

SECURITIES AND EXCHANGE BOARD OF INDIA
FINAL ORDER

**UNDER SECTIONS 11(1), 11(4), 11B(1) AND 11B(2) OF THE SECURITIES AND
EXCHANGE BOARD OF INDIA ACT, 1992**

In respect of:

Noticee No.	Name of the Entity	PAN
1.	Zafar Yunus Sareshwala	ANYPS8494D
2.	Uves Yunus Sareshwala	AOFPS5856M
3.	Parsoli Corporation	AABCP9030F
4.	Umar Uves Sareshwala	BFQPS9169J
5.	Habib Zafar Sareshwala	BGKPS5329B
6.	Rama Singh	CNFPS0299R
7.	Amber Zaidi	AAOPZ1502G
8.	Nazima Irshadali Saiyed	BHPPS3815Q
9.	Maheshkumar Amritlal Patel	AVHPP7565K
10.	Mohammed Alibhai Kothawala	ADUPK0440R

*(The above entities are individually referred to by their respective names/ Noticee numbers and collectively referred to as “**Noticees**”)*

In the matter of Parsoli Corporation Limited

A. BACKGROUND:

1. Parsoli Corporation Limited (hereinafter referred to as “**Target Company/ Parsoli**”) is a company listed on the BSE Limited. Zafar Yunus Sareshwala

(“Zafar”/ “**Noticee no. 1**”) and Uves Yunus Sareshwala (“Uves”/ “**Noticee no. 2**”) (collectively referred to as “**Acquirers**”) are the promoters of the Target Company.

2. Pursuant to an investigation conducted by Securities and Exchange Board of India (“**SEBI**”), it was found that the Acquirers and the Target Company had engaged in fraudulent activities. 80,800 false share certificates were issued by forging signatures of genuine investors on the transfer documents and fraudulent transfers were approved. SEBI vide its Order dated July 27, 2010 (“**SEBI Order**”) *inter alia* directed the Acquirers to make a public offer through a merchant banker to acquire shares from public shareholders by paying them the value determined by the valuer in the manner specified in Regulation 23 of the SEBI (Delisting of Equity Shares) Regulations, 2009 (“**Delisting Regulations**”) and to complete the acquisition of the shares so offered in response to the public offer, within three months from the date of the SEBI Order. An appeal was filed by the Acquirers against the SEBI order before the Hon’ble Securities Appellate Tribunal (“**SAT**”) and SAT vide its order dated January 12, 2011 (“**First SAT Order**”) affirmed the findings made in the SEBI order. The Acquirers filed an appeal against the First SAT Order before the Hon’ble Supreme Court of India (“**SC**”) and SC vide its order dated May 02, 2011 (“**First SC Order**”) *inter alia* remanded the matter to the SAT. Subsequently, SAT vide its order dated August 12, 2011 (“**Second SAT Order**”) once again upheld the SEBI Order. The Acquirers preferred an appeal against the Second SAT Order and SC vide its order dated December 02, 2011 (“**Second SC Order**”) dismissed the appeal.
3. Despite having exhausted all legal remedies, the Acquirers failed to comply with the direction to make public offer issued in SEBI Order. The Adjudicating Officer (“**AO**”) vide order dated June 22, 2018 found the Acquirers guilty of the charge of non-compliance with the direction issued in SEBI Order and consequently, the AO imposed a monetary penalty on the Acquirers. The Acquirers failed to pay the penalty and the consequent recovery proceedings initiated against them are pending. Subsequently, the Acquirers vide letter dated July 25, 2018 filed a Draft Letter of Offer (“**DLoF**”) with SEBI through its Merchant Banker i.e., Nirbhay Capital Services Private Limited (“**Merchant Banker**”/ “**MB**”). Upon perusal of the DLoF,

SEBI observed that a token value of INR 0.25 per share was considered by the Acquirers since a negative value of INR 3.41 of the share price of the Target Company was arrived at by adopting calculation based on share price, financials etc. for the year 2017 and 2018. As per the SEBI Order dated July 27, 2010, the public offer was required to be made within three months from the date of the SEBI Order and thus the valuation of the shares to be acquired should have been arrived at by adopting calculation based on share price, financials etc. for the year 2009 and 2010 in accordance with regulation 23 of the Delisting Regulations. Vide letter dated September 26, 2018, MB of the Acquirers was *inter alia* advised that the offer price should be arrived at by adopting valuations based on share price, financials etc. of the financial year 2009-10 in the manner specified in Regulation 23 of the Delisting Regulations along with interest for the delay in making the public offer.

4. SEBI vide letter dated November 01, 2018 addressed to Noticee no. 1 advised that the offer price should be arrived at by adopting valuations based on the share price and financials of F.Y. 2009-10 along with interest for delay. In response, the Acquirers vide their letters dated January 07, 2019 and February 05, 2019 and emails dated February 06, 2019, February 25, 2019 and March 05, 2019 stated that the unusual trading volume in the month of March 2010 be investigated and that the public offer for the Target Company be allowed to made as per the offer document filed by the MB of the Target Company. SEBI vide its letter dated April 12, 2019 addressed to one of the Acquirers i.e., Noticee no. 1, *inter alia* informed the Acquirers that their submission regarding unusual trading volume in the month of March 2010 has no merit, based on the findings of the snap investigation conducted by the NSE and BSE. Further, vide separate letters dated April 12, 2019, SEBI advised the MB, BSE empanelled valuer (Aryaman Financial Services Limited (“**AFSL**”)) and BSE to coordinate with each other to ensure compliance with the SEBI Order issued against the Acquirers.
5. Since AFSL had not accepted the valuation assignment, SEBI appointed Varma & Varma, Chartered Accountants firm as an Independent Valuer (“**Independent Valuer**”). The intimation of the said appointment was sent to the Independent

Valuer on June 26, 2019 and the same was accepted by the firm vide its letter dated July 05, 2019. Thereafter, SEBI vide letter dated July 12, 2019 advised the MB to ensure the availability of necessary information/ documents to the Independent Valuer for carrying out the valuation assignment. The Independent Valuer through its various emails had requested the MB of the Target Company to provide the requisite documents/ information (*audited financial reports for F.Y. 2008 and 2009, quarterly financials for F.Y. 2009 to 2011, details of share price movement one year prior to July 27, 2010 and from July 27, 2010 to March 31, 2012*) that were vital for the valuation of the share price to ensure the completion of public offer as directed in the SEBI Order. The MB in turn sought the requisite information from the Acquirers and the Target Company, however, in spite of several communications, the requisite information was not provided by the Acquirers and the Target Company.

