

BEFORE THE SECURITIES APPELLATE TRIBUNAL
MUMBAI

Date of Hearing : 25.06.2019

Date of Decision : 02.07.2019

Appeal No. 363 of 2017

Murali Srinivasan Venkatraman
Old No. 80, New No. 126,
Dr. Radhakrishnan Salai,
Chennai 600 004.

..... Appellant

Versus

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

... Respondent

With

Appeal No. 364 of 2017

Suchitra Murali Balakrishnan
Old No. 80, New No. 126,
Dr. Radhakrishnan Salai,
Chennai 600 004.

..... Appellant

Versus

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

... Respondent

With
Appeal No. 366 of 2017

Narayan Sethuramon
Old No. 2, New No. 3,
Sathyanarayan Avenue,
R. A. Puram, Chennai - 600 004. Appellant

Versus

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

Mr. Vinay Chauhan, Advocate with Mr. K. C. Jacob, Advocate i/b
Corporate Law Chambers India for the Appellants.

Mr. Kumar Desai, Advocate with Mr. Vivek Shah, Advocate i/b ELP
for the Respondent.

CORAM : Justice Tarun Agarwala, Presiding Officer
Dr. C. K. G. Nair, Member
Justice M. T. Joshi, Judicial Member

Per : Justice Tarun Agarwala, Presiding Officer

1. These three appeals have been filed against a common order
and, therefore, all three appeals are being decided together.

2. A show cause notice was issued to the appellants to show cause
as to why a penalty should not be imposed for not complying with

the relevant provisions of the Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as, Takeover Regulations) as well as with the Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as, Takeover Regulations, 2011). During the pendency of the adjudication proceedings, a supplementary show cause notice was issued to show cause as to why the appellants should not be penalized for violating the provisions of the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as, PIT Regulations). SEBI vide an order dated October 29, 2015 found that the charges were proved and accordingly, imposed a penalty, against which the appellants filed an appeal which were allowed by an order dated March 17, 2016 and the order of the adjudicating officer was set aside. The matter was again remitted to SEBI to pass a fresh order on merits.

3. By the impugned order, the appellants have been found to have violated Regulations 29(2) and 29(3) of the Takeover Regulations as well as Regulation 13(3) read with Regulation 13(5) and Regulation 13(4A) read with Regulation 13(5) of the PIT Regulations. Accordingly, the penalties were imposed upon the appellants.

4. The charges against the appellants were that the scrips sold by them were not disclosed within the stipulated period and the same was disclosed at a later stage and, therefore, the provisions of Regulation 29(2) read with Regulation 29(3) have been violated. The second charge was that the appellants had inter se transferred the shares amongst the promoters and the same was not disclosed in 'Form D' to the company as well as to the stock exchange and, therefore, there was a violation of Regulations 13(3) and 13(4A) of the PIT Regulations.

5. We have heard Shri Vinay Chauhan with Shri K. C. Jacob, the learned counsel for the appellants and Shri Kumar Desai with Mr. Vivek Shah, the learned counsel for the respondent.

6. Admittedly, the disclosure of the sale of the shares was not made by the appellants within the stipulated period as provided under Regulations 29(3) of the Takeover Regulations. However, no penalty could be imposed in view of the decisions of this Tribunal in **Mr. Ravi Mohan and Ors. vs. SEBI in Appeal No. 97 of 2014 and other companion appeals decided on December 16, 2015** and in **Appeal No. 7 of 2016, Mr. Rakesh Kathotia & Ors. vs. SEBI decided on May 27, 2019**. In our view, the controversy involved in the present case is squarely covered by the aforesaid decisions.

7. The learned counsel for the respondent however, placed reliance upon the decision of this Tribunal in **Mr. Shashwat Agarwal vs. SEBI in Appeal No. 92 of 2018 decided on June 27, 2018**. In our view, the said decision is distinguishable and the decisions in Ravi Mohan and Mr. Rakesh Kathotia (supra) are squarely applicable.

8. Consequently, we hold that no penalty could be imposed under Regulations 29(2) and 29(3) of the Takeover Regulations, 2011.

9. On the second charge, admittedly, the change in the shareholding pattern of the appellants was disclosed under Regulation 13(3) which has not been disclosed within the stipulated period, though it was disclosed belatedly. Thus, there was a violation of the provisions of the Regulations 13(3) and 13(4A) read with Regulation 13(5) of the PIT Regulations. We accordingly, do not find any justification for reduction of the amount of penalties imposed.

10. For the reasons stated aforesaid, the appeals are allowed in part. The imposition of penalties under Regulation 29(2) read with Regulation 29(3) of the Takeover Regulations, 2011 upon the appellants are quashed and set aside. The imposition of penalties upon the appellants under Regulations 13(3) and 13(4A) read with Regulation 13(5) of the PIT Regulations is affirmed. In view of the

partial success, parties shall bear their own costs. Penalty amount shall be paid by the appellants within six weeks from today.

Sd/-
Justice Tarun Agarwala
Presiding Officer

Sd/-
Dr. C. K. G. Nair
Member

Sd/-
Justice M. T. Joshi
Judicial Member

02.07.2019
Prepared & Compared by
PTM