

SECURITIES AND EXCHANGE BOARD OF INDIA**ORDER**

Under Sections 11, 11(4) and 11B (1) of the Securities and Exchange Board of India Act, 1992

In Re: Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003;

Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

Listing Agreement read with Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015

In respect of

Noticee No.	Name of the Entities	PAN
1	Ganpatraj Lalchand Chowdhary	ABWPL2726K
2	Ganpatraj Chowdhary HUF	AABHG2213G
3	Creelotex Engineers Private Limited	AACCC2970L
4	Sayaridevi Bagmar	ABMPB3523C
5	Mohit Bagmar	ALPPB7611N
6	Vital Connections Private Limited	AABCV4134G
7	Stuti Trademart Private Limited (Now known as Vital Connections Pvt. Ltd.)	AACCS7414H
8	Siwana Agri Marketing Limited (Now known as Vital Connections Pvt. Ltd.)	AACCS9598J
9	Kauvery Trexim Private Limited (Now known as Vital Connections Pvt. Ltd.)	AAKCA5283G
10	Blue Seal Agro Private Limited	AAGCB1200Q
11	Marg Biotech Private Limited	AADCM0007F
12	Narendera Gatmal Jain	ACJPJ9854C
13	Mukeshkumar R Samdaria	AEXPS5153H
14	Oswal Shares And Securities Limited	AAACO2273J
15	Javerilal Oswal Commodities Pvt Ltd	AABCI5034B
16	Javerilal Gopilal Jain HUF	AADHJ5869D
17	Javerilal Gopilal Oswal	AABPO4593P
18	Tankidevi Javerilal Oswal	AADPO1543P
19	Kalpesh Javerilal Oswal	AADPO9957B
20	Vanita Kalpesh Oswal	ADEPJ7018C
21	Kalpana Javerilal Oswal	AAEPO1685K
22	Kavita Javerilal Oswal	AAEPO8215F

Noticee No.	Name of the Entities	PAN
23	Ravikumar Javerilal Oswal	AALPO4101B
24	Monika Dharmendra Abbani	ASKPM8245M
25	Sangeeta Dinesh Abbani	AADPA7816M
26	Rajendrakumar Gopilal Jain	AAJPJ5266E
27	Varshadevi Rajendrakumar Jain	ABBPJ6407A
28	Akshay Rajendrabhai Oswal	ABJPO0630N
29	Akshita Rajendra Shah	FQTPS9446E
30	Sneha Lalitkumar Shah	BPVPS7547K
31	Shobha Lalitkumar Shah	ANKPS7888R
32	Lalitkumar Ranmal HUF	AAAHL5176L
33	Metroglobal Limited	AAACG1343F
34	Riddhi Siddhi Gluco Biols Limited	AABCR3417Q
35	Siddharth G Chowdhary	AFVPC3418E
36	Sathyamurthi Rajagopal	AEMPR2436R
37	Pradeep Mehta	AAYPEM2496C
38	Vaishali Dhaval Patel	ASNPS4586Q

(The aforesaid entities are hereinafter individually referred to by their respective names / Noticee nos. and collectively referred to as “**Noticees**”)

In the matter of Riddhi Siddhi Gluco Biols Limited

BACKGROUND

1. Riddhi Siddhi Gluco Biols Limited (hereinafter referred to as “**RSGBL**”/ “**the company**” / “**Riddhi Siddhi**”) (Noticee No. 34) is a company listed on Bombay Stock Exchange Limited (hereinafter referred to as “**BSE**”) since April 22, 1994. The company has its registered office at 10, Abhishree Corporate Park, Ambali-Bopal Road, Near Swagat Bunglow BRTS bus stand, Ahmedabad-380058, Gujarat. Mr. Ganpatraj L Chowdhary (hereinafter referred to as “**Ganpatraj**” / “**Noticee No. 1**”), Promoter and Chairman and Managing Director (CMD) of RSGBL submitted a proposal to RSGBL to provide an exit opportunity to public shareholders of RSGBL, by purchasing shares from public shareholders, in accordance with the SEBI (Delisting of Equity Shares) Regulations, 2009 (hereinafter referred to as “**Delisting Regulations**”).

2. BSE granted in-principle approval for delisting of equity shares of RSGBL from the exchange on February 20, 2018. The delisting offer of RSGBL opened on March 06, 2018 and closed on March 12, 2018. Price discovered in the Reverse Book Building (hereinafter referred to as “**RBB**”) was Rs.630/- per share. Pursuant to the delisting offer, Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) received investor complaints. In the light of investor complaints, SEBI advised BSE to keep delisting of RSGBL on hold.
3. Thereafter, SEBI conducted an investigation in the scrip of RSGBL for the period December 01, 2016 to March 12, 2018 (hereinafter referred to as “**investigation period**”) to ascertain the violations, if any, of the provisions of SEBI Act, 1992, SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulation**”), Delisting Regulations, SEBI (Substantial Acquisition of Shares & Takeover) Regulations, 2011 (hereinafter referred to as “**SAST Regulations**”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “**LODR Regulations**”) and Securities Contracts (Regulations) Act, 1956 (hereinafter referred to as “**SCR Act, 1956**”).
4. Upon analysis of the trading activity in the scrip of RSGBL, it was observed that Noticees participated in a fraudulent device or scheme at various stages to fraudulently show that the shares of RSGBL were frequently traded shares and thereafter making the delisting offer successful at fraudulently arrived price. It was also observed that RSGBL did not comply with the requirement of Minimum Public Shareholding (hereinafter referred to as “**MPS**”).

SHOW CAUSE NOTICE

5. Thereafter, a Common Show Cause Notice (hereinafter referred to as “**SCN**”) dated December 20, 2019 was issued to the Noticees (38 persons/entities) in the matter of RSGBL to show cause as to why suitable directions under Sections 11(1), 11(4) and 11B of the SEBI Act, 1992 should not be issued against (A) Noticee No. 1 to 38 for the alleged violation of Sections 12A(a), (b) and (c) of SEBI Act, 1992 read with Regulations 3(a), (b), (c), (d), 4(1) & 4(2)(a) of PFUTP Regulations and Regulations 4(5)(a), (b) & (c) of

Delisting Regulations; and (B) Noticee No. 1, 34 to 38 for the alleged violation of Rule 19A of Securities Contract (Regulation) Rules, 1957 (hereinafter referred to as “**SCR Rules**”), Clause 40A of Listing Agreement read with Regulation 103(2) and 38 of LODR Regulations and Section 21 of SCR Act, 1956.