6. SEBI vide letter dated October 09, 2019 (“**First Advisory**”), issued an advisory to the Acquirers with a copy to the MB of the Target Company asking them to co-operate with the Independent Valuer and provide the requisite information failing which SEBI would be constrained to initiate appropriate enforcement action. In spite of the aforesaid instructions and several requests by the MB, the Acquirers failed to provide the requisite information to the Independent Valuer.
7. In the meantime, the Acquirers filed an appeal against communication of SEBI dated April 12, 2019 before the Hon’ble SAT and SAT vide its order dated January 28, 2020 (“**Third SAT Order**”) rendered the appeal infructuous since SEBI had issued another communication dated July 12, 2019 advising the MB to ensure the availability of the necessary information/ documents to the Independent Valuer. Pursuant to dismissal of the appeal by the Hon’ble SAT, the Acquirers were asked through several emails to provide the necessary information/ documents to the Independent Valuer, however, the Acquirers failed to provide the same without any justifiable reasons. Considering the non-cooperation on the part of the Acquirers, vide letter dated July 13, 2020 (“**Second Advisory**”), SEBI issued another advisory to the Acquirers and to the Compliance Officer of the Target Company with a copy to the MB, advising them to extend full co-operation to the Independent Valuer to

comply with the directions of SEBI Order and to provide desired information within 15 days. The said advisory specifically stated that failure to provide the information required by the Independent Valuer would compel initiation of appropriate proceedings including issuance of suitable directions.

8. The Acquirers vide letter dated July 15, 2020 *inter alia* submitted that they have filed another appeal against SEBI's communication dated July 12, 2019 on March 18, 2020 and further requested to allow AFSL to continue with the valuation, as the same was suggested by BSE. SAT vide its order dated July 14, 2022 dismissed the appeal on grounds of delay in filing the appeal.

B. SHOW CAUSE NOTICE, REPLY AND HEARING

9. In spite of elapse of a period of more than 10 years, the Acquirers failed to comply with SEBI's direction to make public offer to the shareholders in defiance of the SEBI Order, which was upheld by the Hon'ble Supreme Court of India, and the subsequent two SEBI Advisories. Accordingly, SEBI passed an interim order *cum* show cause notice dated December 13, 2021 ("**Interim Order cum SCN**") wherein certain directions were issued against the Acquirers which were *inter alia*, as follows.

- 9.1. Acquirers were directed to take steps and complete the process of public offer in terms of SEBI Order dated July 27, 2010 within 60 days of receipt of the Interim Order.

- 9.2. Pending completion of the public offer, the Acquirers were directed to deposit the amount of INR 38,65,21,669/- within 7 working days, along with simple interest at the rate of 15% from July 27, 2010 till date of actual payment, in an interest bearing escrow account created specifically in a Nationalized Bank to complete the public offer directed in the SEBI Order dated July 27, 2010.

- 9.3. Acquirers were restrained from disposing of or alienating any of his assets/ properties/ securities except for the purpose of completing the public offer and further directed to provide, within 30 days from the date of the order, a full inventory of all their assets and properties and details of all their bank accounts, demat accounts and holding of shares/ securities, if held in physical

form and details of companies in which they hold substantial or controlling interest.

10. Further, the Interim Order cum SCN called upon the Acquirers to show cause as to why suitable directions under sections 11(1), 11(4)(d) and 11B(1) of the SEBI Act including disgorgement of an amount equivalent to the gain made by them by not complying with direction of public offer along with interest and direction to restrain them from accessing the securities market for an appropriate period should not be issued against them.
11. The Interim Order cum SCN was duly served on the Acquirers. The Acquirers have not deposited the amount in an escrow account and also not complied with the direction to make a public offer, as directed. Further, they have also not submitted their list of assets. The Authorised Representative (“**AR**”) of the Acquirers sought inspection of documents vide email dated May 24, 2022 and inspected the documents on June 07, 2022. Subsequently, vide email dated June 13, 2022, the AR of the Acquirers sought certain additional documents and the same was provided vide letter dated June 24, 2022. Pursuant to the completion of inspection of documents, the case was forwarded to me in December 2022. Though an opportunity of personal hearing was granted to the Acquirers on December 22, 2022, they sought adjournment. Another opportunity of personal hearing was granted to the Acquirers on January 11, 2023 and they once again sought adjournment.
12. In the meantime, the Acquirers preferred an appeal against the Interim Order cum SCN before the Hon’ble SAT on the grounds that the Interim Order was passed ex-parte and the basis of calculation of value of public offer is erroneous. SAT vide its order dated January 10, 2023 (“**2023 SAT Order**”) upheld the SEBI Interim Order cum SCN. Further, with respect to the contentions raised by the Acquirers on the value of public offer, SAT *inter alia* recorded that the offer price arrived at by SEBI is a tentative figure and could be revised on the basis of evidence that would be furnished by the Acquirers while passing a final order. The appeal filed

by the Acquirers against the 2023 SAT Order before the Hon'ble Supreme Court was dismissed vide order dated April 10, 2023 ("**2023 SC Order**").

13. *Vide* Supplementary Show Cause Notice ("**SSCN**") dated January 12, 2023, issued under section 11B(2) read with section 15HB of the SEBI Act, the Acquirers were called upon to show cause why penalty should not be imposed on them for the violations alleged in the Interim Order cum SCN dated December 13, 2021.
14. The Acquirers were granted one more opportunity of personal hearing on March 08, 2023 and they sought another adjournment. Thereafter, another opportunity of personal hearing was granted to the Acquirers on June 29, 2023 and they once again sought adjournment. Subsequently, the Acquirers were provided another opportunity of personal hearing on July 26, 2023. On the said date, the AR of the Acquirers appeared before me and reiterated the submissions made by them before Hon'ble SAT in their above mentioned appeal. In accordance with the direction of Hon'ble SAT in 2023 SAT Order, the Acquirers were informed that alternative calculation of the value of the offer along with evidence may be submitted by them and the same would be duly considered before passing of final order. The Acquirers filed their additional written submission *vide* their letter dated July 31, 2023. In response to the Interim Order cum SCN and the SSCN, the noticee-acquirers submitted seven replies all of which contain more or less the same submissions. The dates of the said replies are listed in Table 1 below.
15. *Vide* Show Cause Notice ("**SCN-2**") dated February 08, 2023 issued under section 11B(1) and 11B(2) read with section 15HB of the SEBI Act, Noticee nos. 3 to 10 were called upon to show cause as to why appropriate directions should not be issued against them and why penalty should not be imposed on them for non-cooperation and failure to provide requisite information to SEBI appointed valuer resulting in non-compliance of direction to make public offer in terms of `SEBI Order dated July 27, 2010. The SCN-2 was served on Noticee nos. 3, 4, 5, 6, 8, 9 and 10 through Speed Post with Acknowledgement Due (SPAD) and through Market Infrastructure Institutions (MIIs). The SCN-2 sent to Noticee no. 7 through

SPAD and MIs returned undelivered. Thereafter, the SCN-2 was served on Noticee no. 7 by way of public notice dated July 05, 2024.

