

**BEFORE THE ADJUDICATING OFFICER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**  
**[ADJUDICATION ORDER NO. RA/DPS/ 75 - 86 /2017]**

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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**

**Adjudication Order in respect of:-**

1. Tien Trading Pvt Ltd (PAN - AADCT1652R)
2. Kyner Trading Pvt Ltd (PAN - AADCK6443P)
3. Sarwankumar Devidutt Saraf (HUF) (PAN – AAAHS9815F)
4. Kishanlal Devidutt Saraf (PAN – AAHPS5076R)
5. Sunita Sarwankumar Saraf (PAN – AALPS9589F)
6. Sunaina Nareshkumar Saraf (PAN – AAMPS4370D)
7. Sweta Sarwankumar Saraf (PAN – BCPPS1203K)
8. Sarwankumar Devidutt Saraf (PAN – AALPS7121H)
9. Nareshkumar Kishanlal Saraf (PAN – AALPS7124C)
10. Ajay Kumar Mahabir Prasad Halan (PAN - AAAPH1351D)
11. Pavan Kumar M Halan (PAN - AAAPH1352A )
12. Om Hari Halan (PAN - AAAPH1353B)

**In the matter of Rammaica (India) Ltd**

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**FACTS OF THE CASE**

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') conducted an examination into the trading of the scrip of Rammaica (India) Ltd (hereinafter referred to as '**Rammaica/Company/Scrip**') from July 01, 2012 to September 03, 2012 (hereinafter referred to as '**examination period**'). During examination it was revealed that Tien Trading Pvt Ltd, (**the Noticee No. 1 / Tien**), Kyner Trading Pvt Ltd, (**the Noticee No. 2 / Kyner**), Sarwankumar Devidutt Saraf (HUF), (**the Noticee No. 3 / Sarwankumar - HUF**), Kishanlal Devidutt Saraf, (**the Noticee No. 4 / Kishanlal**), Sunita

Sarwankumar Saraf, (**the Noticee No. 5 / Sunita**), Sunaina Nareshkumar Saraf, (**the Noticee No. 6 / Sunaina**), Sweta Sarwankumar Saraf, (**the Noticee No. 7 / Sweta**), Sarwankumar Devidutt Saraf, (**the Noticee No. 8 / Sarwan**), Nareshkumar Kishanlal Saraf, (**the Noticee No. 9 / Nareshkumar**), Ajay Kumar Mahabir Prasad Halan, (**the Noticee No. 10 / Ajay**), Pavan Kumar M Halan, (**the Noticee No. 11 / Pavan**) and Om Hari Halan, (**the Noticee No. 12 / OmHari**) had traded in the scrip and failed to make disclosure under SEBI(Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as '**SAST Regulations**') and SEBI(Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as '**PIT Regulations**'). All the Noticees collectively referred as '**the Noticees**'.

2. It was, therefore alleged that the Noticees no. 1 to 2 had not made disclosure under regulation 29(2) read with 29(3) of SAST Regulations, and not made disclosure under regulation 13(3) and 13(4A) read with 13(5) of PIT Regulations, Noticees No. 3 to 9 had not made disclosure under regulation 29(1) and 29(2) read with 29(3) of SAST Regulations and Noticees No 10 to 12 has not made disclosure under regulation 29(1) read with 29(3) of SAST Regulations.

### **APPOINTMENT OF ADJUDICATING OFFICER**

3. SEBI has, therefore, initiated adjudication proceedings against the Noticees and I have been appointed as the Adjudicating Officer vide order dated December 18, 2014 under Section 15A(b) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**') to inquire into the aforesaid alleged violations against the Noticees.

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

4. Common Show Cause Notice No. EAO/RA/DPS/16023/2015 dated June 10, 2015 (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 initiated and penalty be not imposed on the Noticees for the alleged violation specified in the SCN. The allegations levelled against the Noticees in the SCN are mentioned below.

5. During the examination period, it was revealed that one of the promoter, Noticee No. 1 (Tien) had not disclosed about the change (i.e. his holding came down from 33.22% to 14.47%) in its shareholding to the exchanges as well as to the company and hence, alleged to have violated regulation 29(2) read with 29(3) of SAST Regulations and regulation 13(3) and 13(4A) read with 13(5) of PIT Regulations. The details of which is given below:-

Date of Transaction	Opening Balance (1063000 (33.22%))	No of shares sold	Closing balance	% holding	Disclosures required under SAST	Disclosures required under PIT
24.07.2012	1063000	58800	1004200	31.38		
25.07.2012	1004200	37500	966700	30.21	29(2) r.w 29(3)	13 (3) r.w 13(5) & 13(4A) r.w 13(5)
26.07.2012	966700	4800	961900	30.06		
27.07.2012	961900	93000	868900	27.15	29(2) r.w 29(3)	13 (3) r.w 13(5) & 13(4A) r.w 13(5)
08.08.2012	868900	132200	736700	23.02	29(2) r.w 29(3)	13 (3) r.w 13(5) & 13(4A) r.w 13(5)
10.08.2012	736700	62000	674700	21.08		13(4A) r.w 13(5)
17.08.2012	674700	11700	663000	20.72	29(2) r.w 29(3)	13 (3) r.w 13(5)
23.08.2012	663000	15000	648000	20.25		13(4A) r.w 13(5)
24.08.2012	648000	84000	564000	17.63	29(2) r.w 29(3)	13 (3) r.w 13(5) & 13(4A) r.w 13(5)
27.08.2012	564000	51500	512500	16.02		13(4A) r.w 13(5)
29.08.2012	512500	12300	500200	15.63		
31.08.2012	500200	37200	463000	14.47	29(2) r.w 29(3)	13 (3) r.w 13(5) & 13(4A) r.w 13(5)

6. It was also revealed that another promoter, Noticee No. 2 (Kyner) had not disclosed about the change (i.e. his holding came down from 25.65% to 6.90%) in its shareholding to the exchanges as well as to the company and hence, alleged to have violated regulation 29(2) read with 29(3) of SAST Regulations and regulation 13(3) and 13(4A) read with 13(5) of PIT Regulations. The details of which is given below:-

Date of Transaction	Opening Balance (820900 (25.65%))	No of shares sold	Closing balance	% holding	Disclosures required under SAST	Disclosures required under PIT
30.07.2012	820900	49400	771500	24.11		13(4A) r.w 13(5)
31.07.2012	771500	28900	742600	23.21	29(2) r.w 29(3)	13 (3) r.w 13(5) & 13(4A) r.w 13(5)
01.08.2012	742600	5400	737200	23.04		
02.08.2012	737200	57100	680100	21.25		13(4A) r.w 13(5)
03.08.2012	680100	77000	603100	18.85	29(2) r.w 29(3)	13 (3) r.w 13(5) & 13(4A) r.w 13(5)
06.08.2012	603100	82100	521000	16.28	29(2) r.w 29(3)	13 (3) r.w 13(5) & 13(4A) r.w 13(5)
17.08.2012	521000	100100	420900	13.15	29(2) r.w 29(3)	13 (3) r.w 13(5) & 13(4A) r.w 13(5)