6. The observation and allegation mentioned in the SCN dated December 20, 2019 in brief are as under:

Allegation in respect of MPS requirement:

- 6.1. From the shareholding pattern of Stuti Trademart Private Limited (hereinafter referred to as “**Stuti**” / “**STPL**” / “**Noticee No. 7**”), it is observed that immediate relatives of Noticee No. 1 and Promoter group of RSGBL collectively held 86.75% shares and 97.09% shares in FY 2014-15 and FY 2015-16, respectively in Stuti. It was also observed that in FY 2016-17, immediate relatives of Ganpatraj (Noticee No. 1) and entity connected to Promoter of RSGBL collectively held 100% shares in Stuti. Thus, it was alleged that as per Regulation 2(1)(zb) of SEBI (Issue of Capital And Disclosure Requirements) Regulations, 2009 (hereinafter referred to as “**ICDR Regulations**”), Stuti was part of Promoter group of RSGBL during FY 2014-15, 2015-16 and 2016-17.
- 6.2. From the shareholding pattern of Siwana Agri Marketing Limited (hereinafter referred to as “**Siwana**” / “**SAML**” / “**Noticee No. 8**”), it is observed that Promoter group of RSGBL collectively held 32.41% shares in FY 2014-15 as well as in FY 2015-16 in Siwana. It was also observed that in FY 2016-17, entities connected to Promoter of RSGBL collectively held 96.29% shares in Siwana. Thus, it was alleged that as per Regulation 2(1)(zb) of ICDR Regulations, Siwana was part of Promoter group of RSGBL during FY 2014-15, 2015-16 and 2016-17.
- 6.3. In June 2017, Vital Connections Private Limited (hereinafter referred to as “**Vital**” / “**Noticee No. 6**”) was acquired (99.9% shares) by Mr. Mohit Bagmar (hereinafter referred to as “**Mohit**” / “**Noticee No. 5**”) who is nephew of Ganpatraj (Noticee No. 1). The acquisition of Vital by Mohit was funded by Ganpatraj through his sister (hereinafter referred to as “**Sayaridevi**” / “**Noticee No. 4**”). In December 2017, Stuti,

Siwana and Kauvery Trexim Private Limited (hereinafter referred to as “**Kauvery**” / “**KTPL**” / “**Noticee No. 9**”) got amalgamated into Vital. Pursuant to the said amalgamation, 11.98% shares of RSGBL held by Stuti, Siwana and Kauvery [Stuti held 5,48,799 shares, Siwana held 2,57,210 shares and Kauvery held 50,000 shares (total 8,56,009 shares)] got transferred to Vital. Thus, Ganpatraj, promoter and CMD of RSGBL through Mohit indirectly holds 99.90% shares of Vital. Thus, it was alleged that as per Regulation 2(1)(zb) of ICDR Regulations Vital was part of Promoter group of RSGBL.

6.4. Thus, from the above and from the shareholding pattern of RSGBL for the FYs ended 2015, 2016 and 2017 it was alleged that Stuti and Siwana holding shares in RSGBL, were promoters / promoter group of RSGBL however they were classified as public shareholders of RSGBL. Stuti and Siwana collectively held 8,06,009 (11.29%) shares of RSGBL as on FYs ending March 31, 2015, March 31, 2016 and March 31, 2017. The promoter’s shareholding in RSGBL as on as on FYs ending March 31, 2015, March 31, 2016 and March 31, 2017 was 71.32%, 74.82% and 74.82% respectively. Thus, if shareholding of Stuti and Siwana is added to promoter shareholding, then the total promoter group shareholding of RSGBL as on FYs ending March 31, 2015, March 31, 2016 and March 31, 2017 would be 82.61%, 86.11% and 86.11% respectively. Further, pursuant to the amalgamation of Stuti, Siwana and Kauvery to Vital in December 2017, the shareholding of Vital in RSGBL was 8,56,009 (11.99%) shares. Thus, post transfer of shares of RSGBL held by Stuti, Siwana and Kauvery to Vital, the total promoter group shareholding of RSGBL is alleged to have increased to 86.81%.

6.5. In terms of Rule 19A of SCR Rules, every listed company is required to continuously maintain a minimum public shareholding of 25%. Thus, in view of the above, it is alleged that RSGBL has not complied with Minimum Public Shareholding requirements and consequently it is alleged that RSGBL (Noticee No. 34) and its directors Noticee No.1, 35 to 38 have violated Rule 19A of SCR Rules, 1957, Clause 40A of Listing Agreement read with Regulation 103(2) and 38 of LODR Regulations and Section 21 of SCR Act, 1956.

Allegation in respect of Delisting of RSGlobal:

- 6.6. Noticee No.1 (promoter and CMD of RSGlobal) submitted a proposal to RSGlobal (Noticee No. 34) to provide an exit opportunity to public shareholders of RSGlobal, by purchasing shares from public shareholders of the company, in accordance with the Delisting Regulations, upto 17,96,634 equity shares of Rs. 10/- each, representing 25.18% of the equity capital of RSGlobal and subsequently, voluntarily delist the equity shares of RSGlobal from BSE.
- 6.7. Pursuant to the said proposal by Noticee No.1, the Board of Directors of RSGlobal in their meeting held on December 12, 2017 approved the proposed voluntary delisting of equity shares of RSGlobal. The said Board Meeting was attended by Noticee No. 1, 35 to 38. Subsequently, a resolution was passed by the shareholders of RSGlobal through postal ballot, the results of which were declared on February 02, 2018. The floor price for delisting was fixed at Rs. 510/- per share.
- 6.8. As per Regulation 15(2) of the Delisting Regulations, the floor price shall be determined as per Regulation 8 of SAST Regulations. The floor price was calculated on the premise that the equity shares of RSGlobal were frequently traded shares. As per the Regulation 2(1)(j) of SAST Regulations, shares of a company shall be categorized as frequently traded shares if the traded turnover of that company on any stock exchange during the twelve calendar months preceding the calendar month in which the public announcement is required to be made, is at least ten percent of the total number of shares of that company.
- 6.9. The total number of equity shares of RSGlobal was 71,36,386. Therefore, to qualify the shares of RSGlobal as frequently traded shares, trading turnover of RSGlobal should have been 7,13,639 or more shares during the period from December 01, 2016 to November 30, 2017. Investigation revealed that the total number of shares traded during aforementioned period were 13,47,657, of which 5,90,808 shares were bought by Noticee No. 3 (promoter) from Noticee No. 1 & 2 (both promoters).