16. Noticee nos. 3, 4, 5, 6, 8, 9 and 10 were granted an opportunity of personal hearing on June 12, 2024, however, they sought adjournment. Thereafter, the aforesaid Noticees and Noticee no. 7 were granted an opportunity of personal hearing on August 07, 2024. The hearing notice was served on Noticee no. 7 through public notice dated August 02, 2024. Noticee nos. 3 and 6 once again sought adjournment and the remaining Noticees failed to appear before me on the date of the hearing. Subsequently, another opportunity of personal hearing was granted to Noticee nos. 3 and 6 on August 20, 2024. On the said date, the AR of Noticee no. 3 appeared before me and reiterated the submissions made by the Acquirers vide letter dated July 31, 2023. Noticee no. 6 failed to appear before me on the scheduled date.

17. In the matter of Classic Credit Ltd. V. SEBI [2007] SCL 51 (SAT-MUM.), the Hon'ble Securities Appellate Tribunal (SAT), *inter alia*, held that, "... *The appellants did not file any reply to 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.*".

18. I note that Noticee nos. 4 to 10 have been given sufficient opportunities to make oral and written submissions and therefore, the principles of natural justice have been duly complied with, and now I proceed to consider the matter based on material available on record.

19. A summary of date of service of SCN, mode of service of SCN, date of hearing and date of reply, if any, for all the Noticees is given in the Table below: -

Table no. 1

S. No.	Noticee Name	Date and mode of service of SCN	Date of Hearing opportunities	Date of Reply
1.	Zafar Yunus Sareshwala	13/12/21 (SCN) 12/01/23 (SSCN) (Both served through Email)	22/12/22, 11/01/23, 08/03/23, 29/06/23, 26/07/23	20/12/22
2.	Uves Yunus Sareshwala			28/01/23
				14/02/23
				31/07/23
				04/03/24
				23/03/24
				13/08/24
3.	Parsoli Corporation	19/02/24 (SPAD)	12/06/24, 07/08/24, 20/08/24	13/08/24
4.	Umar Uves Sareshwala	10/02/23 (Email)	12/06/24, 07/08/24 (Not availed)	NA
5.	Habib Zafar Sareshwala			NA
6.	Rama Singh	10/02/23 (Email)	12/06/24, 07/08/24, 20/08/24 (Not availed)	23/02/23
7.	Amber Zaidi	05/07/24 (Public notice)	07/08/24 (Not availed)	NA
8.	Nazima Irshadali Saiyed	10/02/23 (Email)		NA
9.	Maheshkumar Amritlal Patel	19/12/23 (Hand delivery)	12/06/24, 07/08/24 (Not availed)	NA
10.	Mohammed Alibhai Kothawala	11/12/23 (Hand delivery)		NA

20. The submissions made by the Acquirers in their written submissions are summarised below.

- 20.1. A chronology of events listed by the Noticees as relevant for them is given below:
- 20.1.1. By letter dated August 4, 2012, the Noticees requested BSE to start valuation of shares of Parsoli Corporation Limited.
- 20.1.2. By letter dated July 16, 2014, BSE communicated the appointment of KJMC Corporate Advisors (India) Limited (“**KJMC**”) for valuation of shares of PCL.
- 20.1.3. KJMC on November 11, 2014 submitted its valuation report of PCL valuing each equity share at INR 0.50 (Paisa fifty only).
- 20.1.4. Noticee appointed Nirbhay Capital Services Private Limited (“Nirbhay”) as the Merchant Bankers for the purpose of undertaking valuation of shares of PCL and to conduct due diligence for the offer.
- 20.1.5. By valuation report dated March 13, 2018, Nirbhay came to the conclusion that the share value as on March 31, 2017 was minus INR 2.99 and that the share value as on March 31, 2018 was minus INR 3.41. Since both the valuations resulted negative, they considered INR 0.25 as the token value for the purpose of open offer.
- 20.1.6. Public announcement was made by the Noticees in Business Standard on July 19, 2018.
- 20.1.7. On September 07, 2018, Noticees sent a letter to SEBI requesting it to allow them to go ahead with the open offer as per the draft offer document filed with the Respondent as per the valuation of shares of PCL done by Nirbhay.
- 20.1.8. By letter dated September 26, 2018, SEBI directed Nirbhay to arrive at the offer price by adopting valuations based on the share prices, financials etc. of the financial year 2009-10 along with the interest for the delay, by the valuer in the manner prescribed in Regulation 23 of the SEBI Delisting Regulations, 2009.
- 20.1.9. On December 19, 2018, as desired by SEBI, Aryaman Financial Services Limited (“Aryaman”) came to be appointed in consultation with SEBI to value the shares of PCL afresh as directed by SEBI.

- 20.1.10. Nirbhay wrote to Noticees on February 01, 2019 informing that the price shall be determined as per amended SEBI (Delisting of Equity shares) Regulations, 2009.
- 20.1.11. On February 05, 2019, the Noticees made a detailed representation to SEBI stating that share price has no relevance as per Regulation 23 of SEBI (delisting of Equity Shares) Regulations, 2009 and interest payment is also not applicable in the instant case as per original order.
- 20.1.12. SEBI by letter dated April 12, 2019 instructed the Noticees, contrary to the order dated July 27, 2010 that the offer price should be arrived at by adopting valuations based on the share prices, financials etc. of the financial year 2009-10 along with interest for the delay by the valuer, in the manner prescribed in Regulation 23 of SEBI (Delisting of Equity Shares) Regulations, 2009.
- 20.1.13. Being aggrieved, by the directions, the Noticees preferred an appeal before the Hon'ble SAT challenging SEBI's letter dated April 12, 2019. During the pendency of the appeal, SEBI vide letter dated July 12, 2019 conceded that the valuation shall be on the basis of fair valuation and not based on share price. However, a new valuer – Varma and Varma Chartered accountant was appointed for computation of fair price of the shares of the Target Company.
- 20.2. The Noticees had filed a draft offer document during 2018 along with deposit of amount in escrow account in accordance with the order dated July 27, 2010 of SEBI Whole Time Member. However, due to dispute on account of appointment of valuer and the manner of calculation of offer price, the offer could not be proceeded with.
- 20.3. SEBI said that the offer is to made based on share prices and financials etc. for the year 2009 and 2010 citing regulation 23 of SEBI Delisting Regulations. In fact, the order dated July 27, 2010 only directs the Noticees to make an offer as per the price determined by a valuer in consultation with BSE, in accordance with regulation 23 of SEBI Delisting regulations.
- 20.4. As per regulation 23 of the SEBI Delisting regulations, in force when the order was passed, value of the delisted equity shares shall be determined by

the valuer having regard to the factors mentioned in regulation 15 of the SEBI Delisting regulations. Regulation 15 mentions the following factors.