29.08.2012	420900	99800	321100	10.03	29(2) r.w 29(3)	13 (3) r.w 13(5) & 13(4A) r.w 13(5)
31.08.2012	321100	86800	234300	7.32	29(2) r.w 29(3)	13 (3) r.w 13(5) & 13(4A) r.w 13(5)
03.09.2012	234300	13400	220900	6.90		

7. On further analysis it was observed that a few entities other than the promoter group entities were trading in the scrip. On analysis of trading pattern it was observed that 7 entities belonging to Saraf family (Noticees no. 3 to 9) and 3 entities belonging to Halan family (Noticees no.10 to 12) bought shares of Rammaica and acquired 19.84% and 6.25% of the share capital of the company respectively.
8. Noticees no. 3 to 9 together bought 19.84% of the share capital of the company. It was observed that Noticees no. 3 to 9 were not appearing under public category, holding more than 1 % of the total number of shares of the company under the shareholding pattern for the quarter ended June 2012 – Annexure – II of the SCN.
9. The details of datewise transaction is placed at Annexure – III of the SCN. and the datewise transaction of Noticees no. 3 to 9 is given below:

Date of Transaction	Opening Balance	No. of shares bought	No. of shares sold	Closing balance	% holding	Disclosures required under SAST
03/08/2012	0	43200	0	43200	1.35	
06/08/2012	43200	45000	0	88200	2.76	
07/08/2012	88200	60000	0	148200	4.63	
08/08/2012	148200	45000	0	193200	<b>6.04</b>	29(1) r.w 29(3)
09/08/2012	193200	22500	0	215700	6.74	
10/08/2012	215700	105000	0	320700	<b>10.02</b>	29(2) r.w 29(3)
13/08/2012	320700	8200	0	328900	10.28	
14/08/2012	328900	15000	0	343900	10.75	
22/08/2012	343900	105000	0	448900	<b>14.03</b>	29(2) r.w 29(3)
23/08/2012	448900	300	0	449200	14.04	
24/08/2012	449200	15200	0	464400	14.51	
27/08/2012	464400	15000	0	479400	14.98	
28/08/2012	479400	105000	0	584400	<b>18.26</b>	29(2) r.w 29(3)
29/08/2012	584400	3800	0	588200	18.38	
04/09/2012	588200	46800	0	635000	19.84	

10. The details of connection of Noticee no. 3 to 9 is given below:

Sr. No	Client PAN	Client Name	Relationship
1	AAHS9815F	Noticee No. 3 (Sarwankumar HUF)	<ul style="list-style-type: none"> <li>6 &amp; 2 are brothers</li> <li>7 is son of 2; 4 is wife of 7</li> <li>3 &amp; 5 are wife &amp; daughter respectively of 6.</li> </ul>
2	AAHPS5076R	Noticee No. 4 (Kishanlal)	
3	AALPS9589F	Noticee No. 5 (Sunita)	
4	AAMPS4370D	Noticee No. 6 (Sunaina)	
5	BCPPS1203K	Noticee No. 7 (Sweta)	
6	AALPS7121H	Noticee No. 8 (Sarwan)	
7	AALPS7124C	Noticee No. 9 (Nareshkumar)	

11. The details of individual holding of the Noticee no. 3-9 is given below:-

Sr. No.	Client PAN	Client Name	Holding after transaction
1	AAHS9815F	Noticee No. 3 (Sarwankumar HUF)	105000
2	AAHPS5076R	Noticee No. 4 (Kishanlal)	105300
3	AALPS9589F	Noticee No. 5 (Sunita)	90000
4	AAMPS4370D	Noticee No. 6 (Sunaina)	106800
5	BCPPS1203K	Noticee No. 7 (Sweta)	75000
6	AALPS7121H	Noticee No. 8 (Sarwan)	49000
7	AALPS7124C	Noticee No. 9 (Nareshkumar)	103900
	Total		635000 (19.84%)

12. It is alleged that Noticees no. 3 to 9 had not disclosed about its shareholding to the exchanges as well as to the company and hence, alleged to have violated regulation 29 (1) and 29(2) read with 29(3) of SAST Regulations.

13. Further, during examination it has also been observed that Noticees no. 10 to 12 together bought 6.25% of the share capital of the company. It was observed that Noticees no. 10 to 12 were also not appearing under public category, holding more than 1 % of the total number of shares of the company under the shareholding pattern for the quarter ended June 2012. The details of their holding is given below:-

Sr. No.	Client PAN	Client Name	Holding after transaction
1	AAAPH1351D	Noticee No. 10 (Ajay)	75000
2	AAAPH1352A	Noticee No. 11 (Pavan)	50000
3	AAAPH1353B	Noticee No. 12 (OmHari)	75000
	Total		200000 (6.25%)

14. The details of datewise transaction of the Noticee No. 10 to 12 is given below:

Date of Transaction	Opening Balance	No. of shares bought	No. of shares sold	Closing balance	% holding	Disclosures required under SAST
31/08/2012	0	100000	0	100000	3.13	
04/09/2012	100000	100000	0	200000	6.25	29(1) r.w 29(3)

15. It is alleged that Noticee no. 10 to 12 had not disclosed about its shareholding to the exchanges as well as to the company and hence, alleged to have violated regulation 29 (1) read with 29(3) of SAST Regulations.

16. In view of above, it is alleged that the Noticees no. 1 to 2 has not made disclosure under regulation 29(2) read with 29(3) of SAST Regulations, and not made disclosure under regulation 13(3) and 13(4A) read with 13(5) of PIT Regulations, Noticees No. 3 to 9 has not made disclosure under regulation 29(1) and 29(2) read with 29(3) of SAST Regulations and Noticees No 10 to 12 has not made disclosure under regulation 29(1) read with 29(3) of SAST Regulations, thus the Noticees is in violation of the aforesaid regulations and are reproduced as under;

**PIT Regulations**

**13(3)** Any person who holds more than 5% shares for voting rights in any listed company shall disclose to the company in Form C the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below 5%, if there has been change in such holdings from the last disclosure made under sub-regulation (1) or under this sub-regulation; and such change exceeds 2% of total shareholding or voting rights in the company.

**13(4A)** Any person who is a promoter or part of promoter group of a listed company, shall disclose to the company and the stock exchange where the securities are listed in Form D, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such person from the last disclosure made under Listing Agreement or under sub-regulation (2A) or under this sub-regulation, and the change exceeds ₹ 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.

**13(5)** The disclosure mentioned in sub-regulations (3), (4) and (4A) shall be made within two working days of:

(a) the receipts of intimation of allotment of shares, or

*(b) the acquisition or sale of shares or voting rights, as the case may be.*

**SAST Regulations**

**29(1)** *Any acquirer who acquires shares or voting rights in a target company which taken together with shares or voting rights, if any, held by him and by persons acting in concert with him in such target company, aggregating to five per cent or more of the shares of such target company, shall disclose their aggregate shareholding and voting rights in such target company in such form as may be specified.*

**29(2)** *Any acquirer, who together with persons acting in concert with him, holds shares or voting rights entitling them to five percent or more of the shares or voting rights in a target company, shall disclose every acquisition or disposal of shares of such target company representing two per cent or more of the shares or voting rights in such target company in such form as may be specified.*

**29(3)** *The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within two working days of the receipt of intimation of allotment of shares, or the acquisition of shares or voting rights in the target company to,-*

*(a) every stock exchange where the shares of the target company are listed; and*

*(b) the target company at its registered office.*

17. The SCN was sent to the Noticee No. 1 (Tien) and Noticee No. 2 (Kyner) through separate Regd. Post AD at the available address of the Noticees viz. *Shop No.29, Raj Garden Mahavir Nagar, Kandivali West, Mumbai, Maharashtra, India, 400067.* However, the SCN was returned undelivered by the Postal Department with remarks "Left". Therefore the SCN was sent through their broker – Choice Equity Broking Private Limited for delivery vide letter dated June 25, 2015. Accordingly, Choice Equity Broking Private Limited vide its letter dated July 4, 2015, informed that the SCN has been delivered to the Noticees No. 1 & 2 and also submitted the acknowledgement from them. However, the Noticee No. 1 & 2 did not submitted their reply to the said SCN, within a period of 14 days from service of the SCN.