- 6.10. Investigation also revealed that, a group of entities i.e. Noticee No. 14 to 33 which are connected to promoter/company [through fund transfer (Noticee No. 9 to 13), common KYC details etc.] were observed to have traded in the scrip of RSGBL who bought 2,59,861 shares and sold 2,68,737 shares of RSGBL during the period from December 01, 2016 to November 30, 2017. The said group of entities connected to promoter/company has also traded in 1,15,627 shares among themselves.
- 6.11. Thus, Noticee No. 1 to 3 (promoter of RSGBL) and Noticee 14 to 33 (connected to promoter/company) together are alleged to have bought 8,50,669 shares and sold 8,59,545 shares. It is noted the number of shares bought is less than the number of shares sold, thus the total trading turnover of Noticee No. 1 to 3 and 14 to 33 can be considered as 8,50,669 shares. Therefore, after removing the trading turnover of Noticee No. 1 to 3 and 14 to 33 from total turnover during the period from December 2016 to November 2017 i.e. 13,47,657, the remaining number of shares traded during said period comes to 4,96,988 shares which is less than 10% of total number of equity shares of RSGBL. Hence, it is alleged that without trading of Noticee No. 1 to 3 and 14 to 33 in the shares of RSGBL, the equity shares of RSGBL would not have qualified as frequently traded shares in terms of Regulation 2(1)(j) of SEBI (SAST) Regulations, 2011.
- 6.12. Further, for the purpose of determining offer price for delisting of RSGBL's shares, auction through reverse book building was conducted during the period from March 06, 2018 to March 12, 2018. A total of 432 entities offered 13,18,984 shares during the reverse book building at price ranging from Rs. 510 per share to Rs. 3000 per share.
- 6.13. As per Regulation 17 of the Delisting Regulations, for successful delisting offer, the post offer promoter shareholding taken together with the shares accepted through eligible bids at the final price shall reach ninety percentage of the total issued shareholding of that class of shares. The pre-offer promoter equity shareholding in RSGBL was 53,39,752 equity shares i.e. 74.82 percentage. Therefore, the Delisting Offer would have been deemed to be successful only if a minimum number of

10,82,996 Equity Shares were validly tendered and acquired in the Delisting Offer at prices up to or equal to the Final Offer Price, so that the post offer promoter shareholding shall be reached to ninety percent of total issued equity shareholding. It is noted that 12,42,073 equity shares were validly tendered up to the Final Offer Price of Rs. 630/.

6.14. It was observed that 8,56,009 shares were offered in RBB by Vital. In June 2017, Vital was acquired by Mohit who is nephew of Ganpatraj (Noticee No. 1). The acquisition of Vital by Mohit was funded by Ganpatraj through his sister Sayaridevi. Thereafter, in December 2017, Stuti, Siwana and Kauvery got amalgamated into Vital. Pursuant to the said amalgamation, shares of RSGBL held by Stuti, Siwana and Kauvery [Stuti held 5,48,799 shares, Siwana held 2,57,210 shares and Kauvery held 50,000 shares (total 8,56,009 shares)] got transferred to Vital which were offered by Vital during reverse book building process for delisting of equity shares of RSGBL at price range of Rs. 610 per share to Rs. 620 per share. Further, 2,20,652 shares were offered by entities connected to promoter /company in the price range of Rs. 610 per share to Rs. 630 per share. The price discovered through RBB was Rs. 630 per share. Thus, it is alleged that Vital and other entities connected promoters/company together offered 10,76,661 shares i.e. 99.41% of minimum number of shares required to make proposed delisting successful.

6.15. It is also alleged that the book value of RSGBL's share was far higher than the price discovered in delisting process. The book value of RSGBL was around Rs. 1600 per share, the declared floor price by the acquirer was Rs. 510/- per share and price discovered in the RBB was Rs. 630/- per share. RBB was successful only on account of the bids offered by Noticee No. 6. Thus, RSGBL was trying to delist by giving the shareholders a much lower price as compared to its book value.

6.16. In view of the above, it is alleged that Noticee No. 1 to 38, participated in a fraudulent device, scheme or artifice at various stages leading to the scrip of RSGBL was fraudulently shown as frequently traded and thereafter making the delisting offer successful at fraudulently arrived price. Hence, it is alleged that Noticee No. 1 to 38 are in violation of Sections 12A(a), (b) and (c) of SEBI Act, 1992 read with

Regulations 3(a), (b), (c), (d), 4(1) & 4(2)(a) of PFUTP Regulations, 2003 and Regulations 4(5)(a), (b) & (c) of Delisting Regulations.

7. **Delivery of SCN:** The SCN dated December 20, 2019 was sent to the all Noticees at their last known available address / email with SEBI through speed post and same was delivered. The proof of delivery is available on record.

REPLY AND WRITTEN SUBMISSIONS:

8. **Noticee No. 1, 2, & 3** vide common letter dated February 09, 2020 and July 15, 2020 submitted their reply / written submissions in the matter. Their submission in brief are as under:

- 8.1. Noticee No. 1, 2, 3 deny all the allegations levelled against them in the Show Cause Notice.
- 8.2. Noticee No. 1 founded RSGlobal on July 2, 1990. In 1992, 1,00,000 shares of RSGlobal were allotted to Stuti and 90,000 shares of RSGlobal were allotted to Siwana.
- 8.3. As per the annual return filed on September 30, 1992 both Stuti and Siwana were part of the promoter group. As per the said annual return, Noticee No. 1 brothers namely Shri Shankarlal L. Chowdhary, Shri Babulal L. Chowdhary and Shri Sampatraj L. Chowdhary and Noticee No. 1 were directors of RSGlobal. Shri Shankarlal L. Chowdhary and Shri Babulal L. Chowdhary resigned from directorship in RSGlobal on July 15, 1993.
- 8.4. As on July 2, 1990, Noticee No. 1 sisters namely Mosami Tater and Sayaridevi Bagmar were married and did not have any connection with the business of RSGlobal and were never involved in the management of the Company and were never employed with RSGlobal. Out of love, affection and economic purposes, shares were issued by RSGlobal to certain entities controlled by them.
- 8.5. On the basis numerous discussions amongst the family members, a family arrangement was put in place wherein (a) Shri Shankarlal L. Chowdhary, Shri Sampatraj L. Chowdhary and Noticee No.1 along with their spouses and children and entities controlled by them (“**Group A**”) would solely run the business of RSGlobal; and (b) Shri Babulal L. Chowdhary and the two sisters (i.e. Mrs. Mosami Tater and Mrs. Sayaridevi Bagmar) along with their immediate family and the entities controlled by them including Stuti and Siwana (“**Group B**”) would not in any manner be involved in running of RSGlobal and were free to commence/carry out and run their business independent of Group A and the businesses of Group A (“**Family Arrangement**”). The Family Arrangement was arrived at to avoid any future conflict with them. In accordance with the terms of the Family Arrangement, it was agreed and confirmed