20.4.1. The highest price paid by the promoter for acquisitions, if any, of equity shares of the class sought to be delisted, including by way of allotment in a public or rights issue or preferential allotment, during the twenty-six weeks' period prior to the date on which the delisting proposal was considered and after that date up to the date of the public announcement; and,

20.4.2. Other parameters including return on net worth, book value of the shares of the company, earning per share, price earning multiple vis-à-vis the industry average.

20.5. It is clear from the above regulation 23 read with regulation 15 of SEBI Delisting Regulations nowhere mentions share price and financials for the year 2009 and 2010. SEBI appears to be applying provisions applicable for voluntary delisting, which is contrary to the order dated July 27, 2010. However, subsequently after protracted correspondence by the Noticees with SEBI and appeal before SAT, SEBI vide letter dated July 12, 2019 has conceded that fair price is to be computed in terms of Regulation 8(4) of Takeover regulations, 2011, consequent to which the earlier appeal was disposed of by the Hon'ble SAT. Regulation 8(4) states that the offer price shall be the fair price of shares of the target company, to be determined by the acquirer and the manager to the offer taking into account valuation parameters including book value, comparable trading multiples and such other parameters as are customary for valuation of shares of such companies.

20.6. SEBI has issued the ex-parte order December 13, 2021 which is contrary to its own letter dated July 12, 2019 and also the regulations and the order dated July 27, 2010 of SEBI, which was also upheld by the Supreme Court.

20.7. SEBI in its order dated December 13, 2021 has calculated the offer price unilaterally claiming it as per regulation 23, which is not correct as explained above. As the scrip was suspended by the BSE much before the passing of the order dated July 27, 2010 and there was no trading since then, offer price shall be determined based on fair valuation to be done by a valuer in

consultation with BSE as applicable for compulsory delisting in terms of the order dated July 27, 2010.

- 20.8. The delay in open offer was on account of the suspension of the scrip, no trading after 2010, no share transfer agent, no connectivity with the depositories, stopping of broking business by SEBI, dispute on the manner of calculation of offer price and the appointment of valuer etc. The Noticees were the victims of the circumstances and have always shown their bonafides in complying with the SEBI order as can be seen from the correspondence with SEBI on record.
- 20.9. Subsequent to the disposal of appeal in SAT, Noticees have provided all the documents sought by Varma and Varma through emails dated 16.08.2022, 17.08.2022, 18.08.2022 and 11.10.2022. More than a year has elapsed and Noticees have sent reminders also, however, Varma and Varma has not provided the valuation report so far to enable Noticees to proceed with the offer.
- 20.10. It is prayed to consider the two detailed valuation filed with SEBI and direct to clear the offer document. In the alternative, it is prayed that Varma and Varma may be directed to communicate its valuation to enable the Noticees to proceed with the offer.
- 20.11. The Target company's net worth was negative on the date of the order – July 27, 2010. Its business was severely affected because of interim order passed by SEBI in February 2009 and also suspension of the scrip from trading by BSE.
- 20.12. With regard to the Supplementary Show Cause Notice, it is respectfully submitted that it would be unfair and violative of natural justice to take up enforcement proceeding on the basis of an ex-parte interim order which has not yet attained finality.

C. CONSIDERATION OF ISSUES AND FINDINGS

21. I have considered the Interim Order cum SCN, SSCN, SCN-2, replies of the Noticees and other material available on record. I find that the following issues arise for determination in the present matter.

Issue 1: Whether the Acquirers have failed to comply with the direction to make a public offer issued in the SEBI Order dated July 27, 2010?

Issue 2: If answer to issue 1 is in affirmative, what should be the price at which the Acquirers must make the public offer?

Issue 3: Whether Noticees are liable for the non-compliance with the First and Second SEBI Advisories also resulting in non-compliance with SEBI order dated July 27, 2010?

Issue 4: If the violations against the Noticees are established, whether this warrants issuance of directions and/ or imposition of penalty under sections 11(1), 11(4), 11B(1) and 11B(2) of the SEBI Act?

Issue 1: Whether the Acquirers have failed to comply with the direction to make a public offer issued in the SEBI Order dated July 27, 2010?

22. I note that the SEBI Order dated July 27, 2010 directed the Acquirers to make a public offer through a Merchant Banker to acquire shares from public shareholders by paying them the value determined by the valuer in terms of Delisting Regulations, 2009 within three months from the date of the said Order. Further, BSE was directed to facilitate valuation of shares to be so purchased by the Acquirers and to compulsorily delist the Target Company, if the public shareholding reduces below the minimum level. The Acquirers have stated that they filed a draft offer document during 2018. However, due to disputes regarding appointment of valuer and the manner of calculation, the offer process could not be proceeded with. I note that despite the direction to make a public offer within a period of three months *vide* SEBI Order dated July 27, 2010, the Acquirers, by their own admission, had filed a draft offer document only in 2018. The Acquirers have submitted that the delay in making an open offer was on account various factors – suspension of the scrip, no share transfer agent, no connectivity with the depositories, appointment of valuer and stopping of broking business by SEBI. These are not excuses that can be considered by SEBI. The Acquirers had exhausted all possible legal remedies and the SEBI Order had attained finality on December 02, 2011 when the Hon'ble Supreme Court upheld the SEBI Order dated July 27, 2010. It is an undisputed fact that the Acquirers had not complied

with the direction to make a public offer issued vide the SEBI Order dated July 27, 2010 for more than ten years and so, vide Interim Order cum SCN dated December 13, 2021, the Acquirers were *inter alia* directed to deposit the amount that would be required to complete the public offer and to complete the process of public offer within 60 days from the receipt of the Order. I note that the said directions have also been not complied with till date.

23. The Acquirers were obligated to comply with the regulatory direction within the stipulated timeline. Therefore, these Noticees cannot escape their responsibility by merely stating that they were unable to do so for various reasons. The Acquirer Noticees had every opportunity to raise all issues concerning them before the appellate fora. Even after the Second SC Order of December 02, 2011, the Acquirers had appealed before the Hon'ble SAT twice in the context of SEBI's communications. **Continuing to defy the Apex court's decision as well as that of the Tribunal only shows the noticees' utter contempt for law, the regulator and the judiciary.**

24. The Acquirers have submitted that after disposal of their appeals in SAT against SEBI's letter dated April 12, 2019 and July 12, 2019, they had provided all the documents sought by the Independent Valuer through emails dated 16.08.2022, 17.08.2022, 18.08.2022 and 11.10.2022 and the Independent Valuer has not provided the valuation report. I note that the aforesaid letters were issued to the Merchant Banker to ensure necessary information/ documents are provided to the Valuer to compute fair price of the shares of the Target Company. I also note that an Independent Valuer was appointed by SEBI in June 2019 since the BSE empanelled valuer did not accept the valuation assignment. The appeal filed by the Acquirers against SEBI's letter dated April 12, 2019 was disposed of vide SAT Order dated January 28, 2020. The appeal filed by the Acquirers against SEBI's letter dated July 12, 2019 was dismissed by SAT vide its order dated July 14, 2022 due to delay in filing appeal. Meanwhile, SEBI issued two advisories (in October 2019 and July 2020) asking the Acquirers and the Target Company to provide the requisite information to the Independent Valuer. The Acquirers have sought to argue the delay in making a public offer citing issues with appointment of valuer.

