

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/AK/DS/2025-26/ 31472-31476]
**UNDER SECTION 15-I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA
ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY
AND IMPOSING PENALTIES) RULES, 1995, IN RESPECT OF;**

Sr. No.	Noticee Name	PAN
1	M/s Royal Twinkle Star Club Private Limited	AAECR0618L
2	Mr. Omprakash Basantlal Goenka	AECPG3854J
3	Mr. Prakash Ganpat Utekar	AALPU9100E
4	Mr. Venkatraman Natrajan	ACUPV4686K
5	Mr. Narayan Shivram Kotnis	ABIPK5022D

In the matter of
Royal Twinkle Star Club Private Limited

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) conducted examination in the matter of Royal Twinkle Star Club Private Limited (hereinafter referred to as “**Noticee 1**” / “**RTSCPL**” / “**the Company**”) to check non-compliance, if any, of the directions issued vide Order dated March 07, 2014, by Whole Time Member (WTM), SEBI in the matter of RTSCPL.
2. SEBI initiated adjudication proceedings against the Noticees u/s 15–I and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “**SEBI Adjudication Rules**”) r/w Section 19 of SEBI Act, 1992, to enquire into and adjudge under the provisions of Section 15HB of the SEBI Act, 1992, the non-compliance of directions issued under said SEBI order by the following Noticees:

Noticee No.	Noticee Name	PAN
1	M/s Royal Twinkle Star Club Private Limited	AAECR0618L
2	Mr. Omprakash Basantlal Goenka	AECPG3854J
3	Mr. Prakash Ganpat Utekar	AALPU9100E
4	Mr. Venkatraman Natrajan	ACUPV4686K
5	Mr. Narayan Shivram Kotnis	ABIPK5022D

(Noticees 1, 2, 3, 4 and 5 are hereinafter individually referred to by their names or respective Noticee No.s mentioned in the table above and collectively referred to as “the Noticees”)

APPOINTMENT OF ADJUDICATING OFFICER

- Ms. Anita Kenkare was appointed as the Adjudicating Officer (**AO**), vide Order dated January 21, 2016 u/s 15-I of the SEBI Act, 1992, and Rule 3 of SEBI Adjudication Rules r/w Section 19 of the SEBI Act, 1992. Subsequently, vide Order dated November 29, 2024, undersigned was appointed as AO to inquire into and adjudge u/s 15HB of SEBI Act, 1992, the violations alleged to have been committed by the Noticees.

SHOW CAUSE NOTICE, REPLY OF THE NOTICEE AND HEARING

- Show Cause Notice (hereinafter referred to as “**SCN**”) dated April 11, 2025 was issued to the Noticees in terms of rule 4 of SEBI Adjudication Rules, to show cause as to why inquiry should not be held against them and why penalty, if any, be not imposed on them u/s 15HB of SEBI Act, 1992. The SCN was duly delivered to Noticees 2 to 5 and also to the liquidator appointed for Noticee 1.
- However, the Noticees did not submit any response to the SCN till May 19, 2025. In the interest of natural justice, the Noticees were granted an opportunity of personal hearing. Vide hearing notice dated May 19, 2025, the Noticees were given an opportunity to appear for the hearing on May 26, 2025. Vide email dated May 22, 2025, Noticees 2, 3 and 4 requested to reschedule the hearing. The request

was acceded to and vide email dated May 23, 2025, Noticees 2, 3 and 4 were given an opportunity to appear for the hearing on June 10, 2025.

6. I note that the SCN and the hearing notice were duly served to Noticee 5 and also to the liquidator appointed for Noticee 1. However, they failed to respond and avail the opportunity of personal hearing. I further note that no prejudice has been caused to them and that the principle of natural justice has been duly followed in the matter. I am, therefore, inclined to take a view that Noticees 1 and 5 have nothing to submit in the matter.
7. In this regard, it is pertinent to note that the Hon'ble SAT in the matter of Classic Credit Ltd. vs. SEBI (Appeal No. 68 of 2003 decided on December 08, 2006) has, inter alia, observed that, *".....the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them"*.
8. Further, the Hon'ble SAT in the matter of Sanjay Kumar Tayal & Others vs SEBI (Appeal No. 68 of 2013 decided on February 11, 2014), has also, inter alia, observed that: *"..... appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against them in the show cause notices..."*
9. Additionally, the same position has been reiterated by the Hon'ble SAT in the matter of Dave Harihar Kirtibhai vs SEBI (Appeal No. 181 of 214 dated December 19, 2014), wherein the Hon'ble SAT observed as under: *"...further, it is being increasingly observed by the Tribunal that many persons/entities do not appear before SEBI (Respondent) to submit reply to SCN or, even worse, do not accept notices/letters of Respondent and when orders are passed ex-parte by Respondent, appear before Tribunal*

