

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER

In Settlement Application No. 3494 of 2018

Filed by Mr. Sevantilal S. Kapashi (PAN-AADPK3641A), Ms. Nandini Paresh Kapashi (PAN-AAHPK2616B), Ms. Bhakti Nimish Kapashi (PAN-AACPD3378C) and Mr. Indukumar Shantilal Kapashi (PAN-AADPK3605N) in the matter of Kapashi Commercials Limited

1. Mr. Sevantilal S. Kapashi, Ms. Nandini Paresh Kapashi, Ms. Bhakti Nimish Kapashi and Mr. Indukumar Shantilal Kapashi (hereinafter referred to as the “applicants”) had filed a *suo motu* settlement application in terms of the SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as the “Settlement Regulations”) proposing to settle through a settlement order, the probable enforcement proceedings for the alleged violation of Regulation 7(1A) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as the “Takeover Regulations, 1997”), Regulations, 10(5), 10(6), 10(7) and 29(2) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as the “Takeover Regulations, 2011”) in respect of the change in their shareholding in Kapashi Commercials Limited (hereinafter referred to as ‘the company’). Shares of the company are listed on the BSE Limited (hereinafter referred to as ‘BSE’).
2. The applicants have submitted that the following transactions were required to be disclosed by them as per the Takeover Regulations, 1997 and Takeover Regulations, 2011 respectively:
 - a) On 30/06/2010, Mr. Sevantilal S. Kapashi made an inter-se off market sale of 32,500 shares constituting 3.25% of the paid up capital of the company to Ms. Sushilaben Kapashi. As per regulation 7(1A) of the Takeover Regulations, 1997, this transaction required disclosure to be made to the company and BSE within two days of the said transaction.
 - b) On 31/12/2011, Mr. Sevantilal S. Kapashi and Indukumar Shantilal Kapashi made an inter-se transfer of 43,000 shares constituting 4.3% and 60,950 shares constituting 6.09% of the

voting rights in the company respectively to Ms. Nandini Paresh Kapashi and Ms. Bhakti Nimish Kapashi. This transactions required a disclosure under Regulation 29(2) of Takeover Regulations, 2011 by Ms. Bhakti Kapashi, disclosure under Regulation 10(5) and 10(6) of Takeover Regulations, 2011 to the BSE by Ms. Nandini Paresh Kapashi and Ms. Bhakti Nimish Kapashi and the filing of report under regulation 10 (7) of SEBI (SAST) Regulation, 2011 by Ms. Nandini Kapashi and Ms. Bhakti Kapashi.

c) However, the applicants made delayed disclosures as detailed in the following table:

| Sr. No | Name of the Applicant | Regulation/Sub-Regulation- SEBI (SAST) Regulations,1997/ 2011 | Date of Transaction | Due date for the compliance | Actual date of compliance | Delay in no. Of days |
|--------|--|---|---------------------|-----------------------------|---------------------------|----------------------|
| 1 | Sevantilal S. Kapashi | 7 (1A) of SEBI (SAST) Regulations,1997 | 30/06/2010 | 02/07/2010 | 12/12/2017 | 2720 Calendar Days |
| 2 | Sevantilal S. Kapashi | 29(2) of SEBI (SAST) Regulations, 2011 | 31/12/2011 | 02/01/2012 | 12/12/2017 | 2171 Calendar Days |
| 3 | Indukumar Shantilal Kapashi | 29(2) of SEBI (SAST) Regulations, 2011 | 31/12/2011 | 02/01/2012 | 12/12/2017 | 2171 Calendar Days |
| 4 | Nandini Paresh Kapashi | 29(2) of SEBI (SAST) Regulations, 2011 | 31/12/2011 | 02/01/2012 | 12/12/2017 | 2171 Calendar Days |
| 5 | Bhakti Nimish Kapashi | 29(1) of SEBI (SAST) Regulations, 2011 | 31/12/2011 | 02/01/2012 | 12/12/2017 | 2171 Calendar Days |
| 6 | Nandini Paresh Kapashi and Bhakti Nimish Kapashi | 10(5), of SEBI (SAST) Regulations, 2011 | 31/12/2011 | 27/12/2011 | 12/12/2017 | 2177 Calendar Days |
| | Nandini Paresh Kapashi and Bhakti Nimish Kapashi | 10(6) of SEBI (SAST) Regulations, 2011 | 31/12/2011 | 04/01/2012 | 12/12/2017 | 2169 Calendar Days |
| | Nandini Paresh Kapashi and Bhakti Nimish Kapashi | 10(7) of SEBI (SAST) Regulations, 2011 | 31/12/2011 | 21/01/2012 | 12/12/2017 | 2152 Calendar Days |