18. In response to the SCN, Noticee No. 9, for himself and on behalf of Noticees No. 3 to 8 vide its letter dated June 23, 2015 requested for additional time to submit their common reply and finally submitted their common reply vide letter dated July 13, 2015. Noticee No. 10 and 11 separately vide their letter dated June 23, 2015 requested for additional

time of 15 days to submit their reply. Noticee No. 12 also vide its letter dated June 24, 2015 requested for additional time of 15 days to submit its reply. Finally Noticees No. 10 to 12 submitted their reply separately vide their letter dated July 10, 2015.

19. In order to conduct an inquiry in terms of rule 4(3) of the Rules, the Noticees were granted an opportunity of personal hearing as follows:

20. Hearing Notice dated August 5, 2015 was served upon the Noticees No. 1 & 2 to appear for hearing on August 25, 2015 through their broker – Choice Equity Broking Private Limited. Accordingly, Choice Equity Broking Private Limited vide its letter dated August 26, 2015, informed that the Hearing Notice has been delivered to the Noticees No. 1 & 2 on August 24, 2015 and also submitted the acknowledgement from them. Vide email dated August 24, 2015 and vide separate letters dated August 25, 2015, Noticees No. 1 and 2 requested for ten days' time to appear for hearing as their consultant is out of station. In response to the SCN, Noticees No. 1 & 2 submitted their reply separately vide letter dated August 28, 2015. As per their request, second and final opportunity of hearing was granted to the Noticees No. 1 & 2 on September 8, 2015 vide separate Notice dated August 26, 2015 and Hearing on September 8, 2015 was attended by the authorized representatives (AR) of the Noticees No. 1 & 2 namely – Mrs. Rucha Shah and Mr. Tapan Shah and the submissions made by them were recorded. During the course of hearing, AR of the Noticees No. 1 & 2 namely – Mrs. Rucha Shah and Mr. Tapan Shah has confirmed that the Noticees No. 1 & 2 has not complied with requirements under regulation 29(2) read with 29(3) of SAST Regulations and regulation 13(3) and 13(4A) read with 13(5) of PIT Regulations till date and do not deny the charges leveled in the SCN dated June 10, 2015 and are in the process of complying it and assured to provide certain details and additional submissions by September 15, 2015 for both the Noticees. Accordingly Noticee No. 1 and Noticee No. 2 vide separate letters dated September 15, 2015 informed that as per the Notice issued to Noticees No. 1 and 2 by SEBI and in reference to meeting dated September 8, 2015 for non-disclosure of transactions taken place in the period from July 1, 2012 to September 3, 2012, the Noticees hereby submits its documents and acceptance letter by Rammaica



India Limited and BSE and also submitted the photo copies of PAN card for both the Noticees, the list of directors for both the Noticees during the period of violations.

21. Hearing Notice dated August 5, 2015 was served upon the Noticees No. 3 & 9 to appear for hearing on August 26, 2015. Hearing on August 26, 2015 was attended by the authorized representatives (AR) of the Noticees No. 3 to 9 namely – Noticee No. 9 and Mr. Bhal Chandra Murarka and the submissions made by them were recorded. During the course of hearing AR of the Noticees No. 3 to 9, namely – Noticee No. 9 and Mr. Bhal Chandra Murarka has confirmed that the Noticees No. 3 to 9 has not complied with requirements under regulation 29(1) and 29(2) read with 29(3) of SAST Regulations till date and do not deny the charges leveled in the SCN dated June 10, 2015. But we are ready to comply with the said disclosure requirements.

22. Hearing Notice dated August 5, 2015 was served upon the Noticee No. 10 to appear for hearing on August 26, 2015. Noticee No. 10 vide letter dated August 18, 2015 informed that his authorized representative (AR) – Mr. Balveer Singh Choudhary will be attending the hearing. Hearing on August 26, 2015 was attended by the authorized representative (AR) – Mr. Balveer Singh Choudhary and the submissions made by him was recorded. During the course of hearing, AR of the Noticee, has confirmed that the Noticee has not complied with the disclosure as required under regulation 29(1) read with 29(3) of SAST Regulations and confirmed that Noticee No. 11 and Noticee No. 12 are his brothers. Assured to provide certain details and additional submissions by August 31, 2015. Noticee No. 10 vide letter dated August 31, 2015 submitted the contract note cum bill and copy of the bank account with regard to buying of 75,000 shares and submitted that these shares were market transactions. The logic behind the purchase dates being identical/same was that at that point of time Rammaica (India) Ltd was coming out with convertible warrants on preferential basis and there was some news about amalgamation.

23. Hearing Notice dated August 5, 2015 separately was served upon the Noticees No. 11 and 12 to appear for hearing on August 27, 2015 and Noticees No. 11 and 12 vide separate letter dated August 18, 2015 informed that his authorized representative (AR) – Mr. Balveer Singh Choudhary will be attending the hearing. Mr. Balveer Singh

Choudhary, who is the Authorised Representatives of Noticees No. 10 to 12, who came for hearing of Noticee No. 10 requested to conduct the hearing for all of them on August 26, 2015. As desired the Hearing was conducted for the Noticees No. 11 and 12 also on August 26, 2015 and Hearing was attended by the authorized representative (AR) of the Noticees No. 11 and 12 – Mr. Balveer Singh Choudhary and the submissions made by him was recorded.

24. During the course of hearing, AR of the Noticees No. 11 and 12, has confirmed that the Noticees has not complied with the disclosure as required under regulation 29(1) read with 29(3) of SAST Regulations and confirmed that Noticee No. 11 and Noticee No. 12 are brothers of Noticee No. 10. Assured to provide certain details and additional submissions by August 31, 2015. Noticees No. 11 and 12 separately vide letter dated August 31, 2015 submitted the contract note cum bill and copy of the bank account with regard to buying of shares and submitted that these shares were market transactions and the logic behind the purchase was that my broker suggested to purchase.

25. 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 in 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 for Larger Bench of Hon'ble Supreme Court of India. Meantime, 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."*

26. Consequent to the clarity brought into the Finance Act, 2017, another final opportunity of hearing was also provided on May 2, 2017 to Noticees No. 3 to 12 and on May 3, 2017 to Noticees No. 1 to 2.