in appeal and claim non- receipt of notice and do not appear and/or submit reply to SCN but claim violation of principles of natural justice due to not being provided opportunity to reply to SCN or not provided personal hearing. This leads to unnecessary and avoidable loss of time and resources on part of all concerned and should be eschewed, to say the least. Hence, this case is being decided on basis of material before this Tribunal...”

10. In view of the observations made by Hon'ble SAT, I find no reason to take a different view and accordingly, in terms of Rule 4(7) of SEBI Adjudication Rules, the matter is being proceeded ex-parte so far as Noticees 1 and 5 are concerned, on the basis of material available on record.

11. Noticees 2, 3 and 4 submitted their reply to the SCN, vide letters dated June 03, 2025 and June 06, 2025. The submissions made by them are summarized below:

11.1. Common submissions of Noticees 2, 3 and 4

11.1.1. SEBI approved the captioned proceedings on September 28, 2015. Thereafter, SEBI appointed the adjudicating officer on January 21, 2016. However, the present Show Cause Notice has been issued only on April 11, 2025, i.e. nearly 11 years after the alleged violations and nearly 10 years after the appointment of the adjudicating officer. This inordinate and unexplained delay has caused serious prejudice to the Noticees. It is well established that even in the absence of a prescribed limitation period under the SEBI Act and its Regulations for the completion of investigations or issuance of a show cause notice, the regulatory authority must act within a reasonable time frame. The facts of the present case clearly demonstrate that SEBI has failed to exercise its powers within a reasonable period. Therefore, the proceedings ought to be discontinued.

11.1.2. Following judgements of Hon'ble Supreme Court and Hon'ble SAT were relied upon and quoted in this regard:

11.1.2.1. Order passed on July 11, 2022, by the Hon'ble Supreme Court of India in the matter of SEBI vs. Sunil Krishna Khaitan (Civil Appeal No. 8249 of 2013);

- 11.1.2.2. Order passed on October 31, 2023, by the Hon'ble Securities Appellate Tribunal in the matter of Geetaben Joshi vs. SEBI (SAT Appeal No. 650 of 2022);*
- 11.1.2.3. Order passed on January 4, 2022, by the Hon'ble Securities Appellate Tribunal in the matter of Sriram Insight Share Brokers Ltd. vs. SEBI (SAT Appeal No. 559 of 2020);*
- 11.1.2.4. Order passed on June 28, 2023, by the Hon'ble Securities Appellate Tribunal in the matter of Kiran M. Joshi vs. SEBI (SAT Appeal No. 524 of 2023);*
- 11.1.2.5. Order passed on September 27, 2023, by the Hon'ble Securities Appellate Tribunal in the matter of M/s Apollo Tyres Ltd. vs. SEBI (SAT Appeal No. 23 of 2019);*
- 11.1.2.6. Order passed on July 20, 2023, by the Hon'ble Securities Appellate Tribunal in the matter of Alps Motor Finance vs. SEBI (SAT Appeal No. 620 of 2023) and the judgement of Hon'ble Supreme Court dated February 4, 2024 in Civil Appeal nos. 6737-6738 of 2023 pertaining to the said Hon'ble SAT order.*
- 11.1.3. The passage of nearly a decade since the alleged violations has not only eroded the Noticees' ability to effectively defend themselves owing to the fading of memory unavailability of records, and loss of critical evidence, but has also placed them under severe financial and personal duress.*
- 11.1.4. During this period, the Noticees' financial condition has substantially deteriorated. Following the order passed by the WTM, Noticees became the subject of multiple proceedings initiated from 2017 onwards by various enforcement and investigative agencies, including the Enforcement Directorate (ED), the Serious Fraud Investigation Office (SFIO), and the Economic Offence Wing of the Maharashtra Police. These proceedings, some of which are still ongoing, have placed an extraordinary burden on their mental, emotional, and financial well-being.*
- 11.1.5. Additionally, on May 10, 2018, a Sale cum Monitoring Committee (SMC) was constituted by the Hon'ble Supreme Court in which SEBI was also made a constituent member. Pursuant to the directions of the Hon'ble Court, all their*