However, even after the valuer was appointed, they did not co-operate with the Independent Valuer appointed by SEBI as is evident from their own submission that the documents were provided to the valuer only in 2022. Clearly, the delay in providing the requisite information to the Independent Valuer by the Acquirers is not justified. Therefore, I find that the Acquirers/ Noticee nos. 1 & 2 have not complied with the SEBI Order dated July 27, 2010 and the justification provided thereof are without merit and cannot be considered.

Issue 2: If answer to issue 1 is in affirmative, what should be the price at which the Acquirers must make the public offer?

25. As discussed in detail earlier in this Order, the SEBI Order dated July 27, 2010 directed the Acquirers to make a public offer through a Merchant Banker to acquire shares from public shareholders by paying them the value determined by the valuer in terms of the Delisting Regulations, 2009 within three months from the date of the Order. BSE was directed to facilitate the said valuation. Since the acquirers failed to comply with the direction, adjudication proceedings were initiated against them. BSE appointed a valuer, KJMC, which proposed a token share value of INR 0.50 per share based on the financials of 2014-15, instead of computing with July 27, 2010 (*date of SEBI order*) as being the reference date. In 2018, the acquirers filed a draft letter of offer under SEBI (Substantial Acquisition of shares and Takeovers) Regulations, 2011 purportedly in compliance with the SEBI order of 2010. But the offer price was nominal i.e. INR 0.25 per share and yet again not with reference to July 27, 2010 (*date of SEBI order*). In order to make the valuation of the share with reference to the 2010 order, BSE in the year 2019, attempted to appoint another valuer, AFSL. This attempt was unsuccessful. At this stage, i.e. in June 2019, SEBI intervened to appoint a valuer (*i.e. the 'Independent Valuer' – as defined earlier*) since the noticee-acquirers were not complying with the direction to appoint a valuer for computing offer price with reference to the 2010 SEBI Order. Even after this intervention, the acquirers continued to frustrate the process by not cooperating even with the SEBI-appointed Independent Valuer. This left SEBI with no option but to pass the Interim Order *inter alia* computing a proposed offer price

for the purpose of the public offer to be made by the noticee-acquirers. The Acquirers filed an appeal against the Interim Order but the Hon'ble SAT dismissed the appeal *inter alia* stating as follows: “*The amount so calculated is a tentative figure and if objected by the appellant **can be rectified and revised on the basis of evidence that would be furnished by the appellant while passing a final order.***” (emphasis supplied)

26. The noticee-acquirers in some of their written replies (*all of which are largely the same in content*) refer to two valuation reports already filed with SEBI which according to them can be considered for the purpose of computation of offer price. They have also urged SEBI to call for the valuation report from ‘Varma and Varma’ – the valuer appointed by SEBI in the year 2019. As explained earlier, the offer price has to be computed with the date of SEBI Order as the reference date. I note that, the two valuations submitted by the Acquirers (i.e. from KJMC and Nirbhay Capital) do not comply with the said requirement and therefore, these valuation reports are not acceptable. Also, as explained earlier, considering the continuous non-cooperation on the part of the acquirers, the Interim Order dated December 13, 2021 was passed wherein an indicative offer price was computed. As per the SAT order dated January 10, 2023, the onus is now on the noticee-acquirers to submit evidence in their favour if they object to the price. The onus cannot be now shifted to SEBI to obtain valuations from the Independent valuer. Pursuant to the Interim Order and the aforesaid SAT order, if at all the acquirers differed with the proposed offer price calculation, they should have submitted specific calculations and evidence supporting the same before SEBI.

27. I note that the objective behind the direction to conduct valuation in the manner specified in Regulation 23 of the Delisting Regulations was to ensure that the investors get a fair exit price, in a context where the acquirers had committed an egregious and blatant fraud that caused harm to public shareholders. The obligation to make the public offer for acquisition of shares was triggered on the date of the SEBI order directing the Acquirers to make a public offer. Therefore, the offer price should necessarily be computed with reference to the date of the said SEBI Order.

28. Since the noticee-acquirers have not made any specific submissions with respect to what should be offer price with reference to the July 27, 2010 order, I now proceed to analyse whether the price proposed in the Interim Order can be directed to be the price for the purpose of making the public offer. In this context, it would be appropriate to refer to the provisions of Delisting Regulations. The relevant extracts of these provisions as it stood on July 27, 2010 (date of SEBI Order) are as under:

“Offer price.

15. (1) *The offer price shall be determined through book building in the manner specified in Schedule II, after fixation of floor price under sub-regulation (2) and disclosure of the same in the public announcement and the letter of offer.*

(2) *The floor price shall not be less than, -*

(a) *where the equity shares are frequently traded in all the recognised stock exchanges where they are listed, the average of the weekly high and low of the closing prices of the equity shares of the company during the twenty six weeks or two weeks preceding the date on which the recognised stock exchanges were notified of the board meeting in which the delisting proposal was considered, whichever is higher, as quoted on the recognised stock exchange where the equity shares of the company are most frequently traded;*

....

Rights of public shareholders in case of a compulsory delisting.

23. (1) *Where equity shares of a company are delisted by a recognised stock exchange under this Chapter, the recognised stock exchange shall appoint an independent valuer or valuers who shall determine the fair value of the delisted equity shares.*

.....

Explanation: For the purposes of sub-regulation (1), -

....

(b) *value of the delisted equity shares shall be determined by the valuer having regard to the factors mentioned in regulation 15.”*

29. The Acquirers have *inter alia* submitted the following:

“SEBI said that the offer is to be made based on share prices and financials etc. for the year 2009 and 2010 citing regulation 23 of SEBI Delisting Regulations. In fact, the order dated July 27, 2010 only directs the Noticees to make an offer as per the price determined by a valuer in consultation with BSE, in accordance with regulation 23 of SEBI Delisting regulations.

It is clear from the above regulation 23 read with regulation 15 of SEBI Delisting Regulations nowhere mentions share price and financials for the year 2009 and 2010. SEBI appears to be applying provisions applicable for voluntary delisting, which is contrary to the order dated July 27, 2010.

SEBI vide letter dated July 12, 2019 has conceded that fair price is to be computed in terms of Regulation 8(4) of Takeover regulations, 2011.

SEBI has issued the ex-parte order December 13, 2021 which is contrary to its own letter dated July 12, 2019 and also the regulations and the order dated July 27, 2010 of SEBI, which was also upheld by the Supreme Court”

30. With respect to the methodology of computation of the offer price, my observations and findings are recorded in the following paragraphs.