- (a) Hearing on May 3, 2017 was attended by the authorized representative (AR) of the Noticees No. 1 & 2 namely – Mr. Rajesh Mehta and reiterated as submitted in their earlier replies dated August 28, 2015 and September 15, 2015 and submitted that they don't have any other material documents for submission in this regard.
- (b) Hearing on May 2, 2017 was attended by the authorized representative (AR) of the Noticees No. 3 to 9 namely – Mr. Nareshkumar Kishanlal Saraf (Noticee No. 9) and reiterated as submitted in their earlier reply dated July 13, 2015 and submitted that they don't have any other material documents for submission in this regard.
- (c) Noticees No. 10 to 12 vide separate replies dated April 27, 2017 submitted that we reiterate the earlier submissions made and reiterate that we are not staying together and we do not discuss any financial/ business related matter with each other. Apart from the above we do not have any additional submissions to make, hence we request you to decide the matter on the basis on the submissions already made and request to exempt from personal hearing.

27. The key submissions/ reply of Noticee No. 1 and Noticee No. 2 dated August 28, 2015 separately, Noticee No. 9, for himself and on behalf of Noticees No. 3 to 8 dated July 13, 2015, Noticees No. 10 to 12 dated July 10, 2015 separately, towards the SCN and submissions made during hearing, are being mentioned below;

**REPLY OF NOTICEE NO. 1 :-**

- a) As per Regulation 29(2) read with 29(3) of SAST Regulations and Regulation 13(3) and 13(4A) read with 13(5) of PIT Regulations, Noticee No. 1, whose shareholding changed from 33.22% to 14.47% during July 01, 2012 to September 03, 2012 should have informed the stock exchange as well as the Company. However during that period when the shares were acquired, there was deficiency of our key employees who were well versed with the Stock Exchange Compliances. The Directors being busy with their day to day activities and not having knowledge about the same did not know about the compliances. Since this was an inadvertent mistake on the part

of the Company, we request you to please give us a chance of presenting our self and rectifying all the documents and submissions as per the provisions of the Act and regulations thereto.

- b) We further request you to please consider this document and we look forward for your healthy support.

**REPLY OF NOTICEE NO. 2 :-**

- a) As per Regulation 29(2) read with 29(3) of SAST Regulations and Regulation 13(3) and 13(4A) read with 13(5) of PIT Regulations, Noticee No. 2, whose shareholding changed from 25.65% to 6.90% during July 01, 2012 to September 03, 2012 should have informed the Stock Exchange as well as the Company. However during that period when the shares were acquired, there was deficiency of our key employees who were well versed with the Stock Exchange Compliances. The Directors being busy with their day to day activities and not having knowledge about the same did not know about the compliances. Since this was an inadvertent mistake on the part of the Company, we request you to please give us a chance of presenting our self and rectifying all the documents and submissions as per the provisions of the Act and regulations thereto.
- b) We further request you to please consider this document and we look forward for your healthy support.

**REPLY OF NOTICEES NO. 3 to 9:-**

- a) We would like to humbly state that the alleged non-compliances were unintentional and happened on account of our lack of knowledge and understanding of the SEBI SAST Regulations.
- b) We had no intention to hide any information from the public at large and we have not made any unfair gain, nor have caused any harm, loss or damage to investors due to alleged non-disclosure.
- c) Since there were no malafide intentions involved and the violations were purely attributable to our lack of knowledge and understanding with the requirements of SEBI SAST Regulations, we request your goodself to condone the aforesaid lapse.

- d) We further request your goodself to provide us the opportunity of personal hearing on the captioned matter to enable us to make our defence in the matter.

**REPLY OF NOTICEE NO. 10:-**

- a) It has inter alia been alleged that I, Ajay Kumar M. Halan (hereinafter referred to as 'I' / 'me' / 'myself' / 'Noticee no. 10') along with Mr. Pavan Kumar Halan (hereinafter referred to as 'Pavan' / 'Noticee no. 11') and Mr. Om Hari Halan (hereinafter referred to as 'Om' / 'Noticee no. 12') have together bought 6.25% of the share capital of the company and have violated Regulation 29(1) read with 29(3) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 (hereinafter referred to as 'SAST Regulations') for not disclosing acquisitions of shares of Rammaica (India) Limited (hereinafter referred to as 'RIL' / 'Company') to the company and the Stock Exchanges.
- b) At the outset and without prejudice to anything stated hereafter, I deny all the allegations and findings made against me in the said notice except to the extent specifically admitted by me. Nothing contained in the said notice may be deemed to be admitted by me by reason of non-traverse or otherwise, save and except what is expressly admitted herein. I deny all the statements, submissions, contentions, allegations and averments contained in the said notice that are contrary to and / or inconsistent with what is stated herein below.
- c) I submit that I am carrying out my independent business in the name and style of M/s Halan Exports and deal in digital ink and various types of garments. I am a self-occupied person with limited means and deal in digital ink and garments. I further submit that I do not deal in securities market on a regular basis and I do not have a professionally qualified staff to take care of the compliances.
- d) It has been alleged in para 12 that I along with Mr. Pavan and Mr. Om have acquired 6.25% of the share capital of RIL on August 31, 2012 and September 04, 2012 and have violated Regulation 29(1) read with 29(3) of SAST Regulations for not disclosing acquisitions of shares of Rammaica (India) Limited to the company and the Stock Exchanges.
- e) I submit that I have bought only 50,000 shares on August 29, 2012 and 25,000 on August 31, 2012 which is only 2.34% of the total share capital of RIL and I am really

surprised to know that my holding has been clubbed with other two notices. I deny that I have bought these 75,000 shares together with Mr. Pavan and Mr. Om and further submit that this was my independent decision and invested from my own funds.

- f) As per Regulation 29(1) it has been stipulated that in case the shares or voting rights, if any held by a person and by person acting in concert aggregates to 5% or more of the shares of such target company, the acquirer needs to disclose such aggregate shareholding within the stipulated time. I submit that since the decision to buy the shares of RIL was an independent decision, not influenced by any other factor, hence I was not acting in concert with Mr. Om and Mr. Pavan, there was no obligation upon me to disclose the shareholding under Regulation 29(1) read with Regulation 29(3) of SAST Regulations.
- g) Without prejudice to above, I submit that as informed earlier I am a business person and carry out trading activity in digital ink and garments independently without any interference by any other person. I take all the decisions relating to my business and my personal life on my own and hence, the decision to invest in the scrip of RIL was my own decision, not influenced by any other person. I submit and reiterate that I have bought 75,000 shares of RIL which is only 2.34% and not 6.25% of the share capital of the company, as alleged and was not required to make any disclosures.
- h) I submit that I am staying at A-602, Keshav Mansion CHS Ltd., Evershine Nagar, Malad (West), Mumbai – 400 064 and the other two notices are not staying with me. I submit that we do not live together and we do not discuss any financial matter with each other. This establishes that there was no malafide intention in buying the shares of RIL.
- i) I submit that there was no intention of taking over the company and I bought the shares of the company for investment purposes.
- j) I submit that as per the shareholding pattern available on the website of the Stock Exchange for the quarter ended September 2012 the details of my shareholding are available in the category of persons holding more than 1% (Copy of the printout of Shareholding Pattern for the quarter ended September 2012 from BSE website is enclosed herewith). Hence, the details of my acquisition were available in the public

domain, albeit a little late and this establishes that I did not have any intentions of hiding my shareholding. Hence, I submit that I did not have any intention to hide nor did I hide any information from general investors and as detailed above, neither had I had any unfair gain or advantage nor any loss or harm was caused to the investors.