assets, including cash holdings and securities maintained in demat accounts, were attached and they are under the supervision and control of the said Committee. The matter remains pending consideration before both the SMC and the Hon'ble Supreme Court to which a representative of SEBI is also aware as he has attended all the meetings of the SMC. As a result, the Noticees are presently deprived of access to critical documents, financial records, and other materials necessary to effectively respond to the allegations raised in the present SCN. Had SEBI issued the SCN within a reasonable period after the alleged violations, the Noticees would have been in a far better position to respond meaningfully and present a proper defence.

- 11.1.6. No new scheme was introduced or launched after the SEBI order dated March 7, 2014.*
- 11.1.7. During the year 2014, the Company had multiple agents who were responsible for collecting funds from customers across 51 branches in Maharashtra for the distribution of its holiday schemes.*
- 11.1.8. Due to the decentralized nature of these operations and the logistical limitations involved, it was practically unfeasible to directly communicate the contents of the SEBI Order to each agent, instructing them to cease further collection of funds. At that time, the Company did not have a centralized point of contact or any established communication channel through which uniform instructions could be promptly disseminated to all agents. Therefore, there were genuine and significant practical difficulties in conveying and ensuring compliance with the directions issued under the SEBI Order.*
- 11.1.9. Further, many payments from customers were made through an auto debit system, which operates on a pre-set schedule whereby amounts are automatically deducted from the customer/s bank account on specific dates as agreed upon in advance. These transactions were beyond the real-time control of the Company or its directors unless the customer himself instruct his bank to stop remittance*

The Noticees had no communication with the customers and all important communications were routed through the agents' network only.

11.1.10. The alleged violation is at the highest a technical" procedural and venial breach. It was not deliberate and intentional and in contumacious disregard of provisions of law. It has not caused any loss to any investors and have also not adversely affected any investors or the securities market in any manner. The same has not been even alleged. Further, it may be noted that there are no investor complaints in this regard. The interests of all investors from whom the Company has allegedly collected funds are presently protected and being addressed by the SMC constituted by the Hon'ble Supreme Court. The alleged violation is not repetitive in nature. The Noticees have not made any gains or gained unfair advantage.

11.1.11. There has been undue delay of more than 10 years in issuance of SCN. Moreover, the Supreme Court vide its order dated March 25, 2025, has directed SEBI to take over the duty of disposal of left over assets and distribution of accumulated funds by the SMC to the investors in a prescribed manner. Hence, SEBI is in charge of the duties of the SMC.

11.1.12. All the personal assets and bank accounts of the Noticees are under attachment of the Supreme Court and the Noticees do not have means to pay any penalty, if imposed

11.2. Other submissions of Noticees 3 and 4:

11.2.1. They served as non-executive directors on the board of the Company, in their capacity as a nominee representing the interests of the investors. They were not involved in day to day operations as they were solely responsible for marketing and sales promotion. They had no role in the collection of funds from investors under the then-existing schemes, nor were they involved in the formulation or launch of any such schemes. The SCN has failed to appropriately consider the limited and non-executive nature of their role, as well as the lack of involvement in the alleged activities. Further, the SCN issued in the present matter does not cite any specific or credible material indicating that Noticees 3 and 4, in their

capacity as a non-executive director, had any participation in collecting funds or awareness of the alleged new scheme. In the absence of such substantive evidence, the allegation is wholly unwarranted.