- by the entire family that neither Group B nor any member or entity forming a part of Group B will be treated as a promoter of RSGlobal and no member or entity forming a part of Group B will form a part of the promoter group of RSGlobal.
- 8.6. Post the Family Arrangement, none of the members or entities forming a part of Group B as mentioned above: (a) have ‘acted in concert’ with the promoters/promoter group in relation to the business of RSGlobal; and/or (b) were ever involved in the management and/or the operations of RSGlobal; and/or (c) were ever employed with RSGlobal. Some of the members of Group B retained their shareholding in RSGlobal for economic purposes only. The parties have acted on the Family Arrangement for the last 30 years.
- 8.7. Pursuant to the Family Arrangement, Shri Babulal L. Chowdhary together with Stuti and Siwana were re-classified as non-promoters in RSGlobal.
- 8.8. Stuti and Siwana were shown in the public category of shareholders in the year 2002 and the same was mentioned in the annual reports of RSGlobal and thereafter were never treated as part of the promoter group of RSGlobal. The filing in that regard with BSE Limited was made in the year 2000. There was no rule or regulation in relation to de-classification of a person from the promoter group in March 2002 nor was there any other regulatory requirement or identified filing required to be made.
- 8.9. The holding of promoter group in RSGlobal was only 50.53% till March 2014 and holding of the merged entities Vital, Stuti and Siwana at that time was 14.79%. Assuming without admitting that these entities viz. Vital, Stuti and Siwana formed part of the promoter group, in March 2014 the total shareholding of the promoter group in RSGlobal was aggregated to 65.32%.
- 8.10. RSGlobal had announced a buy-back of equity shares in May 2014 wherein it was mentioned that the promoters, members of the promoter group etc. will not be eligible to participate in the buy-back. Siwana tendered its shares in the said buy-back. No objection was ever raised by any regulatory authority at that time.
- 8.11. It was only pursuant to buyback of shares by RSGlobal in September 2014, through which the total outstanding shares of RSGlobal got reduced by 24.71% from 94,78,300 to 71,36,386, the promoter holding got increased and went up to 74.82% excluding shares held by Stuti and Siwana.
- 8.12. There have been numerous instances in the past in respect of various listed entities wherein the immediate relative(s) of the promoter(s) of such company have not been included as promoters of such companies nor have they been included in the promoter group categories of such entities.
- 8.13. With regard to the no registration is required for oral family arrangements, Noticee No. 1, 2, and 3 relied on Hon’ble Supreme Court of India in the matter *Kale and Ors. vs. Deputy Director of Consolidation and Ors.* [1976]3SCR202.
- 8.14. There has been no violation of Rule 19A of SCR Rules, 1957 by RSGlobal at any time as the shares of RSGlobal held by the members and/or entities of Group B including Vital cannot be treated as promoter holding or as a part of the promoter group holding of RSGlobal.

- 8.15. In relation to the trail of funds alleged in the Show Cause Notice, it is submitted that, funding to such entities and individuals was purely a commercial decision in the normal course and there is no connection whatsoever between granting of such loans and trading by such persons in the scrip of RSGBL. The relevant borrowers informed them that no portion of any loans granted have been used to deal with the shares of RSGBL.
- 8.16. With regard to the allegation of frequently traded shares, it is submitted that the promoters had traded in the shares of RSGBL merely for internal structuring and their financial planning purposes and it had no connection whatsoever with the delisting of RSGBL or with any intent to classify the shares as 'frequently traded shares'.
- 8.17. In 12 (twelve) month period, the percentage of shares traded by the public shareholders excluding promoters trading, amounts to approximately 10.61% of the total outstanding shares of RSGBL. Thus, even if the promoters of RSGBL had not traded in the shares of RSGBL, the shares of RSGBL still would have qualified as 'frequently traded shares' on account of trading in the scrip of RSGBL by public shareholders.
- 8.18. Notwithstanding the foregoing, it is submitted that there is no rule or regulation which excludes the promoter traded shares from the calculation for the purposes of determining whether scrip of a company is 'frequently traded' or not.
- 8.19. The burden of proof to establish that frequent trading of shares was organised by the Noticee No. 1, 2, 3 to defraud other shareholders is on SEBI. This burden of proof is required to pass the test of 'preponderance of probabilities'. In this regard reliance is placed on the judgment of Hon'ble Supreme Court in the case of *SEBI vs. Kishore R. Ajmera*.
- 8.20. The said Noticees have relied upon Section 101 of Evidence Act. In the regard, reliance is placed on the judgment of Hon'ble Supreme Court in the case of *New India Assurance Company Ltd. vs. Nusli Neville Wadia and Ors.*, [(2008) 3 SCC 279].
- 8.21. In respect of their holding in Siwana / SAML and Stuti / STPL, the increase in the shareholding was on account of separation of business post sale of Starch Business in 2012. Shares of Shri Shankarlal L. Chowdhary and Mrs. Patasidevi Chowdhary in Siwana / SAML were transferred to their group which increased the shareholding of their group in Siwana / SAML in 2014-2015 to 22.52% from 19.59%. Similarly, shares of Shri Shankarlal L. Chowdhary and Shri Mukesh Kumar Chowdhary in Stuti / STPL were transferred to their group which increased the shareholding of their group in Stuti / SAML in 2014-2015 to 20.59%. It may be noted that their group exited both Stuti / STPL and Siwana / SAML long before the delisting process of the Company commenced. Mr. Siddharth Chowdhary and Mrs. Rajuldevi Chowdhary transferred their complete shareholding in Siwana / SAML on June 1, 2016 and Noticee No. 1 holding in Siwana / SAML was bought back by Siwana / SAML on June 29, 2016. CEPL's shares in Stuti / STPL were bought back by Stuti

/ STPL on March 29, 2016 and Noticee No. 1 transferred his shares in Stuti / STPL on March 30, 2017.

8.22. The shareholding of the individual promoter and his immediate relative in the Company would be considered disjointedly for the purposes of the definition of ‘Promoter Group’. With regard to the interpretation of word “or” used in the definition of ‘Promoter Group’ under Regulation 2(z)(b)(iv)(A) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, reliance is placed on the judgment of Hon’ble Supreme Court in the case of *Super Agrotech Ltd. vs. State of U.P.*, [(2006) 9 SCC 203]. Neither Noticee No. 1 nor any of his immediate relatives held 10% or more shareholding in Stuti / STPL and Siwana / SAML, therefore Stuti / STPL and Siwana / SAML could not be classified as part of the promoter group of the Company.

8.23. Noticee No. 1 transferred Rs. 31,25,000/- to his sister Mrs. Sayaridevi Bagmar as a gift and out of love and affection for her. Noticee No. 1 deny the usage of the said funds for acquisition of Vital LLP

9. **Noticee No. 4** vide letter dated February 17, 2020, **Noticee No. 5 to 9** vide common letter dated February 17, 2020 and **Noticee No. 4 to 9** vide common letter / email dated July 15, 2020 submitted their reply / written submissions in the matter. Their submission in brief are as under:

9.1. Noticee No. 4 to 9 denied the allegation mentioned in the SCN.

9.2. Sayaridevi does not have any connection with RSGlobal. Sayaridevi neither holds any shares in RSGlobal nor had anything to do with the delisting process or in the book building process of delisting of shares of RSGlobal. Sayaridevi was part of the family arrangement / separation and not part of the promoter group.