- k) I would like to bring to your notice that it has been mentioned in the definition of 'Person Acting in Concert' as per SAST Regulations that ".....the persons falling within the following categories shall be deemed to be persons acting in concert with other persons....." Thus, we are only deemed to be persons acting in concert. The above factual information brought to your notice and explanation provided to your goodself proves that we cannot be "deemed to be PAC" by SEBI as we live and carry out our business independently.
- l) I submit and reiterate that not filing of relevant disclosures was due to the difference in understanding of the relevant regulations as interpreted by me and as interpreted by SEBI since it occurred not as active action by me.
- m) I submit and say that I always follow all the procedures, as stipulated by any regulatory authority, follow all rules/ regulations/ instructions etc. issued by any government agency and my intention has never been to conceal any information. I have never been penalized by any regulatory authority and have got clean track record till date. Further, I submit and reiterate that in this case also my intention was not to conceal any information / detail, as already explained above that the details came in public domain in separate format. It was a procedural lapse on my part to not to disclose the information in formats specified under SAST Regulations.

**REPLY OF NOTICEE NO. 11:-**

- a) It has inter alia been alleged that I, Pavan Kumar Halan (hereinafter referred to as 'I' / 'me' / 'myself' / 'Noticee no. 11') along with M. Ajay Kumar M Halan (hereinafter referred to as 'Ajay' / 'Noticee no. 10') and Om Hari Halan (hereinafter referred to as 'Om' / 'Noticee no. 12') have together bought 6.25% of the share capital of the company and have violated Regulation 29(1) read with 29(3) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 (hereinafter referred to as 'SAST Regulations') for not disclosing acquisitions of shares of Rammaica (India)

Limited (hereinafter referred to as 'RIL' / 'Company') to the company and the Stock Exchanges.

- b) At the outset and without prejudice to anything stated hereinafter, I deny all the allegations and findings made against me in the said notice except to the extent specifically admitted by me. Nothing contained in the said notice may be deemed to be admitted by me by reason of non-traverse or otherwise, save and except what is expressly admitted herein. I deny all the statements, submissions, contentions, allegations and averments contained in the said notice that are contrary to and / or inconsistent with what is stated herein below.
- c) I submit that I am carrying out my business in the name and style of M/s Steel Master and deal in various types of iron and steel items. I am a self-occupied person with limited means and carry out trading in iron and steel items. I further submit that I have made certain long term investment in securities market. I am not regularly dealing in securities market and therefore, I am not conversant with various regulations of SEBI and also I do not have a professionally qualified staff to take care of the compliances.
- d) It has been alleged in para 12 that I along with Om and Ajay have acquired 6.25% of the share capital of RIL on August 31, 2012 and September 04, 2012 and have violated Regulation 29(1) read with 29(3) of SAST Regulations for not disclosing acquisitions of shares of Rammaica (India) Limited to the company and the Stock Exchanges.
- e) I submit that I have bought only 50,000 shares of RIL on August 31, 2012 which is only 1.56% of the total share capital of RIL and I am unable to understand the logic behind clubbing my acquisition with the acquisition of other two notices. I deny that I have bought these 50,000 shares together with Mr. Om and Mr. Ajay and further submit that this was my independent decision and invested from my own funds.
- f) As per Regulation 29(1) it has been stipulated that in case the shares or voting rights, if any held by a person and by person acting in concert aggregate to 5% or more of the shares of such target company, the acquirer needs to disclose such aggregate shareholding within the stipulated time. I submit that since the decision to buy the shares of RIL was an independent decision, not influenced by any other factor, hence I was not acting in concert with Mr. Om and Mr. Ajay and there was no



obligation upon me to disclose the shareholding under Regulation 29(1) read with Regulation 29(3) of SAST Regulations.

- g) Without prejudice to above I submit that as informed earlier I am a business person and carry out trading activity in iron and steel independently without any interference by Mr. Om and Mr. Ajay. I take all the decisions relating to my business and my personal life on my own and hence, the decision to invest in the scrip of RIL was my own decision, not influenced by any other person. I submit and reiterate that I have bought 50,000 shares of RIL which is only 1.56% and not 6.25% of the share capital of the company, as alleged and was not required to make any disclosures.
- h) I submit that I am staying at B-603, Keshav Mansion CHS Ltd., Evershine Nagar, Malad (West), Mumbai – 400064 and the other two noticees are not staying with me. I submit that we do not live together and we do not discuss any financial matter with each other. This establishes that there was no malafide intention in buying the shares of RIL.
- i) I submit that there was no intention of taking over the company and I bought the shares of the company for investments purposes and I am still holding the shares.
- j) I submit that as per the shareholding pattern available on the website of the Stock Exchange for the quarter ended September 2012 the details of my shareholding are available in the category of persons holding more than 1% (Copy of the printout of Shareholding Pattern for the quarter ended September 2012 from BSE website is enclosed herewith). Hence, the details of my acquisition were available in the public domain, albeit a little late and this establishes that I did not have any intentions of hiding my shareholding. Hence, I submit that I did not have any intention to hide nor did I hide any information from general investors and as detailed above, neither had I had any unfair gain or advantage nor any loss or harm was caused to the investors.
- k) I would like to bring to your notice that it has been mentioned in the definition of 'Person Acting in Concert' as per SAST Regulations that "..... the persons falling within the following categories shall be deemed to be persons acting in concert with other person. ...." Thus, we are only deemed to be persons acting in concert. The above factual information brought to your notice and explanation provided to your good self proves that we cannot be deemed to be PAC by SEBI as we live and carry out our business independently.

- l) Without prejudice, I submit that I bought 50,000 shares of RIL on 29/8/2012 which is only 1.56% of total share capital. As per the details provided in the said notice, when I bought the shares of RIL, neither my individual acquisition nor my acquisition along with other notices crossed 5% of the share capital. I came to know that I along with my other relatives have crossed 5% of the share capital only after receipt of the said notice and I was not aware that they have also bought the same shares. In view of the same, I was not required to disclose my purchase of shares in RIL since I bought only 1.56% and my other relatives were required to disclose when they crossed 5% of the share capital, if any. Hence, I should not be held responsible for violation carried out by other noticees.
- m) I submit that the above shareholding was not acquired as an active acquirer and I was under the impression that such acquisition of shares do not attract requirement of disclosure as per law and hence I did not make any disclosures. However, the information came in public domain through the quarterly shareholding pattern for the quarter ended September 2012.
- n) I Submit and say that I always follow all the procedures, as stipulated by any regulatory authority, follow all rules/ regulations/ instructions etc. issued by any government agency, and my intention has never been to conceal any information. I have never been penalized by any regulatory authority and have got clean track record till date. Further, we submit and reiterate that in this case also our intention was not to conceal any information/ detail, as already explained above that the details came in public domain in separate format. It was a procedural lapse on my part to not to disclose the information in formats specified under SAST Regulations.