31. The SEBI Order dated July 27, 2010 mandated that a public offer be done in accordance with Regulation 23 of the Delisting Regulations. Regulation 23 in turn refers to Regulation 15 in the context of computation of offer price. As per the Delisting Regulations, as it stood at the time of passing of SEBI Order dated July 27, 2010, Regulation 15 thereof provided the method for computation of offer price for both voluntary as well as compulsory delisting. Regulation 15(1), as it read then, provided that the offer price should be determined through book-building after fixation of floor price under sub-regulation (2) thereof. Sub-regulation (2) provides different methods of computation of floor price depending on whether the equity shares are frequently traded or infrequently traded. Therefore, the first step is to

determine whether the Target Company's (i.e., Parsoli Corporation Limited) shares were frequently traded or not at the relevant period in time.

32. In this context the Acquirers have contended that the offer price calculated in the Interim Order cum SCN dated December 13, 2021 is incorrect as the shares of the Target Company were suspended by BSE much before passing of the SEBI Order dated July 27, 2010. As per BSE's website, I note that the shares of the Target Company were suspended from trading only on July 19, 2010. As stated earlier, the factors to be considered for computation of offer price is the same for both voluntary as well as compulsory delisting. Usually in cases involving compulsory delisting, the scrips of the concerned companies are suspended for trading, months before they are mandated to be compulsorily delisted. Consequently, a valuer is appointed to compute the fair price based on other parameters such as return on net worth, book value etc. in such cases. In the instant case, the shares of the Target Company were traded during most of the 6-month period preceding the reference date i.e., July 27, 2010.

33. According to regulation 20(5) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, shares shall be deemed to be infrequently traded if the annualised trading turnover in that share during the preceding six calendar months prior to the month in which the public announcement is made is less than five percent of the listed shares. The annualised trading turnover based on the trading volume in the equity shares of the Target Company on BSE between January 16, 2010 to July 16, 2010 (last traded day) i.e., six calendar months preceding the reference date i.e., July 27, 2010 is as under:

Table no. 2

Total no. of equity shares traded during the 6 calendar months prior to the reference date	Total no. of listed equity shares as on June 30, 2010	Annualized trading turnover (as a % to total no. of listed equity shares)
43,94,515	2,80,27,127	31.36

**-Data as available on the BSE website*

34. Accordingly, for the purpose of calculation of offer price with July 27, 2010 as the reference date, it is clear that the shares of the Target Company were frequently traded on BSE during the relevant period in time. The possible floor offer price calculated in terms of Regulation 15(2) of the Delisting Regulations (*as indicated in the Interim Order as well*) is as under:

Table no. 3

If shares are frequently traded, the floor price shall be higher of the following:	
Average of weekly high and low of the closing prices of the equity shares during the twenty-six weeks (Jan 11 - July 23, 2010)	INR 22.82
Average of weekly high and low of the closing prices of the equity shares during the two weeks (July 05 -July 23, 2010)	INR 17.46
Accordingly, I find the floor price to be INR 22.82/-	

35. In terms of Regulation 23 of the Delisting Regulations as it stood on July 27, 2010, the value of the delisted equity shares needed be determined by the valuer having regard to the factors mentioned in Regulation 15. Note that the SEBI order of July 27, 2010 was necessitated by the egregious and blatant fraud committed by the acquirers, and that the order sought to remedy the situation by providing the investors an appropriate exit. As such, the floor price of INR 22.82 per share, as determined under Regulation 15 above, would most certainly serve as a floor price under Regulation 23 as well. If at all, any valuer may well have determined that in the specific context of the fraud committed by the acquirers, and the need to provide a fair exit to public shareholders at time when the share was suspended for trading, the acquisition price in fact needed to be higher. But there can be no argument for a price lower than the floor price under regulation 15.

Other submissions in the context of offer price

36. The Acquirers have submitted that interest is not applicable as per the SEBI Order dated July 27, 2010. I note that the said order of 2010 directed the acquirers to make the public offer within a period of three months. Had the acquirers complied with the said order, naturally no interest would have accrued. However, the acquirers wantonly defied the directions of SEBI despite it being upheld both by the Hon'ble SAT as well as by the Hon'ble Supreme Court. More than 14 years have elapsed since the SEBI Order and around 13 years have elapsed since the 2010 order was upheld by the Hon'ble Supreme Court. It is taking into account the significant damage caused to investor interest that the Interim Order of 2021 directed deposit of the public offer amount/ illegal gain along with simple interest at the rate of 15% till the date of payment. The appeal against the Interim Order was also dismissed. The computation of public offer price and incidental matters are now governed by the Interim Order and the consequent quasi-judicial proceedings. The noticees' attempt to seek shelter of the 2010 Order which they wantonly flouted in the first place, is ironic and displays the lack of merit of their contention. I find that the investors are entitled to receive interest on the consideration amount that was due to them and is much delayed.

Issue 3: Whether Noticees are liable for the non-compliance with the First and Second SEBI Advisories also resulting in non-compliance with SEBI order dated July 27, 2010?

37. As discussed in detail earlier, the Acquirers and the Target Company failed to provide the information required by the Independent Valuer. The First Advisory dated October 09, 2019 was addressed to Noticees 1 and 2 inter alia stated the following:

"...upon perusal of the various emails of the independent valuer to merchant banker on even dates, it is observed that all the required documents for carrying out the valuation exercise have not been provided to the valuer. ...

5. Therefore you are advised to immediately comply with the SEBI directions and extend full cooperation to the independent valuer and provide all the required

documents/information immediately, so that the valuation exercise is completed in time bound manner

6. Further, it is stated that failure to comply with the SEBI's directions would attract appropriate enforcement actions including but not limited to initiating adjudication and prosecution proceedings....” .

38. The Second Advisory dated July 13, 2020 was sent by SEBI addressed to Compliance Officer of the Target Company and the Noticee-acquirers advising them to provide the requisite information to the Independent Valuer within 15 days. Extract of the said Advisory is reproduced below for reference:

“...It is observed that the non-cooperation and not providing the requisite information to the valuer is a wilful attempt and deliberate act on your part to delay the open offer as directed by SEBI vide order dated July 27, 2010, which has adversely affected the interests of the investors.

6. You are once again advised to comply with the SEBI directions and extend full cooperation to the independent valuer and provide all the required documents/information within fifteen (15) days from the date of this letter failing which you shall be liable for the below mentioned proceeding/s against you:

a. Adjudication proceedings for levy of penalty in terms of section 15HB of the SEBI Act, 1992

...”

39. Despite the above, the information was provided to the Independent Valuer only 2 years later, i.e. in 2022, well after SEBI passed the Interim Order wherein the offer price was computed.