9.3. Sayaridevi transferred the fund of Rs. 31,25,000/- to her son Mohit out of her love and affection for him to utilise the fund in usual course of his business. Mohit utilised the funds to acquire the shares of Vital. The said acquisition of Vital was not on the instruction of Ganpatraj. The acquisition of Vital was an independent decision of Mohit and was carried out in the ordinary course of business for the purpose of carrying on the business of advisory and consultancy in finance and management.

9.4. Mohit was not aware of the source of money which was gifted by his mother, sayaridevi to him. Much later, Mohit came to know that Sayaridevi received money from her brother Ganpatraj as a gift out of love and affection. The gift of money was not in any manner to control Vital nor was for the acquisition of Vital by Mohit nor for any ulterior motive but the gift was purely to help his sister in her requirement of funds. Ganpatraj does not hold any shares in Vital nor has any say in the activity carried on by Vital.

9.5. Mohit being the nephew of Ganpatraj is not an “immediate relative” of Ganpatraj or his family or any of the promoters of RSGlobal and therefore does not fall within the

meaning of “promoter group” as defined in Regulation 2(pp) of ICDR Regulations or within the meaning of “persons acting in concert” as defined in SAST Regulations. Vital is neither part of promoter group nor immediate relative of the promoter of RSGlobal. Vital does not fall within the meaning of “promoter group” or “person acting in concert”

- 9.6. Mohit is a Director of Siwana and neither RSGlobal nor its promoters have any control over Siwana and therefore cannot be called “promoter group”..
- 9.7. At the time of merger, Stuti, Siwana and Kauvery were neither promoter nor part of promoter group of RSGlobal.
- 9.8. Stuti, Siwana and Kauvery are merged with Vital much prior to the book building process and were not in existence at the relevant time. Therefore, they cannot be alleged in connection with the book building process of RSGlobal.
- 9.9. On account of a family arrangement / separation, since the year 2002, Stuti and Siwana, were reflected as public shareholders of RSGlobal in all the filings made by RSGlobal and has never been disputed or objected to by any authority.
- 9.10. Family arrangements need not be in writing and can be oral. Reliance are placed on judgment of: (1) Tek Bahadur Bhujil v. Debi Singh Bhujji, AIR 1966 SC 292 (para 13), (2) Kale v. Director of Consolidation, (1976) 3 SCC 119 (para 10), (3) Sita Ram Bhama v. Ramvatar Bhama, (2018) 15 SCC 130 (para 11).
- 9.11. Kauvery received funds from RSGlobal and advanced the same to various entities mentioned in the SCN. The said funds have not been used by them for trading in the shares of RSGlobal. The said funds were received and advanced in normal course of business for interest arbitrage benefit.
- 9.12. Vital denied that it had tendered shares in RSGlobal to make delisting offer successful at the request of promoter of RSGlobal. Vital offered shares owned by it in the delisting offer of RSGlobal as they were getting a price substantially higher than the trading price of the scrip.
- 9.13. During the years from 1997 to 2017, the share price of RSGlobal had never been anywhere close to its book value (which was about Rs. 1,600/-) and the shares were trading at abysmal prices far below even the floor price. The delisting was a good opportunity for Vital to gain considerable profits and such opportunity or price was unlikely to recur. Hence, the decision to participate in the book building process was taken by Mohit purely for commercial gain and was not in any manner under the influence of the promoters of RSGlobal.
- 9.14. The reason for selling the shares of RSGlobal in delisting offer by Vital is that RSGlobal had no manufacturing unit or plant except windmills; RSGlobal had invested Rs 977.93 crore in shares / mutual funds / speculative investments as on March 31, 2017 which was also a risky proposition; In March 2015, RSGlobal had acquired a sick company Shree Rama Newsprint Limited (SRNL) and this acquisition reflected in the net losses suffered by RSGlobal prior to delisting: Rs. 42.52 crores in 2014-15, Rs. 34.18 crores in 2015- 16, Rs. 8.94 crores in 2016-17, Rs. 21.30 crores in 2017-18 (till Quarter

ended 31/ 12/ 17); RSGlobal had also suffered loss of Rs 75.95 crore in National Spot Exchange Limited (NSE); RSGlobal had also given guarantee of Rs. 23 crore in respect of a loan to SRNL and RSGlobal had also made an investment in their other subsidiary which is over Rs. 212 crore. Therefore, Vital felt that all these were wrong decisions taken by the management of RSGlobal which would contribute to a further downward spiral of its share price. Therefore, it was felt that to exit by selling the stake in the delisting offer and that this was the best possible price available at that time.

9.15. Therefore, Vital thought it was proper to bid at Rs. 620/- per share in the reverse book building process. Bidding anywhere close to the book value would have resulted in such a bid not being accepted by the promoter.

9.16. Vital has suffered a loss because delisting process have not gone through since the prevailing price of RSGlobal shares is around Rs 275/- per share only which is down by Rs. 355/- per share from offer price of Rs. 630/- per share.

9.17. Noticee No. 4 to 9 is neither “promoter group” nor “persons acting in concert”. There was no shared common objective of committing any fraud or deception or illegality by any of the Noticee No. 4 to 9 with any of the promoter of RSGlobal. A finding of fraud, deception etc. cannot be based on suspicion and conjecture and must be proved beyond reasonable doubt

10. **Noticee No. 10, 11 & 12** did submit any reply to the SCN.

11. **Noticee No. 13** vide letter dated January 22, 2020 submitted his reply in the matter. His submission in brief are as under:

11.1. With regard to the allegation that Creelotex Engineers Private Limited (“CEPL”) had transferred Rs. 1,79,61,200/- to Mr. Mukesh Samdaria in relation to delisting of RSGlobal, it is submitted that Noticee No. 13 was a shareholder of CEPL and held 44,903 shares in CEPL. As per Section 68 of the Companies Act, 2013, a board resolution dated March 6, 2017 was passed in the board meeting of CEPL in relation to the buy-back of equity shares of CEPL at a price of Rs. 400 per share. Noticee No. 13 tendered 44,903 equity shares held by him in the said buy-back. In consideration of shares tendered in the buy-back, CEPL paid him Rs. 1,79,61,200/-. The documents in relation to the same are enclosed.

11.2. Out of the said funds, he lent Rs. 65.25 Lakh to Mr. Narendra Jain and Rs. 100 Lakh to Mr. Ravi Oswal as part of normal lending. Mr. Ravi Oswal has duly paid interest on the loan availed and has deducted tax at source on the same. Copy of the account statement in relation to the same is enclosed. As per the account statement of Mr. Ravi Oswal, no money has been used for purchase of shares of RSGlobal. Therefore, the lending of funds received from CEPL has nothing to do with the delisting of RSGlobal or otherwise with the promoter of RSGlobal.