**REPLY OF NOTICEE NO. 12:-**

- a) It has inter alia been alleged that I, Om Hari Halan (hereinafter referred to as 'I' / 'me' / 'myself' / 'Noticee no. 12') along with Mr. Pavan Kumar Halan (hereinafter referred to as 'Pavan' / 'Noticee no. 11') and Mr. Ajay Kumar M Halan (hereinafter referred to as 'Ajay' / 'Noticee no. 10') have together bought 6.25% of the share capital of the company and have violated Regulation 29(1) read with 29(3) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 (hereinafter referred to as 'SAST Regulations') for not disclosing acquisitions of shares of Rammaica (India)

Limited (hereinafter referred to as 'RIL' / 'Company') to the company and the Stock Exchanges.

- b) At the outset and without prejudice to anything stated hereinafter, I deny all the allegations and findings made against me in the said notice except to the extent specifically admitted by me. Nothing contained in the said notice may be deemed to be admitted by me by reason of non-traverse or otherwise, save and except what is expressly admitted herein. I deny all the statements, submissions, contentions, allegations and averments contained in the said notice that are contrary to and / or inconsistent with what is stated herein below.
- c) It has been alleged in para 12 that I along with Pavan and Ajay have acquired 6.25% of the share capital of RIL on August 31, 2012 and September 04, 2012 and have violated Regulation 29(1) read with 29(3) of SAST Regulations for not disclosing acquisitions of shares of Rammaica (India) Limited to the company and the Stock Exchanges.
- d) I submit that I have bought only 50,000 shares on August 29, 2012 and 25,000 on August 31, 2012 which is only 2.34% of the total share capital of RIL and I am unable to understand the logic behind clubbing my acquisition with the acquisition of other two noticees. I deny that I have bought these 75,000 shares together with Mr. Pavan and Mr. Ajay. I further submit that this was my own decision and I used my own funds to make the investment.
- e) I submit that I am into the business of Property Development and carry out my business in the name and style of M/s Halan Properties Pvt. Ltd. & M/s Pune IT Space Solutions Pvt. Ltd. I further submit that I do not deal in securities market on a regular basis; hence I do not have staff experienced in the field of securities market.
- f) As per Regulation 29(1) states that in case the shares or voting rights, if any held by a person and by person acting in concert aggregates to 5% or more of the shares of such target company, the acquirer needs to disclose such aggregate shareholding within the stipulated time. I submit that since the decision to buy the shares of RIL was an independent decision, not influenced by any other factor, hence I was not acting in concert with other two noticees and there was no obligation upon me to

disclose the shareholding under Regulation 29(1) read with Regulation 29(3) of SAST Regulations.

- g) Without prejudice to above I submit that as informed earlier I am running two small companies independently without any interference by any other person. I take all the decisions relating to my business and my personal life on my own and hence, the decision to invest in the scrip of RIL was my own decision, not influenced by any other person. I submit and reiterate that I have bought 75,000 shares of RIL which is only 2.34% and not 6.25% of the share capital of the company, as alleged and was not required to make any disclosures.
- h) I submit that I am staying at B-604, Keshav Mansion CHS Ltd., Evershine Nagar, Malad (West), Mumbai – 400064 and the other two noticees are not staying with me. I submit that we do not live together and we do not discuss any financial/ business related matter with each other. This establishes that there was no malafide intention in buying the shares of RIL.
- i) I submit that there was no intention of taking over the company and I bought the shares of the company for investment purposes.
- j) I submit that as per the shareholding pattern available on the website of the Stock Exchange for the quarter ended September 2012 the details of my shareholding are available in the category of persons holding more than 1% (Copy of the printout of Shareholding Pattern for the quarter ended September 2012 from BSE website is enclosed herewith). Hence, the details of my acquisition were available in the public domain, albeit a little late and this establishes that I did not have any intentions of hiding my shareholding. Hence, I submit that I did not have any intention to hide nor did I hide any information from general investors and as detailed above, neither had I had any unfair gain or advantage nor any loss or harm was caused to the investors.
- k) I would like to bring to your notice that it has been mentioned in the definition of 'Person Acting in Concert' as per SAST Regulations that ".....the persons falling within the following categories shall be deemed to be persons acting in concert with other person....." Thus, we are only deemed to be persons acting in concert. The above factual information brought to your notice and explanation provided to your goodself proves that we cannot be "deemed to be PAC" by SEBI as we live and carry out our business independently.

- l) I submit that the above shareholding was not acquired as an active acquirer and I was under the impression that such acquisition of shares do not attract requirement of disclosure as per law and hence I did not make any disclosures. However, the information came in public domain through the quarterly shareholding pattern for the quarter ended September 2012.
- m) I submit and reiterate that not filing of relevant disclosures was due to the difference in understanding of the relevant regulations as interpreted by me and as being interpreted by SEBI since it occurred not as active action by me.
- n) I submit and say that I always follow all the procedures, as stipulated by any regulatory authority, follow all rules/ regulations/ instructions etc. issued by any government agency, and my intention has never been to conceal any information. I have never been penalized by any regulatory authority and have got clean track record till date. Further, we submit and reiterate that in this case also our intention was not to conceal any information/ detail, as already explained above that the details came in public domain in separate format. It was a procedural lapse on my part to not to disclose the information in formats specified under SAST Regulations.

28. After taking into account the allegations, submissions of the Noticee and evidences / material available on records, I hereby, proceed to decide the case on merit.

### **CONSIDERATION OF ISSUES AND FINDINGS:-**

29. The issues that arise for consideration in the present case are :

- a. Whether the Noticee No. 1 and Noticee No. 2 had failed to make the disclosures to BSE and the Rammaica in respect of sell transactions as stated at Para 4 – 5 of the SCN?
- b. Whether the Noticees No. 3 to 9 had failed to make the disclosures to BSE and the Rammaica in respect of buy transactions as stated at Para 7 – 11 of the SCN?
- c. Whether the Noticees No. 10 to 12 had failed to make the disclosures to BSE and the Rammaica in respect of buy transactions as stated at Para 12 – 14 of the SCN?
- d. If the disclosures were not made by the Noticees, then, whether the Noticee No. 1 and Noticee No. 2 is in violation of regulation 29(2) read with 29(3) of SAST

Regulations and regulation 13(3) and 13(4A) read with 13(5) of PIT Regulations, whether the Noticees No. 3 to 9 is in violation of regulation 29(1) and 29(2) read with 29(3) of SAST Regulations and whether the Noticees No. 10 to 12 is in violation of regulation 29 (1) read with 29(3) of SAST Regulations?

- e. If yes, then, does the violation, on the part of the Noticees attract monetary penalty under section 15A(b) of the SEBI Act?
- f. If yes, then, what would be the monetary penalty that can be imposed upon the Noticees?

30. I have perused the available records and replies of the Noticees in respect of the allegations alleged in the SCN. From the perusal of the SCN, it is observed that the Noticee No. 1 and Noticee No. 2 had not disclosed about the change in its shareholding to BSE as well as to the Rammaica. Noticee No. 1 holding has come down from 33.22% to 14.47% and Noticee No. 2 holding has come down from 25.65% to 6.90% in its shareholding. The disclosure requirement under regulation 13(3) and 13(4A) read with 13(5) of PIT Regulations arises when the change exceeds ₹5 Lakh in value or 25,000 shares or 1% of total shareholding / voting rights, whichever is lower and the disclosures requirement under regulation 29(2) read with 29(3) of SAST Regulations arises on every acquisition or disposal of shares of such target company representing 2% or more of the shares or voting rights in such target company.

