case the noticees have admitted their relationship with each other i.e. Shri. Kamal Kishore Chaurasia and Anand Chaurasia are brothers. Smt. Chanda Chaurasia is the wife of Anand Chaurasia and Shri. Navneet Chaurasia is the son of Shri. Kamla Kant Chaurasia who is the brother of Shri. Kamal Kishore Chaurasia and Anand Chaurasia. The address i.e. 28/114, Pheel Khana, Kanpur-208001 as well as telephone number i.e. 2356483 of the noticees are same. Further, the demat account of the noticees was opened with same DP i.e. Prabhat Financial Services Ltd. and trading account of the noticees was opened on the same date i.e. November 11, 2006 and the noticees are registered with the same broker i.e. Mefcom

Securities Ltd. In the present scrip of RCFL, the noticees have mainly traded through Mefcom Securities Ltd. I find that Shashwat Agarwal MD of RCFL is the common introducer for all the noticees for opening the trading account with Mefcom Securities Ltd. Further, I find that the noticees purchased 6,24,240 shares which has accounted for 58.46% of market buy volume and did not sell any shares during the investigation period. In view of the same, I am of the opinion that noticees were well aware of the transactions being entered into for acquiring such shares and certainly, upon getting the shares with their common objective/knowledge, they are PACs in terms of said SAST Regulations, 1997.

26. The noticees have relied upon the judgment of Hon'ble SAT in the matters of Vitro Commodities Private Limited dated September 04, 2013 and Mega Resources Limited dated October 21, 2005. However, the noticees did not quote the relevant paragraphs of the said judgments in support of their contention. I have perused the said case laws and found that:

**In the matter of Vitro Commodities Private Limited Vs SEBI decided on September 04, 2013**, the Hon'ble SAT was of the view that regulation 7(1) of Takeover Regulations, 1997 and Regulation 13(1) of SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as "PIT Regulations") are not stand alone Regulations and one is corollary of other. However, in the present case, only regulation 7(1) is invoked and not regulation 13 (1) of the PIT Regulations and hence, dissemination of information under regulation 7(1) being corollary to regulation 13 (1) of PIT Regulations does not arise in the present case.

**In the matter of Mega Resources Limited Vs SEBI decided on October 21, 2005**, the Hon'ble SAT modified the amount of penalty after taking into consideration the facts and circumstances of the case. I am of the view that the facts mentioned in the said case are different from the present case.

27. In terms of regulation 7(1) of SAST Regulations, 1997 disclosure is required to be made to the company and to the stock exchange. "Disclose to the company and to the stock exchange" is the clue. "Disclose" according to Webster's Encyclopedic Dictionary means - to make known, reveal or uncover – to cause to appear, allow to be seen, lay open to view. According to Black's Law Dictionary "Disclosure" means – act of disclosing, revelation, the impartation of that which is secret or not fully understood. Disclose is to expose to review or knowledge anything, which before was secret, hidden or concealed. Thus, the requirement is that complete information should reach the person for whom it is meant. The fact that complete information should be disclosed to the company and to the stock exchange is also evident from the provisions of regulation 7(2) of SAST Regulations, 1997 read with regulation 35 of SAST Regulations, 2011 which casts an obligation on the acquirer to disclose to the company and stock exchanges within 2 days of the acquisition of shares.

28. In this regard, it will be appropriate to refer to the observations of The Hon'ble High Court at Calcutta in Writ Petition 331/2001 in the matter of Arun Kumar Bajoria v/s SEBI – Order dated March 27, 2001. The Hon'ble Court while examining the issue of compliance with regard to regulation 7 of SAST Regulations, 1997 made the following observations:- ".....the object of Regulation 7 is to inform the investors that an individual has acquired 5 percent shares in the company concerned. If the acquisition has been made by more than one individual in association with each other, it is also obligatory on the part of such individuals to disclose their identity. This can only be done when the information is given to the company. If after the company has received the information, its officer do not read the information and in consequence thereof no information is given to the investors through the concerned stock exchanges, the company is to be blamed but unless the company receives the information, the question of the officers of the company reading the information and then transmitting such information to the investors through the stock exchanges concerned does not, nor can at all

arise. Therefore, it is obligatory on the part of the person so acquiring to inform the company.....”