- During the meeting with the Internal Committee of SEBI on November 22, 2019, the authorized representatives of the applicants deliberated upon the settlement terms. Thereafter, the applicants, vide letters dated November 25, 2019, proposed the revised settlement terms to settle the defaults mentioned hereinabove.
- The High Powered Advisory Committee (hereinafter referred to as 'HPAC') in its meetings held on December 27, 2019 and March 02, 2020 considered the proposed settlement terms by the applicants and recommended the case for settlement upon payment of the following amounts towards settlement terms:

| Sr. No. | Name of the Applicant | Settlement Terms |
|---------|---------------------------------|---|
| 1 | Mr. Sevantilal S. Kapashi | Rs. 10,14,000 (Rupees Ten Lakh and Fourteen Thousand Only) |
| 2 | Mr. Indukumar Shantilal Kapashi | Rs. 4,46,875/- (Rupees Four Laks Fourty Six Thousand Eight Hundred and Seventy Five Only) |
| 3 | Ms. Nandini Paresh Kapashi | Rs. 9,76,000/- (Rupees Nine Lakh and Seventy Six Thousand Only) |
| 4 | Ms. Bhakti Nimish Kapashi | Rs. 9,76,000/- (Rupees Nine Lakh and Seventy Six Thousand Only) |

5. Vide email dated March 20, 2020, the applicants were advised to pay the above mentioned amounts within 15 days. The applicants, vide email dated March 27, 2020 requested SEBI for extension of time for making the payment. The competent authority granted 15 days' time to the applicants for making the payment and the same was communicated to them vide SEBI's email dated April 07, 2020. The said extended period have expired on April 19, 2020.
6. The applicants made the payment of the above mentioned amount on June 08, 2020. After confirmation of credit of the said payment by the relevant department, in terms of Regulation 15 (2) (a) of the Settlement Regulations, vide email dated 22.06.2020, the applicants were advised to pay the following interest for the delayed payment. Accordingly, the applicants made payment of interests on June 26, 2020 as detailed below:

| Sr. No. | Name of the applicant | Amount payable | Date of due (extended time) | Date of payment | Interest payable | Interest paid date |
|---------|------------------------|-----------------|-----------------------------|-----------------|------------------|--------------------|
| 1 | Mr. Sevantilal Kapashi | Rs. 10,14,000/- | 19.04.2020 | 08.06.2020 | Rs.13,335/- | 26.06.2020 |
| 2 | Mr. Indubhai Kapashi | Rs. 4,46,875/- | 19.04.2020 | 08.06.2020 | Rs.5,877/- | 26.06.2020 |
| 3 | Ms. Nandini Kapashi | Rs. 9,76,000/- | 19.04.2020 | 08.06.2020 | Rs.12,835/- | 26.06.2020 |
| 4 | Ms. Bhakti Kapashi | Rs. 9,76,000/- | 19.04.2020 | 08.06.2020 | Rs.12,835/- | 26.06.2020 |

7. In view of the above, in exercise of the powers conferred under Section 15JB of the SEBI Act, 1992 and in terms of Regulations 23 and 28 read with Regulation 34 of the Settlement Regulations, it is hereby ordered that the defaults as mentioned in paragraph 1 above are settled *qua* the applicants in terms of the above settlement terms subject to the following conditions:

- i. SEBI shall not initiate any enforcement action against the applicants for the said defaults,
 - ii. passing of this order is without prejudice to the right of SEBI to take enforcement actions including commencing proceedings against the applicants, if SEBI finds that:
 - a. any representation made by the applicants in the present settlement proceedings is subsequently found to be untrue;
 - b. the applicants have breached any of the clauses/ conditions of undertakings/ waivers filed during the present settlement proceedings.
8. This settlement order is passed on this 10th day of July, 2020 and shall come into force with immediate effect.
9. In terms of Regulation 25 of the Settlement Regulations, a copy of this order shall be sent to the applicant and also be published on the website of SEBI.

Sd/-

S. K. MOHANTY
WHOLE TIME MEMBER

Sd/-

ANANTA BARUA
WHOLE TIME MEMBER