12. **Noticee No. 14 to 29** vide common email dated February 10, 2020 and vide common letter / email dated July 15, 2020 submitted their reply / written submissions in the matter. Their submission in brief are as under:

12.1. Noticee No. 14 to 29 denied all allegations mentioned against them in the SCN.

12.2. Noticee No. 14 to 29 are neither the promoters of RSGlobal nor are in any way related to them. Noticees have not acted in concert with the promoters of RSGlobal in any manner whatsoever.

12.3. Noticee No. 23, 27, 28 & 29 had taken loans from Kauvery in ordinary course of business and have paid interest on the said loans availed and have deducted tax at source. The account statement of the Kauvery in relation to the abovementioned persons is enclosed.

12.4. Noticee No. 23, 27, & 28 has not dealt in the scrip of RSGlobal out of the loans availed. The said loans / amount has been used to purchase shares of other listed and trading in F&O and for repayment of LAS, outstanding loans and payment of interest. The account statement and contract notes evidencing the entire trail of funds till the utilisation of the same are enclosed.

12.5. Noticee no. 23 had taken a loan of Rs. 100 Lakh from Mr. Mukeshkumar R. Samdaria (Noticee No. 13) on which he had paid interest and also deducted the tax at source. Copy of the account statement in relation to the same is enclosed. Noticee no. 23 has used Rs. 100 lakh loan for repayment of outstanding of Oswal Shares and Securities Limited. The account statement evidencing the entire trail of funds till the utilisation of the same are enclosed.

12.6. Noticee no. 29 had purchased 5,000 shares of RSGlobal out of the loans availed in normal course of business. Noticee No. 29 has used the amount of Rs.50 lakh for the purchase of shares of other listed company. Except for the transaction of 5,000 shares of RSGlobal, there is no funds trail and no connection with dealing the scrip of RSGlobal nor any relations with the promoters of RSGlobal. The account statement and contract notes evidencing the entire trail of funds till the utilisation of the same are enclosed.

12.7. Noticee no.19 had availed a loan from Metroglobal Limited and payment of Rs. 150 lakhs mentioned in the Show Cause Notice is towards repayment of the said loan. The amounts outstanding against the loans from Metroglobal Limited loan as on March 31, 2019 is Rs.425.10 Lakhs. The loan ledger from April 1, 2016 to March 31, 2019 enclosed

12.8. The Company is a separate legal entity distinct from its promoters and merely because one or more Noticees know the promoter socially does not in any way infer or affirm the fact that they are connected with the promoters of the Company and/or have acted in concert with the promoters of the Company.

- 12.9. Dealing in shares is an activity carried out by the Noticees in their ordinary course of their business and as a routine activity in an utmost professional manner. Noticees have always conducted their business in an ethical manner and within the ambit of the legal and regulatory framework.
- 12.10. Noticee No. 14 to 29 got aware about the public announcement of delisting offer through Stock Exchange. Noticee No. 14 to 29 have been dealing in scrip of RSGlobal regularly long before the public announcement of delisting offer and statement of such dealing for the period April 1, 2016 to March 31, 2018 is enclosed. Therefore, Noticee No. 14 to 29 are not connected in any manner Promoter/ RSGlobal for making the shares of RSGlobal frequently traded.
- 12.11. All the inter-se transactions entered into between Noticee No. 14 to 29 in relation to the scrip of RSGlobal have been done as per their inter-se understanding and for their internal financial planning purposes in the normal course and for the purpose of legitimate tax planning.
- 12.12. The connection among the Noticee No. 14 to 29 are relatives of each other and common address or directors etc. is not denied.
- 12.13. The Noticee No. 14 to 29 were trading in the shares of RSGlobal since December 2012 and was in their normal and ordinary course of business and there was no such device or scheme to fraudulently make RSGlobal's shares frequently traded in order to avoid fixing of floor price. Since December 2012, the trading in RSGlobal's shares viz-a-viz total share trading activities carried out by them during the relevant period is enclosed. The trading done by them in the shares of RSGlobal vis-a-vis overall trading was miniscule being i.e. less than 2% of their overall trading
13. **Noticee No. 30** vide email dated January 11, 2020 and July 07, 2020 submitted her reply / written submissions in the matter. Her submission in brief are as under:
- 13.1. The investments in the securities market are made after carrying out a study of the Companies listed on the Stock Exchange. The factors, which taken into consideration while investing are debt of the Company, book value of the Company, ratio analysis of the company in comparison to the price at which the said equity shares are being quoted on the stock exchange, fundamentals of the company, the future growth of the company and margins arises on account of buying and selling of the scrip.
- 13.2. RSGlobal as a company showed excellent prospects and the returns which could get by making investments in RSGlobal would be worth the amount of money that put in purchase of the shares of RSGlobal. The investment in RSGlobal are as part of ordinary course of investment and out of her own funds and have been investing in RSGlobal prior to as well as during the course of inquiry by SEBI

- 13.3. All the investments in the share markets are made by her out of her own funds and have not borrowed any funds to make investment in share markets. Balance sheet for the FY 2016-17 and 2017-18 as well as the profits and loss accounts and copy of Income Tax Returns which give details of her investments in the securities market along with the value of the same are enclosed. The balance sheet for the FY 2016-17 indicates that the value of investments in the share market is around 19 lakhs and current assets are around 27 lakhs and investment in mutual funds are approximately 19 lakhs.
- 13.4. The investments made in RSGlobal are commensurate and proportionate to the total investments made in the securities market.
- 13.5. At the time of opening Noticee No. 30 trading and demat account, her father's E-mail i.d. had been given. After marriage, merely out of convenience the transactions are being carried out in her maiden name and hence, even the e-mail i.d. of her father is being used.
- 13.6. She has no professional or business relations with Mr. Shankarlal L. Chaudhary. Her only interaction with the Chaudhary family is on very few occasions during social functions. However, neither Mr. Shankarlal L. Chaudhary nor Mr. Ganpat Chaudhary has any business or advisory relationship with her. She never had any understanding with the promoter group or with her father regarding trying to increase the volumes in the scrip of RSGlobal. She has no financial or business relation with RSGlobal, subsidiaries or with any promoters of RSGlobal.
- 13.7. Apart from RSGlobal, she bought and sold shares of many other companies. A stock summary of the investments made in the year 2016-17 as well as 2017-18 is enclosed.
- 13.8. She had been consistently investing in many scrips other than that of RSGlobal. Her investment pattern is consistent and it is against evidence that she is manipulating the market by adopting unfair trade practices. She is not part of any scheme or a device to defraud the investors by trying to depress the price of RSGlobal. She has not offered any shares in the delisting of the reverse book building process.
- 13.9. The ledger statement and demat transaction statement from broker Motilal Oswal Financial Service Limited for FY 2016-17 and 2018-19 is enclosed. Noticee No. 30 has been dealing in shares frequently in various companies. The Noticee No. 30 had very rarely accumulated or held any large quantity at any time during the year in any one scrip.
- 13.10. The daily summary chart of various companies along with RSGlobal having similar trading pattern is enclosed. The details of highest trading scrips done by Noticee No. 30 during FY 2016-17 and 2017-18 are as under:

Scrip Name	FY 2016-17	FY 2017-18
	Number of shares traded	
HFCL	12,000	12,000
HINDALCO	6,500	
HINDUSTAN COPPER	45,000	67,591
PFC	6,000	7,000
REC	23,800	3,000
STANDARD INDUSTRIES	10,631	
ARBINDO PHARMA		2,500
HINDUSTAN ZINC		29,000
UFLEX		7,475
RIDDHI SIDDHI	8,228	19,823

14. **Noticee No. 31** vide letter dated January 12, 2020 and July 07, 2020 submitted her reply / written submissions in the matter. Her submission in brief are as under:

- 14.1. The trading in the shares of RSGBL are intraday trading and investments are held for a short duration of time and sold them whenever perceived of making a profit from the said transactions. The transactions in RSGBL are in tune with investments in various other shares.
- 14.2. Her trading strategy is that whenever the market is on the rise and there is an increase of volume on the transactions on the stock exchange and consequentially, her trading transactions volume also increases. To demonstrate the said trading strategy, a comparison chart showing the market trend and her investment in the shares of RSGBL as well as Hindustan Zinc and Hindustan Copper is enclosed, which shows the same trading behavioural pattern i.e. the volume in these scrips increased and the volume of her transactions also increased.
- 14.3. The investment strategy is that to analyse the PE ratio and the book value of a company listed on the stock exchange. After analysing companies which were trading at below 30% to 20% of its' book value, she carry on intraday trading or buying and selling the shares for a short duration of time. RSGBL shares were trading at a discount to the book value. The book value of RSGBL was around Rs.1600 to Rs.1800 and the shares of RSGBL from 2015 -2017 were trading at Rs.300 to Rs.500. Thus, as per her investment strategy investing in the shares of RSGBL appeared to be a very attractive proposition.
- 14.4. Her father is Mr. Shankarlal L. Chaudhary, the relationship with her father is purely personal and has no business or professional relationship with him. The fact that she is the daughter of Mr.Shankarlal L. Chaudhary, cannot be held against her that she participated in a manipulative and unfair trade practices in the scrip of RSGBL.

- 14.5. Shri Lalitkumar Ranmal Shah is her husband and both are making investments in the share market. She has bought and sold shares in her individual capacity on the stock exchange. She is married to Mr. Lalitkumar Ranmal Shah does not mean that she is a person connected to the promoter or the promoter group.
- 14.6. She shares a common email id with her husband but shares separate bank account from her husband. She does not have a common bank account with her husband. There are no transactions between her and her husband in the said bank account.
- 14.7. The common email id is for convenience sake and was inserted when the trading account and the demat accounts were opened. The E-mail id was the same as that of her husband but she receives contract notes in the physical form. Except for her relationship and a common Email ID, there is no other evidence or circumstantial evidence to lead to a preponderance of conclusion that her transactions are a part of a device or a Scheme.
- 14.8. She had no financial or business relationship with RSGBL or its subsidiaries or with any of the promoters of RSGBL and never had any understanding with the promoter group or with her father regarding trying to increase the volumes in the scrip of RSGBL. Nor she had participated in the reverse book building process of RSGBL.
- 14.9. She has carried out transactions in more than 50 scrips. The stock summary her shareholding for the Financial Years 2016 -17 and 2017-18 is enclosed. Majority of her profits is arising out of her trading in the share market. The profit and loss accounts for the Financial Year 2016 -17 and 2017-18 is enclosed.
- 14.10. The transactions in RSGBL are part of her overall behaviour of transacting in the Securities Market. The transactions in the shares of RSGBL are for making profits. The transactions are not carried out in a fraudulent or deceitful manner but are carried out in a transparent manner on a Stock Market. The said transactions are not being carried out between the same entities or in a synchronized manner. The transactions carried out are neither bogus nor a Sham and hence cannot be termed to be false or misleading.
- 14.11. With regard to the above submissions, reliance is placed on the judgment of the Hon'ble Supreme Court in the case of Kishore R Ajmera [(2016) 6 SCC 368] and the case of Rakhi Trading [(2018) 13 SCC 753]. The Hon'ble Supreme Court has observed that "proof of manipulation might depend on inferences drawn from factual details. Such inferences could be gathered from pattern of trading data and the nature of transactions". In the present case she is a consistent trader in the securities market and have been buying and selling the securities as stated above. All her transactions show the consistency in her trading behavioural pattern.
- 14.12. The ledger statement and demat transaction statement from broker Motilal Oswal Financial Service Limited for FY 2016-17 and 2018-19 is enclosed. Noticee No. 31 has been dealing in shares frequently in various companies. The Noticee No. 31 had very rarely accumulated or held any large quantity at any time during the year in any one scrip.

14.13. The daily summary chart of various companies along with RSGBL having similar trading pattern is enclosed. The details of highest trading scrips done by Noticee No. 31 during FY 2016-17 and 2017-18 are as under:

Scrip Name	FY 2016-17	FY 2017-18
	Number of shares traded	
HFCL	41,000	
HINDALCO	16,000	13,000
HINDUSTAN COPPER	52,000	1,55,650
PTC	38,000	
REC	59,000	
STANDARD INDUSTRIES	24,281	33,019
JAY BHARAT MARUTI	27,689	
SINTEX INDUSTRIES		22,000
SINTEX PLASTIC		24,000
HINDUSTAN ZINC		30,000
UFLEX		28,091
PFC		18,000
RIDDHI SIDDHI	13,452	17,151

15. **Noticee No. 32** vide email dated January 12, 2020 and July 07, 2020 submitted its reply / written submissions in the matter. The submission in brief are as under:

- 15.1. At page 19 of SCN, wherein, Noticee No. 32 is shown as one of the parties, SEBI has made a reference to the HDFC account No.00608420023362 as being the account of the Noticee No. 32. The said bank account number does not belong to Noticee No. 32. The bank account number of Noticee No. 32 with HDFC Bank is 50100239075204 and with Central Bank of India is 3018302525.
- 15.2. Mr. Lalitkumar Shah is associated with Metroglobal Limited since last more than a decade in a professional capacity. The association of the Karta of HUF in the personal capacity with the promoters of Metroglobal Limited should not be used by SEBI to come to a conclusion that Lalitkumar Ranmal HUF is guilty of violating the regulations of SEBI.
- 15.3. The transactions of Noticee No. 32 in the shares of RSGBL are minuscule during the two financial years i.e. 2016-17 and 2017-18. The purchase of the Noticee No. 32 in the scrip of RSGBL is enclosed giving a comparative indication of the transactions in the shares of RSGBL in comparison to the shares of the other companies.
- 15.4. The profit and loss account for the financial year ending 2016-17 as well as 2017-18 indicate that the Noticee No. 32 has made profits out of its transactions. The P &

L account for the Financial Year 2016-17 and 2017-18 as well as Income Tax returns are enclosed.