29. Hon'ble SAT in Premchand Shah and Others V. SEBI dated February 21, 2011, wherein it was held that *".....When a law prescribes a manner in which a thing is to be done, it must be done only in that manner.....Non-disclosure of information in the prescribed manner deprived the investing public of the information which is required to be available with them when they take informed decision while making investments..... "*

30. In view of the above, I am of the opinion that noticees had failed to make the disclosures to the Company and to the stock exchange upon acquisition of more than 5% of shareholding in RCFL and accordingly had violated regulation 7(1) read with 7(2) of the SAST Regulations, 1997 read with regulation 35 of SAST Regulations, 2011.

31. As the violation of the statutory obligation under regulation 7(1) read with 7(2) of the SAST Regulations, 1997 read with regulation 35 of SAST Regulations, 2011 has been established, I hold that the noticees are liable for monetary penalty under section 15A(b) of SEBI Act, which reads as under:-

*“15A. Penalty for failure to furnish information, return, etc. - If any person, who is required under this Act or any rules or regulations made there under, -*

*a) ... ..*

*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 of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less”*



32. While determining the quantum of penalty under section 15A (b), 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.”*

*[ Explanation.—For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.]*

33. The noticees have relied upon the adjudicating officers orders in the matters of Milan Mahendra Securities Pvt. Ltd. decided on April 22, 2003, Laffan Software Limited (Hon'ble SAT modified the penalty to ` 20,000/-) decided on December 30, 2004, Mr. Sunil Talwar decided on November 14, 2011, Saurabh H. Bora and others decided on November 30, 2005 and Lakeside Properties Private Limited decided on September 30, 2015 with regard to the quantum of penalty and requested to take lenient and judicious view while deciding the matter. I am of the view that the adjudicating officer imposes the penalty after considering the facts and circumstances of the case and the facts and circumstances of each case are different.

34. I find from the material available on record, any quantifiable gain or unfair advantage accrued to the noticees or the extent of loss suffered by the investors as a result of the default cannot be computed. I note that correct and timely disclosures play an essential role in the proper functioning of the securities market and failure to do so results in depriving the investors from

taking well informed investment decision. I, therefore, conclude that the noticees, by failing to make the necessary disclosures as required under the SAST Regulations, are liable for monetary penalties under the SEBI Act.

### **Order**

35. After taking into consideration all the aforesaid facts / circumstances of the case, in exercise of the powers conferred upon me under section 15 I (2) of the SEBI Act read with rule 5 of the Adjudication Rules, I hereby impose monetary penalty upon the noticees as shown in table below;

<b>Name of the Noticee</b>	<b>Amount of Penalty</b>	<b>Penalty Provisions and Violations</b>
Mr. Anand Kumar Chaurasia	` 8,00,000/- (rupees eight lakh only)	Under section 15 A (b) of SEBI Act, 1992 for the violation of regulations 7(1) read with 7(2) of SAST Regulations, 1997 read with regulation 35 of SAST Regulations, 2011.
Ms. Chanda Chaurasia		
Mr. Kamal Kishore Chaurasia		
Mr. Navneet Chaurasia		

36. The noticees shall pay the penalty jointly and severally. I am of the view that the said penalty would commensurate with the violations committed by the noticees.

37. 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;

<b>Account No. for remittance of penalties levied by Adjudication Officer</b>	
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

38. The noticees shall forward said Demand Draft or the details / confirmation of penalty so paid through e-payment to the Chief General Manager of Enforcement Department of SEBI. The Format for forwarding details / confirmations of e-payments shall be made in the following tabulated form as provided in SEBI Circular No. SEBI/HO/GSD/T&A/CIR/P/2017/42 dated May 16, 2017 and details of such payment shall be intimated at e-mail ID [tad@sebi.gov.in](mailto:tad@sebi.gov.in)

Date	Department of SEBI	Name of Intermediary / Other Entities	Type of Intermediary	SEBI Registration Number (if any)	PAN	Amount (in Rs.)	Purpose of Payment (including the period for which payment was made e.g. quarterly, annually)	Bank name and Account number from which payment is remitted	UTR No

39. In terms of rule 6 of the Adjudication Rules, copies of this order are sent to the noticees and also to the SEBI.

**Date: March 28, 2018**

**Place: Mumbai**

**Parag Basu**  
**Adjudicating Officer**