11.2.2. Following judgements of Hon'ble Supreme Court and Hon'ble SAT were relied upon and quoted in this regard:

11.2.2.1. Order passed on February 7, 2020, by the Hon'ble Securities Appellate Tribunal in the matter of Dr. Venkadasamy Venkataramanujan vs SEBI (SAT Appeal No.254 of 2019);

11.2.2.2. Order passed on August 09, 2019, by the Hon'ble Securities Appellate Tribunal in the matter of Sayanti Sen vs SEBI (Appeal No. 163 of 2018);

11.2.2.3. Order passed on July 15, 2016, by the Hon'ble Supreme Court of India in the matter of SEBI vs. Gaurav Varshney (Civil Appeal 827-30 of 2012);

11.2.2.4. Order passed on March 02, 2022, by the Hon'ble Securities Appellate Tribunal in the matter of Chandrasen Ganpatrao Bhise vs. SEBI (Appeal No. 424 of 2020);

11.2.2.5. Order passed on September 25, 2019 by the Hon'ble Securities Appellate Tribunal in the matter of Uppal Devinder Kumar vs. SEBI (SAT Appeal No.220 of 2017)

12. Noticees 2, 3 and 4 appeared for the scheduled hearing through its authorized representative (**AR**). The ARs reiterated submissions already made, vide letters dated June 03, 2025 and June 06, 2025, and also made additional submissions, which they requested to submit in writing. Vide letter dated June 16, 2025, Noticee 2 made additional submissions.

13. The additional submissions made by the Noticee are summarized below.

13.1. There is breach of principles of natural justice as no substantiating material in support of the allegations has been provided to the Noticee. For instance, SCN places reliance on admission made by the Company, but the copy of the submissions/ reply filed by the

Company (which is the underlying/ substantiating material) has not been made available.

13.2.It is not a case of siphoning off the monies collected post ex-parte Order.

13.3.The order February 03,2016, passed by the Hon'ble Securities Tribunal ('SAT") in the matter of Royal Twinkle Star Club vs. SEBI [Appeal No.436 of 2015], will also bear out that the conduct of the Company has been found to be good and fair.

CONSIDERATION OF ISSUES AND FINDINGS

14. Considering the allegations made out in the SCN and the submissions made by the Noticee, I find that following issues require consideration in the present case:

ISSUE I - Whether the Noticees have failed to comply with the directions of the Order dated March 07, 2014, passed by WTM, SEBI in the matter of RTSCPL?

ISSUE II - Do the violations, if any, attract penalty under section 15HB of the SEBI Act, 1992?

ISSUE III - If so, what should be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act, 1992?

15. Before moving forward, I note that Noticees 2, 3 and 4 have raised the preliminary issue of delay and have submitted that the SCN has been issued with a delay of 11 years after the alleged violations, and this unexplained and inordinate delay has caused serious prejudice to the Noticees. The said Noticees have also relied upon and quoted from various judgements of Hon'ble SAT and Hon'ble Supreme Court and further submitted that the passage of nearly a decade has eroded the ability of these Noticees to defend themselves due to fading of memory, unavailability of records and loss of critical evidence. I note the following in this regard:

15.1. SEBI had approved initiation of adjudication proceedings with respect to the instant matter on September 28, 2015. Meanwhile, Noticee 1 challenged the final Order dated August 21, 2015, passed by the SEBI WTM, before the

Hon'ble SAT. Hon'ble SAT, vide Order dated February 03, 2016 gave two years' time to Noticee 1 to repay the investors.

- 15.2. SEBI filed appeals against the Hon'ble SAT Order before the Hon'ble Supreme Court (SC) and Hon'ble SC, vide Order dated July 18, 2016 dismissed the appeal of SEBI.
- 15.3. Meanwhile, IBC proceedings were initiated vide NCLT Order dated May 02, 2017 against Noticee 1. In view of the same, the present adjudication proceedings were kept in abeyance during the moratorium period.
- 15.4. During the IBC proceedings, a civil appeal was filed before Hon'ble SC wherein the SC, vide Order dated May 10, 2018 stayed the IBC proceedings and directed the constitution of a Sale cum Monitoring Committee (SMC) for sale of properties of Noticee 1 and Citrus Check Inns Limited (CCIL), and also orally directed SEBI to not initiate enforcement proceedings, and affidavit / IA applications were filed before the Hon'ble SC in this respect. Finally, Hon'ble SC, vide order dated August 08, 2024, inter-alia observed that SEBI will be entitled to proceed in accordance with law. In view of the same, the present adjudication proceedings were resumed.
- 15.5. Thereafter, the undersigned was appointed as the AO vide Order dated November 29, 2024 and SCN dated April 11, 2025 was issued to the Noticees. Thus, it is clearly demonstrated that there was no delay in initiation of the present proceedings or issuing of the SCN to the Noticees. Though, the SCN has been issued nearly after 11 years of the period of alleged violations, the delay cannot be attributed to SEBI.