31. It is apparent from the SCN that the disposal / sale of shares by each of the Noticee No. 1 as well as Noticee No. 2 exceeds 2% or more than 25,000 shares of the total shareholding / voting right of the Rammaica as stipulated in the aforesaid regulation of PIT Regulations and SAST Regulations. Noticees No. 1 and 2 in its replies to SCN and during the course of hearing has confirmed that they had not complied with requirements under regulation 29(2) read with 29(3) of SAST Regulations and regulation 13(3) and 13(4A) read with 13(5) of PIT Regulations till date and do not deny the charges leveled in the SCN dated June 10, 2015 and only after hearing vide their letter dated September 15, 2015 has confirmed that they have now made the disclosure to the Rammaica India Limited and BSE.

32. The plea of the Noticees No. 1 and 2 that during that period when the shares were acquired, there was deficiency of key employees who were well versed with the Stock Exchange Compliances and the Directors being busy with their day to day activities and not having knowledge about the same did not know about the compliances is not acceptable as it is settled position of law the ignorance of law is not an excuse.
33. With regard to Noticees No. 3 to 9, it is apparent from the SCN that the Noticees no. 3 to 9 together bought 19.84% of the share capital of Rammaica and had not disclosed about its change in shareholding to the BSE as well as to Rammaica. I also note that they are connected to each other as mentioned in para 9 of the SCN. It was observed that Noticees no. 3 to 9 were not appearing under public category, holding more than 1 % of the total number of shares of the company under the shareholding pattern for the quarter ended June 2012. The disclosure requirement under regulation 29(1) of SAST Regulations arises on acquiring shares or voting rights in a target company which taken together with shares or voting rights, if any, held by him and by persons acting in concert with him in such target company, aggregating to 5% or more of the shares of such target company, shall disclose their aggregate shareholding and voting rights in such target company and under regulation 29(2) read with 29(3) of SAST Regulations arises on every acquisition or disposal of shares of such target company representing 2% or more of the shares or voting rights in such target company.
34. It is apparent from the SCN that the Noticees No. 3 to 9 have bought together 5% or more of the shares of Rammaica and also exceeds 2% or more than 25,000 shares of the total shareholding / voting right of the Rammaica as stipulated in the aforesaid regulation of SAST Regulations. Noticees No. 3 and 9 in their combined replies to SCN and during the course of hearing has confirmed that they had not complied with requirements under regulation 29 (1) and 29(2) read with 29(3) of SAST Regulations till date and do not deny the charges leveled in the SCN dated June 10, 2015.
35. The plea of the Noticees No. 3 to 9 that the alleged non-compliances were unintentional and happened on account of our lack of knowledge and understanding of the SEBI SAST Regulations. Had no intention to hide any information from the public at large and have not made any unfair gain, nor have caused any harm, loss or damage to investors

due to alleged non-disclosure. I am of the view that when mandatory direction is stipulated for doing a particular activity, and by not complying with it till date, the intention of the parties becomes irrelevant. I do not accept the plea of lack of knowledge as it is settled position of law the ignorance of law is not an excuse.

36. With regard to Noticees No. 10 to 12, it is apparent from the SCN that the Noticees no. 10 to 12 together bought 6.25% of the share capital of Rammaica and had not disclosed about its change in shareholding to the BSE as well as to Rammaica. It was observed that Noticees no. 10 to 12 were not appearing under public category, holding more than 1 % of the total number of shares of the company under the shareholding pattern for the quarter ended June 2012. The disclosure requirement under regulation 29(1) of SAST Regulations arises on acquiring shares or voting rights in a target company which taken together with shares or voting rights, if any, held by him and by persons acting in concert with him in such target company, aggregating to 5% or more of the shares of such target company, shall disclose their aggregate shareholding and voting rights in such target company and under regulation 29(3) of SAST Regulations, *the disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within two working days of the receipt of intimation of allotment of shares, or the acquisition of shares or voting rights in the target company to,- (a) every stock exchange where the shares of the target company are listed; and (b) the target company at its registered office.*

37. It is apparent from the SCN that the Noticees No. 10 to 12 have bought together 5% or more of the shares of Rammaica as stipulated in the aforesaid regulation of SAST Regulations. Noticees No. 10 and 12 in their separate identical replies to SCN submitted that they are unable to understand the logic behind clubbing their acquisition together and submitted that it's their own decision and used their own funds to make investments. Further they carry out independent business and stay separately and take independent decisions relating to their business and investments, hence not acting in concert and there was no obligation upon them to disclose the shareholding under SAST Regulations. Further they submitted that as per the shareholding pattern available on the website of the Stock Exchange for the quarter ended September 2012 the details of their shareholding are available in the category of persons holding more than 1% and



submitted the copy of the printout of Shareholding Pattern for the quarter ended September 2012 from BSE website. Noticees No. 10 to 12 submitted that it has been mentioned in the definition of 'Person Acting in Concert' as per SAST Regulations that ".....the persons falling within the following categories shall be deemed to be persons acting in concert with other person....." Thus, they are only deemed to be persons acting in concert. I note that the Noticees No. 10 to 12 are brothers as confirmed in reply to SCN and during hearing. Here I also note that the KYC details as submitted by Central Depository Services India Limited (CDSL) vide its email dated August 25, 2015 and Bank Account details as submitted by the Noticees vide their separate letters dated August 31, 2015 is given below :-

Noticees	Correspondence Address as per Demat Account and email id.	Address as per Bank Account details submitted by the Noticees.	Telephone No. as per Demat Account.
Noticee No. 10	Demat Account - 1203310000031431 20, Bhatia Niwas, 233/235, Samuel Street, Mumbai – 400003 Email id:- omharihalan@gmail.com	Bank Account No. 0062000100369014 20, Bhatia Niwas, 233/235, Samuel Street, Mumbai - 400003	9820011711/ 23445658/ 23410282
Noticee No. 11	Demat Account - 1203310000031446 20, Bhatia Niwas, 233/235, Samuel Street, Mumbai – 400003 Email id:- omharihalan@gmail.com	Bank Account No. 0062000100369476 20, Bhatia Niwas, 233/235, Samuel Street, Mumbai - 400003	9820011711/ 23445658/ 23410282
Noticee No. 12	Demat Account - 1203310000031471 20, Bhatia Niwas, 233/235, Samuel Street, Mumbai – 400003 Email id:- omharihalan@gmail.com	Bank Account No. 0062000100369652 20, Bhatia Niwas, 233/235, Samuel Street, Mumbai - 400003	9820011711/ 23445658/ 23410282

38. As per the contract Notes submitted by the Noticees No. 10 to 12 separately vide letters dated August 31, 2015 following is observed:-

Noticees	Date of Transaction	Order No.	Order Time	Purchase Quantity	Total Balance	% holding
Noticee No. 10	August 31, 2012	11000076024191	10:33:54	50000	100000	3.13
Noticee No. 12		11000076024144	10:34:01	50000		
Noticee No. 11	September 4, 2012	16000112000655	09:04:16	50000	200000	6.25
Noticee No. 12		16000112000641	09:04:20	25000		
Noticee No. 10		16000112000633	09:04:24	25000		