40. The SCN-2 addressed to Noticee Nos. 3-10 alleges that the failure to provide requisite information (*to the Independent valuer*) as also directed in the aforesaid advisory dated July 13, 2020 *inter alia* resulted in non-compliance with SEBI's direction to make public offer by the Acquirers in terms of SEBI Order dated July 27, 2010. The SSCN addressed to Noticee Nos. 1 and 2 proposes imposition of monetary liability under section 15HB of the SEBI Act *inter alia* for the aforesaid violations.

- 41.** The Target Company has submitted a common response to the SCN-2 along with the Acquirers. The submissions of the Acquirers have already been dealt with in the previous paragraphs. Noticee No. 6 (Rama Singh) has also filed a reply to the SCN-2 contents of which are similar to the reply by the Target Company.
- 42.** Noticee no. 9 was the Company Secretary and Compliance Officer of the Target Company during the relevant period in time. The advisory dated July 13, 2020 was specifically addressed to acquirers and the Compliance Officer i.e. Noticee No. 9. As per section 2(51) of the Companies Act, 2013, a Company Secretary is also a 'Key Managerial Personnel'. Further, as per Regulation 6 (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Compliance officer is *inter-alia* responsible for co-ordination with and reporting to the Board with respect to compliance with rules, regulations and other directives of SEBI.
- 43.** In the instant case, despite an advisory being issued by SEBI in July 2020 to Noticee no. 9, in his capacity as the Compliance Officer, to provide the requisite information to the Independent Valuer within 15 days, he failed to ensure that the requisite information was provided to the Independent Valuer within the specified timeline. Further, I note that Noticee no. 9 has also not submitted any reply to the SCN-2.
- 44.** In view of the aforesaid observations, I find that the Target Company and its Compliance Officer have failed to comply with the Second Advisory issued by SEBI. The non-cooperation and failure to provide the requisite information by the Target Company to the Independent Valuer within the specified timeline has directly contributed to the delay in computation of offer price and resulted in non-compliance with SEBI Order's direction to make a public offer thereby adversely affecting the interest of the public shareholders of the Target Company. The liability of Noticee nos. 4 to 8 and 10 who are directors/ KMPs can be said to be vicarious in nature. None of these noticees appeared before me for the personal hearing and none (except for Noticee 6) have submitted any reply .

45. In *N Narayanan vs Adjudicating Officer, SEBI* decided on April 26, 2013, Hon'ble Supreme Court of India held that *"Company though a legal entity cannot act by itself, it can act only through its directors. They are expected to exercise their power on behalf of the company with utmost care, skill and diligence. This Court while describing what is the duty of a Director of a company held in Official Liquidator v. P.A. Tendolkar (1973) 1 SCC 602 that a Director may be shown to be placed and to have been so closely and so long associated personally with the management of the company that he will be deemed to be not merely cognizant of but liable for fraud in the conduct of business of the company even though no specific act of dishonesty is provide against him personally. He cannot shut his eyes to what must be obvious to everyone who examines the affairs of the company even superficially."* Further, in *SEBI vs. Gaurav Varshney (2016) 14 SCC 430*, it has been held that *"officers of a company who are responsible for acts done in the name of the company are sought to be made personally liable for acts which result in criminal action being taken against the company. It makes every person who, at the time the offence was committed, was in charge of, and was responsible to the company for the conduct of business of the company, as well as the company, liable for the offence."*

46. As Section 27 of the SEBI Act, a person is deemed to be guilty of an offence committed by the Company on the condition that he was in charge of and responsible for conduct of the business of the company. Accordingly, only those directors/ KMPs who can be said to have been responsible for the day-to-day affairs of the company would be liable for violations of the Target Company.

47. As per MCA records and annual reports of the Target Company, the role of Noticee nos. 4 to 8 and 10 in the Target Company are given below.

Table no. 4

Noticee no.	Noticee Name	Role	Period
4	Umar Uves Sareshwala	Executive Director and Promoter	From 29/05/21 to 11/07/23

Noticee no.	Noticee Name	Role	Period
5	Habib Zafar Sareshwala	Managing Director and Promoter	From 23/05/18 to 01/03/23
6	Rama Singh	Independent Director	From 22/08/17 to 26/08/21
7	Amber Zaidi	Independent Director	From 02/07/20 to till date
8	Nazima Irshadali Saiyed	Non-Independent and Non-Executive Director	From 29/09/18 to 13/02/23
10	Mohammed Alibhai Kothawala	CFO	From 22/08/17 to till date

48. Although Noticee nos. 4 to 8 and 10 were also associated with the Target Company during the relevant period i.e., after issuance of SEBI's Second Advisory dated July 13, 2020 (*based on MCA records and Annual Reports of the Target Company*), I note that only Noticee nos. 4 and 5 were Executive Directors and Noticee No. 10 was the Chief Financial Officer. On the other hand Noticee nos. 6, 7 and 8 were non-executive directors. I find that there is no allegation in the SCN-2 or material on record to show that these Noticees were involved in the day-to-day affairs and management of the Target Company or that the contravention was committed with their consent or attributable to their neglect. In view of the above, I find Noticee Nos. 1, 2, 3, 4, 5, 9 and 10 are liable for penalty under section 15HB read with section 11B(2) of the SEBI Act.

Other submission in the context of the SSCN

49. The Acquirers have also argued that the SSCN issued to them is unfair and violative of natural justice as it is on the basis of an ex-parte interim order which has not yet attained finality. I note that the SSCN was issued to the Acquirers to show cause why penalty should not be imposed for the same violations mentioned in the Interim Order cum SCN. Therefore, I find the contention of the Acquirers to be misplaced.

Issue 4: If the violations against the Noticees are established, whether this warrants issuance of directions and/ or imposition of penalty under sections 11(1), 11(4), 11B(1) and 11B(2) of the SEBI Act?

50. The Acquirers and the Target Company defrauded their shareholders by fraudulent transfer of shares to promoter/ front entities. Considering the conduct of these Noticees and to protect the interest of the investors, SEBI Order dated July 27, 2010 directed the Acquirers to provide an exit opportunity to the shareholders. Even after lapse of more than 10 years, the Acquirers failed to make a public offer despite the SEBI directions having been upheld by the Hon'ble Supreme Court of India. Further, the Acquirers and the Target Company failed to cooperate with the Independent Valuer appointed by SEBI despite issuance of advisories by SEBI. By failing to comply with the directions issued vide SEBI's order dated July 27, 2010, the Acquirers have adversely affected the interests of the shareholders of the Target Company by denying them the right to exit at a fair price.

51. In view of the observations recorded in the foregoing paragraphs of this Order, I find that Noticee nos. 1, 2, 3, 4, 5, 9 and 10 are liable for issuance of appropriate directions for debarment from accessing the securities market and dealing in securities.