16. I also note that in the final Order dated August 21, 2015, passed by learned WTM, SEBI, it was, inter-alia, stated that *"I note the admission of the noticee that it is still accepting the installment from its customers"*. Thus, the Noticees were already informed regarding the said observation. Also, as submitted by the Noticees themselves, they were facing multiple proceedings from various enforcement and

investigative agencies, including the ED, SFIO and EOW of Maharashtra Police. Therefore, they had all the reasons to take adequate steps to preserve documents and information, if any, to defend themselves in future.

17. Further, in all the judgements of the Hon'ble SAT and Hon'ble SC relied upon and quoted by the Noticees, with respect to inordinate delay, it is noted that in all these cases, there were delays in completing investigation or issuance of the SCN after completion of inspection / investigation. However, as already demonstrated above, the delay, if any, in the present matter cannot be attributed to SEBI. Thus, the present matter is distinct from all the judgements relied upon by the Noticees. For this reason, the same have not been considered as relevant in the present matter.

18. While the Noticees have submitted that they are unable to defend themselves due to the delay, they have not demonstrated how they are prejudiced, even after being provided with all relevant and relied upon documents, along with the SCN.

19. In view of the aforesaid, I observe that the Noticees' submissions regarding delay in initiation of the present proceedings, is not tenable.

20. I now proceed to deal with the issues as under:

ISSUE I - Whether the Noticees have failed to comply with the directions of the Order dated March 07, 2014, passed by WTM, SEBI in the matter of RTSCPL?

21. Vide Order No. WTM/SR/CIS/07/03/2014 dated March 07, 2014, passed by the then WTM, SEBI, in the matter of RTSCPL, the learned WTM had inter-alia directed the Company, i.e. Noticee 1 and its directors, i.e. Noticees 2 to 5, to:

21.1. not to collect any more money from investors including under the existing schemes;

21.2. not to launch any new schemes;

- 21.3. *not to dispose of any of the properties or alienate any of the assets of the schemes;*
- 21.4. *not to divert any funds raised from public at large which are kept in bank account(s) and/or in the custody of the company.*
- 21.5. *submit the list of investors with full particulars such as PAN numbers, addresses etc within fifteen days from the date of receipt of this order.*
- 21.6. *submit full inventory of 2,33,965 rooms as mentioned in the letter of RTSCL dated August 5, 2013 within fifteen days from the date of receipt of this order.*

22. However, from the bank account statements of Noticee 1 for the bank account nos. 005705016419 and 697605116510, it was observed that Noticee 1 had collected funds from the investors under the existing schemes and/ or launched new schemes after passing of the said Order dated March 07, 2014, wherein the Noticees were directed to not collect any more money from investors including under the existing schemes and not to launch any new schemes.

23. Further, it was observed from the Order No. WTM/PS/42/IMD/CIS/AUG/2015 dated August 21, 2015, in the matter of RTSCPL, passed by the learned WTM, SEBI, wherein, it is inter-alia mentioned that *“I note the admission of the noticee that it is still accepting the installment from its customers”*.

24. In light of the above, it was alleged that the Noticees had failed to comply with the directions of the Order dated March 07, 2014, passed by WTM, SEBI.

25. In this regard, Noticees 2, 3 and 4 have submitted that no new scheme was introduced by the Company / Noticee 1, after the passing of Ld. SEBI WTM Order dated March 07, 2014. Since there is no evidence to contradict this submission, I am inclined to give the Noticees the benefit of doubt regarding the allegation that they failed to comply with the directive against launching new schemes.