39. The Noticees No. 10-12 purchased 1 lakh shares of Rammaica in two days i.e. August 31, 2012 and September 04, 2012 respectively thereby triggering the disclosure requirement as their purchase exceeds 5% of the total shareholding. From the above it

is also observed that they have also placed orders at same time on both the days i.e. at 10:33 on August 31, 2012 and at 09:04 on September 4, 2012. Thus it is clear that they have acted as persons acting in concert. Further, I note that the Noticees No. 10 to 12 share the same address for correspondence in their demat account and Bank Account, the phone nos. 9820011711/ 23445658/ 23410282 mentioned in the demat accounts of the Noticees belongs to Noticee No. 12 as confirmed by their Broker - Shreepati Holdings & Finance Pvt. Ltd. vide its email dated September 10, 2015. Further the address *20, Bhatia Niwas, 233/235, Samuel Street, Mumbai 400003 as mentioned in the demat account and bank address of the Noticees No. 10 – 12, is a commercial premises from where their other brother i.e. Noticee No. 12 is carrying out its business as confirmed by Noticee No. 10 and 11 in their separate reply dated August 31, 2015* and it is clear that Noticee No. 12 is controlling the demat accounts as his email id, phone no. and contact details are given in demat account and bank account of the Noticees No. 10 and 11.

40. It is admitted fact that the Noticees are immediate relatives which is deemed to be persons acting in concert as per SAST Regulations this is further reinforced by the fact that they have acquired shares on same day and almost same time of same company, having common address in demat account and bank account, common Telephone numbers and common email id in demat account. Therefore the Noticees No. 10 to 12 are liable together for making disclosure under SAST Regulation as they have together acquired shares more than 5% of the total shareholding.

41. Thus I note that the Noticees No. 10 to 12 failed to comply with requirements under regulation 29(1) read with 29(3) of SAST Regulations and such violation continues till date.

42. In view of the aforesaid, it is established that all the Noticees (1-12) has neither made any disclosures to the stock exchange (BSE) and to the company (Rammaica) in respect of buy / sell transactions in terms of PIT Regulations and SAST Regulations except Noticees No. 1 and 2 has made the said disclosures on September 16, 2015 i.e. after the date of hearing. Hence, I am of the view that the Noticee No. 1 and Noticee No. 2 had violated regulation 29(2) read with 29(3) of SAST Regulations and regulation

13(3) and 13(4A) read with 13(5) of PIT Regulations, Noticees No. 3 to 9, had violated regulation 29 (1) and 29(2) read with 29(3) of SAST Regulations and Noticees No. 10 to 12, had violated regulation 29 (1) read with 29(3) of SAST Regulations.

43. It is noted that the violation of aforesaid non disclosures had been resulted during the period July 2012 and September 2012 and as per records no disclosures were made by the Noticees despite the requirement of making the same within 2 working days, except Noticees No. 1 and 2 has made the said disclosures only after hearing i.e. on September 16, 2015. Therefore, there has been a delay of around 3 years in case of Noticees No. 1 and 2 and in case of others Noticees delay of around 4 years 6 months has passed and still no disclosures are shown to have been made by the Noticees No. 3 to 12 to BSE and to the Rammaica.

44. I note that the Hon'ble Supreme Court of India in the matter of *SEBI Vs. Shri Ram Mutual Fund* [2006] 68 SCL 216(SC) has also held that *"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant..."*.

45. In view of the aforesaid observation and established violations against the Noticees, it is a fit case for imposing monetary penalty upon the Noticees under Section 15A(b) of the SEBI Act which read as follows:

**Penalty for failure to furnish information, return, etc.**

**15A.** 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 of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less;

46. 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 the doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under section 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.*

47. The available records neither reveals specify disproportionate gains/ unfair advantage made by the Noticees, the specific loss suffered by the investors due to such violations; nor the violations as repetitive in nature. Thus before arriving to the quantum of penalty in the matter, it is necessary to refer the importance of such disclosures. The main objective of the SAST Regulations or PIT Regulations is to afford fair treatment to shareholders as regards their holdings in the company. The Regulation seeks to achieve fair treatment by inter alia mandating disclosure of timely and adequate information to enable shareholders to make an informed decision and ensuring that there is a fair and informed market in the shares of companies affected by such substantial selling / acquiring more than 5% holding in the company. Correct and timely disclosures are also an essential part of the proper functioning of the securities market and failure to do so results in preventing investors from taking well informed decision. Therefore, taking into consideration the facts / circumstance of the case and above factors, I am of the view that a justifiable penalty needs to be imposed upon the Noticees to meet the ends of justice.

#### **ORDER**

48. After taking into consideration all the aforesaid facts and circumstances of the case, I hereby impose the following penalties upon the Noticees, under section 15A(b) of the SEBI Act:- .

Noticee No.	Name of the Noticee	Violations	Penalty Amount
1	Tien Trading Pvt Ltd	Regulation 29(2) read with 29(3) of SAST Regulations	₹3,50,000/- (Rupees Three Lakh Fifty Thousand only)
		Regulation 13(3) and 13(4A) read with 13(5) of PIT Regulations	₹4,00,000/- (Rupees Four Lakh only)
		<b>Total</b>	<b>₹7,50,000/- (Rupees Seven Lakh Fifty Thousand only)</b>
2	Kyner Trading Pvt Ltd	Regulation 29(2) read with 29(3) of SAST Regulations	₹3,50,000/- (Rupees Three Lakh Fifty Thousand only)
		Regulation 13(3) and 13(4A) read with 13(5) of PIT Regulations.	₹4,00,000/- (Rupees Four Lakh only)
		<b>Total</b>	<b>₹7,50,000/- (Rupees Seven Lakh Fifty Thousand only)</b>
3	Sarwankumar Devidutt Saraf (HUF)	Regulation 29 (1) and 29(2) read with 29(3) of SAST Regulations	<b>₹8,00,000/- to be paid jointly and severally (Rupees Eight Lakh only)</b>
4	Kishanlal Devidutt Saraf		
5	Sunita Sarwankumar Saraf		
6	Sunaina Nareshkumar Saraf		
7	Sweta Sarwankumar Saraf		
8	Sarwankumar Devidutt Saraf		
9	Nareshkumar Kishanlal Saraf		
10	Ajay Kumar Mahabir Prasad Halan	Regulation 29 (1) read with 29(3) of SAST Regulations	<b>₹8,00,000/- to be paid jointly and severally (Rupees Eight Lakh only)</b>
11	Pavan Kumar M Halan		
12	Om Hari Halan		

49. I am of the view, that the said penalty would commensurate with the violations committed by the Noticees.

50. 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

51. The Noticee 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 made to SEBI shall be in the form as provided at Annexure A of Press Release No. 131/2016 dated August 09, 2016 shown at the SEBI Website which is produced as under;

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

52. In terms of rule 6 of the Adjudication Rules, copies of this order is being sent to the Noticee and also to the SEBI.

**DATE: MAY 30, 2017**

**PLACE: MUMBAI**

**RACHNA ANAND**

**ADJUDICATING OFFICER**