52. SEBI Order dated July 27, 2010 directed the Acquirers to make a public offer to remediate the harm caused to investors, on account of the egregious fraud committed by the acquirers. The Interim Order reiterated the direction to provide an exit to the investors. The amount directed to be deposited was the amount required to complete the public offer. The Interim Order, at para 28, explains how this amount can be said to be the notional illegal gain made by the Acquirers by avoiding their obligation to make the public offer. It is in this context also that the Interim Order cum SCN calls upon the Acquirers to show cause as to why the gain made by them should not be disgorged. Despite repeated efforts to remind and persuade the Acquirers to comply with the SEBI Order, which was affirmed by the Hon'ble Supreme Court, the Acquirers have continued to frustrate and delay the process by one way or another. Therefore, while keeping the original intent of SEBI

Order intact i.e., to make public offer to provide an exit to the public shareholders in the wake of an egregious fraud committed by the Acquirers, the continued failure to do so by the Acquirers should also not permit the Acquirers to enrich themselves illegally. For the said reasons, I find it necessary, in line with the observations in paragraph 31 the Interim Order cum SCN, to allow the Acquirers one final opportunity to make a public offer based on offer price computed in this Order, failing which the said offer value shall be treated as illegal gain liable to be disgorged.

53. Towards meeting the obligation to make a public offer, the Interim Order directed the noticee-acquirers to deposit the public offer amount along with simple interest at the rate of 15% from July 27, 2010 till the date of payment. As noted above, failure to make the public offer would result in conversion of the said direction to a direction for disgorgement of the illegal gain. In line with the past practice in orders involving PFUTP violations and disgorgement of illegal gains, to ensure uniformity I find it appropriate to impose simple interest on the offer price at the rate of 12% per annum to be calculated from the date of SEBI Order i.e., July 27, 2010 till the date of payment.

54. I note that the Noticees were also called upon to show cause as to why appropriate penalty should not be imposed on them under section 15HB read with section 11B(1) and 11B(2) of SEBI Act for such non-compliance. Section 15HB of the SEBI Act reads as follows: -

“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 liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.”

55. I note that section 15J of the SEBI Act provide for factors which are required to be considered for adjudging quantum of penalty. Section 15J of the SEBI Act reads as follows: -

“Factors to be taken into account while adjudging quantum of penalty.

15J. While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or 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 doubts, it is clarified that the power to adjudge the quantum of penalty under sections 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.”

56. For the reasons mentioned in foregoing paragraphs of this Order, Noticee nos. 1,2,3, 4, 5, 9 and 10 are liable for imposition of appropriate penalty under section 11B (2) read with section 15HB of SEBI Act. Since the primary obligation for compliance with the advisories/ directions was on the noticee Acquirers whose prolonged non-compliance has adversely affected the interest of investors, I find that they are liable to be imposed the relatively highest penalty under section 15HB. Noticee No. 3 (the company) and Noticee No. 9 (the compliance officer) are liable for a high penalty since they failed to take necessary steps despite direct receipt of the Second Advisory from SEBI. The others, namely Noticee Nos. 4, 5 and 10 are liable only in vicarious capacity and therefore, in my view, must be imposed a lesser penalty. For the same reasons, the period of debarment also needs to be proportionate.

D. ORDER:

57. In view of the foregoing, I, in exercise of the powers conferred upon me under sections 11(1), 11(4), 11B(1) and 11B(2) read with Section 15HB and Section 19

of the SEBI Act and Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, hereby issue the following directions:

- 57.1. Noticee nos. 1 and 2 shall, within a period of three months from the date of receipt of this Order, complete the process of public offer by paying a consideration amount of INR 22.82 per equity share along with simple interest at the rate of 12% per annum from July 27, 2010 till the date of actual payment;
- 57.2. In the event of failure to complete the public offer as directed above, the Acquirers shall be liable to disgorge the amount required to complete the public offer i.e. INR 38,65,21,669 (Thirty-Eight Crore Sixty-Five Lakh Twenty-One Thousand Six Hundred and Sixty-Nine Rupees only) along with simple interest at the rate of 12% per annum from July 27, 2010 till the date of actual payment. The said amount shall be remitted to the Investor Protection and Education Fund (IPEF) referred to in section 11(5) of the SEBI Act within a period of 15 days after the date of completion of the three-month period mentioned above;
- 57.3. Noticee nos. 1 and 2, are restrained from selling their assets, properties and securities held by them in demat and physical form except for the purpose of compliance with the directions in this Order. Further, the Banks are directed not to allow any debits in the bank accounts of the said Noticees, except for the purpose of compliance with the directions in this Order;
- 57.4. Noticee nos. 1 and 2 are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner whatsoever, for a period of three years from the date of completion of public offer or payment of disgorgement amount as directed above.
- 57.5. Noticee Nos. 3 and 9 are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, for a period of two years
- 57.6. Noticee nos. 4, 5 and 10 are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, for a period of one year.
- 57.7. Noticee Nos. 1, 2, 3, 4, 5, 9 and 10 are hereby imposed the following penalties under section 15HB read with section 11B(2) of the SEBI Act, 1992

which shall be paid within a period of 45 days from the date of receipt of this Order:

Noticee No.	Name	Penalty Amount (in INR)
1	Zafar Yunus Sareshwala	25,00,000 (Twenty Five Lakh Rupees)
2	Uves Yunus Sareshwala	25,00,000 (Twenty Five Lakh Rupees)
3	Parsoli Corporation	10,00,000 (Ten Lakh Rupees)
4	Umar Uves Sareshwala	1,00,000(One Lakh Rupees)
5	Habib Zafar Sareshwala	1,00,000(One Lakh Rupees)
9	Maheshkumar Amritlal Patel	10,00,000 (Ten Lakh Rupees)
10	Mohammed Alibhai Kothawala	1,00,000(One Lakh Rupees)

57.8. The proceedings under section 11B(1) and adjudication proceedings under section 11B (2) read with section 15HB of the SEBI Act, 1992 against Noticee nos. 6, 7 and 8 stands disposed of for the reasons cited in foregoing paragraphs of this Order.

57.9. The Noticees 1-5 and 9-10 shall pay the monetary penalty 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 Chairman/ Members -> PAY NOW. In case of any difficulties in online payment of penalties, the Noticees may contact the support at portalhelp@sebi.gov.in.

57.10. The Noticees shall forward the details of online payment made in compliance with the directions contained in this Order to "The Division Chief, CFD, SEBI, SEBI Bhavan BKC, Plot no. C4-A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai-400051" and also to e-mail id:- tad@sebi.gov.in in the format as given in table below:

Case Name	
Name of the Payee	
Date of Payment	
Amount Paid	
Transaction No.	
Payment is made for: (Disgorgement/Penalty)	

58. This Order shall come into force with immediate effect.

59. A copy of this Order shall be served on all the Noticees, recognised Stock Exchanges, Depositories, Banks and Registrar and Share Transfer Agents to ensure necessary compliance.

-Sd-

ANANTH NARAYAN G.

DATE: SEPTEMBER 27, 2024

WHOLE TIME MEMBER

PLACE: MUMBAI

SECURITIES AND EXCHANGE BOARD OF INDIA