26. Noticee 2 has submitted that there is no substantiating material brought on record in support of the alleged violations. I note that the Noticees have been provided copy of the Company's bank statements for period between January 01, 2014 till July 31, 2014. I note from the statements that multiple cash deposits were made by the agents of the Company during this period. While Noticee 2 has contended that no specific bank entries depicting collection of funds have been highlighted, he has not made any submissions explaining the transactions amounting to the lakhs of rupees of cash deposits in the Company's bank accounts even after passing of the SEBI WTM Order dated March 07, 2014.

27. Noticee 2 has also submitted that there is no observation of siphoning off of funds after collecting the funds post the Order dated March 07, 2014. He has also submitted that Hon'ble SAT, in its Order dated February 03, 2016 has noted that the conduct of the Company has been found to be good and fair. In this regard, I note that there is no such allegation of siphoning of funds or of misconduct by any of the Noticees in the SCN issued to them in the present proceedings. Therefore, the submission is not relevant in the current matter.

28. Noticee 2 is relying on the Hon'ble SAT Order dated February 03, 2016, which also inter-alia observed that "*the collection of subscription amount after the ex-parte interim order was improper*". Simultaneously, Noticee 2 has contended that no material is available to demonstrate that the Noticees had been collected funds even after passing of the Order dated March 07, 2014. Thus, Noticee 2 has selectively relied on the Hon'ble SAT Order, while ignoring the bank statements provided along with the SCN, the observations in the SEBI WTM Order dated August 21, 2015 and also the observations of Hon'ble SAT in its Order dated February 03, 2016, as brought above.

29. With respect to the allegation that the Noticees failed to comply with the directive against collecting money from the investors, Noticees 2, 3 and 4 submitted that the Company had multiple agents across 51 branches, responsible for collecting funds from the investors. Due to this logistical limitation, the Noticees could not communicate the contents of SEBI Order to each agent, as there was no centralized point of contact or defined communication channel. They also submitted that some of the customers / investors were making payments through auto-debit system, which was not in the control of the Noticees. Further, the Noticees had no communication with the customers / investors directly, and all important communications were routed through the agents' network only.

30. I note that the Company / Noticee 1 was accepting and collecting funds from customers / investors after passing of the SEBI Order dated March 07, 2014. There were deposits of cash and also through bank transfers in the accounts of Noticee 1, even months after the aforesaid Order was passed. The Noticees' submissions that they were not able to inform their agents to not collect further funds from customers / investors or to direct the agents to inform the customers / investors regarding the SEBI directive and advise them to stop the auto-debit transfers, is not acceptable. Had the collection of funds were limited to a few days immediately following the passing of the Order dated March 07, 2014, the Noticees' submissions could have been accepted. However, the submission that the Noticees were unable to inform their agents and sensitize their 51 branches regarding the SEBI Ld. WTM's directive, even until the passing of the Order dated August 21, 2015, is not tenable.

31. I note that it was the Noticees' responsibility to ensure that no further funds were collected by them. However, the Noticees have not been able to demonstrate the steps taken by them to stop collecting the funds directly, or through agents. As the funds were being collected even months after the passing of order dated March

07, 2014, it appears that the Noticees had disregarded the SEBI directions and their submissions that they could not inform or direct their agents to stop collecting funds, appears to be an afterthought.

32. Noticees 2, 3 and 4 have submitted that the alleged violation is technical, procedural or venial in nature. I note that if the Noticees had abided by the directions issued by the Ld. SEBI WTM in the Order dated March 07, 2014, a significantly lower amount of funds of various customers / investors would have remained blocked with the Company / Noticee 1. Thus, not following the directions has adversely impacted several customers / investors. Therefore, the submission that it was a technical, procedural or venial breach, is not tenable.

33. Noticees 3 and 4 have submitted that they were non-executive directors of the Company / Noticee 1, and were not involved in the operations of the business. They have also submitted that they were solely responsible for marketing and sales promotion. I note that Noticees 3 and 4 were responsible for marketing and sales promotion of the Company / Noticee 1. Therefore, their designation of 'non-executive directors' becomes irrelevant, as they were involved in the business.

34. They have further submitted that they were on the Board of the Company in their capacity as a nominee representing the interests of investors. Thus, they were equally responsible, if not more, to ensure that the Ld. SEBI WTM directions vide Order dated March 07, 2014 were being followed and no further amounts of money were being collected, as the directions were issued solely in the interests of the investors.

