

**BEFORE THE SECURITIES APPELLATE TRIBUNAL  
MUMBAI**

**Date of Decision: 09.06.2014**

**Appeal No. 75 of 2014**

Bindal Synthetics Private Limited  
JBF House, Old Post Office Lane,  
Kalbadevi Road,  
Mumbai- 400 002

...Appellant

Versus

Securities and Exchange Board of India,  
SEBI Bhavan, Plot No. C-4A, G-Block,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai – 400 051.

...Respondent

Mr. Joby Mathew, Advocate with Mr. Deepak Dhane, Advocate for the Appellant.

Mr. Kumar Desai, Advocate with Mr. Mihir Mody, Advocate for the Respondent.

**WITH**

**Appeal No. 76 of 2014**

Blue blends Leasing Private Limited  
JBF House, Old Post Office Lane,  
Kalbadevi Road,  
Mumbai- 400 002

...Appellant

Versus

Securities and Exchange Board of India,  
SEBI Bhavan, Plot No. C-4A, G-Block,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai – 400 051.

...Respondent

Mr. Joby Mathew, Advocate with Mr. Deepak Dhane, Advocate for the Appellant.

Mr. Kumar Desai, Advocate with Mr. Mihir Mody, Advocate for the Respondent.

CORAM: Justice J.P. Devadhar, Presiding Officer  
Jog Singh, Member

Per: Justice J.P. Devadhar (Oral)

1. Whether the Adjudicating Officer (“AO” for short) of Securities and Exchange Board of India (“SEBI” for short) by his two orders both dated January 31, 2014 was justified in imposing penalty of ₹ 4 lacs on each of the appellant under Section 15A(b) of the Securities and Exchange Board of India Act, 1992 (“SEBI Act, 1992” for short) for failure to make disclosures under regulation 7(1A) read with regulation 7(2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers ) Regulations, 1997 (“SAST Regulations, 1997” for short) is the question raised in these two appeals.

2. Since facts are common, by consent both the appeals are heard together and disposed of by this common judgement at the stage of admission.

3. For the sake of convenience we set out relevant facts in Appeal No. 75 of 2014. Counsel for the parties, state that the decision of this Tribunal in Appeal No. 75 of 2014 would apply to Appeal No. 76 of 2014.

4. Appellant who was a promoter of Blue Blends (India) Limited sold 4,43,580 shares of Blue Blends (India) Limited on March 28, 2006 constituting more than 2% of share capital in Blue Blends (India) Limited which required disclosure to be made within 2 days of the transaction under regulation 7(1A) read with regulation 7(2) of SAST Regulations, 1997. Admittedly, no such disclosure was made by the appellant either to the company or to the Exchanges on which the shares

of the company were listed. Accordingly, proceedings were initiated and by the impugned order penalty of ₹ 4 lac has been imposed upon the appellant which is challenged in the present appeal.

5. Counsel for the appellant submitted that the appellant had sold shares to Shri Anand Arya, who was also a promoter of Blue Blends (India) Limited and, therefore, transfer within the promoter group being inter-se transfer, disclosure obligation contained under regulation 7(1A) read with regulation 7(2) of SAST Regulations, 1997 were not applicable. In any event appellant had made disclosure under regulation 13(3) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 ("PIT Regulations, 1992" for short) on the date of sale itself and Shri Anand Arya had made disclosure under SAST Regulations, 1997. Therefore, sale transaction effected by the appellant being disclosed to the investors, failure on part of the appellant to make disclosures ought to have been held to be technical violation without causing any prejudice to the investors in any manner whatsoever. In support of above contention, reliance is placed on a decision of this Tribunal in the case of Vitro Commodities Private Limited vs. SEBI (Appeal No. 118 of 2013 decided on 4.9.2013).

6. As rightly contended by counsel for the respondent and also held by the AO, obligation to make disclosure under regulation 7(1A) read with regulation 7(2) of SAST Regulations, 1997 is applicable to both purchase and sale whether effected within the promoter group or not and, therefore, disclosure made by Shri Anand Arya as purchaser does not obliterate the obligation cast upon the appellant to make disclosure

as a seller of the shares in question. Similarly, fact that the appellant had made disclosures under PIT Regulations, 1992 does not absolve appellants obligation to make disclosure under regulation 7(1A) of SAST Regulations, 1997. AO was justified in relying upon a decision of this Tribunal in the case of Ambaji Papers Pvt. Ltd. vs Adjudication Officer, SEBI (Appeal No. 201 of 2013 decided on 15.01.2014) wherein similar view has been taken by this Tribunal.

7. Reliance placed on decision of this Tribunal in the case of Vitro Commodities Pvt. Ltd. (supra) has been rightly distinguished by the AO by recording that the acquisition therein was not on account of sale or purchase of shares but as a result of issuance of bonus shares. In the present case, admittedly appellant had sold shares which attracted disclosure requirements under regulation 7(1A) read with regulation 7(2) of SAST Regulations, 1997 and hence decision of this Tribunal in case of Vitro Commodities (supra) does not support the case of the appellant.

8. For all the aforesaid reasons, we see no merit in these appeals and the same are hereby dismissed with no order as to costs.

Sd/-  
Justice J.P. Devadhar  
Presiding Officer

Sd/-  
Jog Singh  
Member