35. As Noticees 3 and 4 were also directed vide the aforesaid Order to not collect any more money from investors, and as Noticees 3 and 4 were also involved in the sales and promotion activity of the Company, they cannot be absolved from their

responsibility of ensuring compliance with the directions issued vide Order dated March 07, 2014. Thus, it was their responsibility to ensure compliance with these directions. Therefore, the contentions of Noticees 3 and 4 cannot be accepted.

In view of the above, I conclude that the Noticees have violated the directions issued to them vide SEBI WTM Order dated March 07, 2014 by collecting funds from the investors even after being prohibited to do so vide the said Order.

ISSUE II - Do the violations, if any, attract penalty under Section 15HB of the SEBI Act, 1992?

36. I note that since the above violations are established, the Noticees are liable for monetary penalty under Section 15HB of the SEBI Act, 1992, the text of which is reproduced hereunder:

SEBI Act, 1992

Penalty for contravention where no separate penalty has been provided.

15HB. *Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be ¹[liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.]*

ISSUE III - If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act, 1992?

37. While determining the quantum of penalty under Section 15HB of the SEBI Act, 1992, it is important to consider the factors stipulated in Section 15J of the SEBI Act, 1992, which read as under:

¹ Substituted for the words "liable to a penalty which may extend to one crore rupees" by the Securities Laws (Amendment) Act, 2014, w.e.f. 08-09-2014.

SEBI Act, 1992

15J 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.*

38. In the present matter, I note that no quantifiable figures are available to assess the disproportionate gain or unfair advantage made as a result of the defaults by Noticees. Further, from the material available on record, it is not possible to ascertain the exact monetary loss to the investors /clients on account of default by the Noticee. However, not heeding the directions prohibiting raising of further money/ funds is a serious irregularity affecting the interest of a large number of investors, who were duped into giving further funds into schemes held to be in violation of law. Such wilful non-compliance also undermines the regulatory framework for protection of interest of investors. Hence, the quantum of penalty needs to be sufficient to deter such non-compliance in order to safeguard the interest of investors. I note that in a similar matter, Noticees 2-5 were earlier penalized in December 2018 by SEBI and since they did not prefer any appeal in the said matter and also failed to make the payment, recovery proceedings were initiated and are still in process. Since the violation in the instant matter are similar in nature, I am inclined to consider the quantum of penalty on the similar lines. I take into account the submissions made by the Noticees that they have undergone 1.5 years of judicial custody and have been facing multiple proceedings since the last decade and that all their assets have already been attached. However, as violations have been established in the instant matter, it attracts suitable penalty under applicable provisions.

ORDER

39. Having considered all the facts and circumstances of the case, the material available on record, the submissions made by Noticees and also the factors mentioned in Section 15J of the SEBI Act, 1992, in light of judgment of the Hon'ble Supreme Court in SEBI vs. Bhavesh Pabari (2019) 5 SCC 90, in exercise of power conferred u/s 15-I of the SEBI Act, 1992 r/w Rule 5 of the SEBI Adjudication Rules, I impose the following penalty upon the Noticees for the violations as mentioned hereunder.

Sr. No.	Name of Noticee	Provisions violated	Penalty under	Penalty Amount
1	M/s Royal Twinkle Star Club Private Limited	Directions issued by SEBI WTM vide Order dated March 07, 2014	Section 15HB of SEBI Act, 1992	₹50,00,000 (Rupees Fifty Lakhs Only) to be paid jointly and severally by Noticees 1 to 5.
2	Omprakash Basantlal Goenka			
3	Prakash Ganpat Utekar			
4	Venkatraman Natrajan			
5	Narayan Shivram Kotnis			

40. I find the said penalty to be commensurate with the violations/lapses/omissions on the part of the Noticees.

41. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT → Orders → Orders of AO → PAY NOW.

42. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings under Section 28A of the SEBI Act, 1992 for realization of

the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.

43. In terms of Rule 6 of the SEBI Adjudication Rules, copy of this order is sent to the Noticees and also to the Securities and Exchange Board of India.

DATE: JUNE 18, 2025

PLACE: MUMBAI

**AMIT KAPOOR
ADJUDICATING OFFICER**