- 15.5. The buying and selling of shares depend on the vision and the expectation of making profits from the assets of the Noticee No. 32. The Noticee No. 32 has transacted in shares of more than 35 companies. The investments have been made in companies like TATA investment, Bajaj Holding, NESCO, Standard Industries and many PSUs which are trading at low PE and have a good dividend track record and were trading at discount to their book value.
- 15.6. Similarly, the shares of RSGBL were trading at 25% below its' book value and therefore, it was found to be a safe investment. The shares were acquired and the same were sold as monies were required for the wedding of the daughter of the family which held on 04.12.2017.
- 15.7. The Noticee No. 32 also invest in the mutual funds and the trading pattern is to carry out intraday trading or make the investments for a very short term and make the profits when the shares are on an upward trend. When there is an increase in volume on the stock exchanges, the trading by Noticee No. 32 is also increases. An illustration comparing investments in RSGBL along with that of the Nifty as well as investments in Jay Bharat Maruti is enclosed.
- 15.8. The Noticee No. 32 is a consistent trader in the market even prior to the date of the investigation by SEBI. The transactions in RSGBL are not unusual and are in fact part of their investment strategy.
- 15.9. There is no business or financial relationship of the Noticee No. 32 or the Karta of Noticee No. 32 with the promoter, the promoter group or the subsidiaries companies of the promoter group of RSGBL.
- 15.10. The ledger statement and demat transaction statement from broker Motilal Oswal Financial Service Limited for FY 2016-17 and 2018-19 is enclosed. Noticee No. 32 has been dealing in shares frequently in various companies. The Noticee No. 32 had very rarely accumulated or held any large quantity at any time during the year in any one scrip.
- 15.11. The daily summary chart of various companies along with RSGBL having similar trading pattern is enclosed. The details of highest trading scrips done by Noticee No. 32 during FY 2016-17 and 2017-18 are as under:

Scrip Name	FY 2016-17	FY 2017-18
	Number of shares traded	
HFCL	41,000	
HINDALCO	7,000	
HINDUSTAN COPPER	19,000	18,000
PTC	12,000	
REC	16,000	
ARBINDO PHARMA		1,000

Scrip Name	FY 2016-17	FY 2017-18
	Number of shares traded	
JAY BHARAT MARUTI	5,000	
HIMACHAL FUTURISTIC		31,000
SINTEX PLASTIC		12,000
HINDUSTAN ZINC		19,000
UFLEX	2,500	9,000
BAJAJ ELECTRICAL	5,000	
RIDDHI SIDDHI	12,878	17,691

16. **Noticee No. 33** vide letters dated January 10, 2020 and July 13, 2020 submitted its reply / written submissions in the matter. The submission in brief are as under:

- 16.1. In 2009, the Noticee No. 33 divested one of its major manufacturing facilities and sold off the same to Huntsman Corporation. Hence, the Noticee No. 33 became a cash rich company and continues to be involved in the field of trading of chemicals, textiles, minerals and ores as well as real estate development, finance and investments. The Noticee No. 33 has been carrying investment activities from the year 2009, however the said activities are not the core activities.
- 16.2. The Noticee No. 33 over a period of time has made investment in various companies as well as mutual funds. They have investment in more than 45 companies. The investment activities are carried out as proprietary activities without borrowing any funds as they are cash rich and have liquidity and like to maximize the returns on the same. The stock summary statement for the FY 2016-17 and 2017-18 is enclosed. The said stock statement indicate that the closing stock as on 31.03.2017 is around Rs.6.65 crores and as on 31.03.2018 the closing stock is around Rs.8.37 crores. This also demonstrates that that they are a frequent trader in securities market and apart from trading in the scrip of RSGBL, Noticee No. 33 has also traded in other scrips also.
- 16.3. The Noticee No. 33 has received request for providing financial assistance from Noticee No 19. Since the financial assistance also enables the Noticee No. 33 to get returns on its idle funds, the Noticee has given financial assistance to various entities as a part of its side business to increase its profits and reward the investors suitably. As a part of its side business, Noticee No. 33 had given loan to Noticee No. 19 on May 10, 2013 at the rate of 9% per annum. In this regard, a promissory note signed by Noticee No. 19 is enclosed.
- 16.4. From the 2013 onwards, on various occasion Noticee No. 19 after deducting TDS on interest had returned the part of principal amount. As on January 10, 2020, Noticee No. 19 had returned Rs. 2.75 crores and outstanding amount including interest is approximately Rs. 4.25 crores. Further, Noticee No. 33 had not doubted the capacity of Noticee No. 19 to pay back the money.

- 16.5. Mr. Lalit R Shah (karta of Noticee No. 32) is known to the Noticee No. 33 since 1990s. From the year 1998, Mr. Lalit R Shah was involved in administrative work of the Noticee No. 33. Upon instruction of management of Noticee No. 33, Mr. Lalit R Shah initiated the procedure for opening of trading account as well as demat account. While opening the said accounts, Mr. Lalit Shah had given his own email id and was continued inadvertently from the day of opening of account till January 10, 2020.
- 16.6. All the trading decision are taken by the Noticee No.33 by using its own funds, resources, experience and knowledge to trade in the securities market. The Noticee No. 33 receives physical contract notes and the bills in its own name for all the trades done through the stock brokers and has not opted for email receipt of documents.
- 16.7. The investment of the Noticee No. 33 in the scrip of RSGlobal does not in anyway lead to the conclusion that the Noticee No. 33 is connected to the promoter / promoter group of RSGlobal. They have dealt in the scrip of RSGlobal even prior to investigation period.
- 16.8. The Noticee No. 33 is neither a promoter nor part of promoter group nor relative nor a subsidiary company of RSGlobal nor a persons acting in concert (PACs). With regard to PACs, Noticee No. 33 had placed reliance on the judgment of the Hon'ble Supreme Court in the case of *Daiichi Sankyo Company Limited* [(2010) 7 SCC 449]. There is no meeting of mind or a common objective between Noticee No. 33 and the promoters, promoter group and other entities. The association relied on by the SEBI are old and prior to the Reverse Book Building process i.e. two years prior.
- 16.9. The Noticee No. 33 does not have any understanding or connection with promoter / promoter group of RSGlobal. Noticee No. 33 had not tendered a single share of RSGlobal during the reverse book building process.
- 16.10. The Noticee No. 33 had transacted in the shares of RSGlobal as a part of its business activities and as any other investors who invests in the securities market on seeing business opportunities.
- 16.11. The Noticee No. 33 is neither involved nor part of a scheme or device to manipulate the share price of RSGlobal. Therefore, they are not guilty of violating any provisions of the SEBI Act or Regulations as alleged in the SCN.
- 16.12. Except for financial assistance to Noticee No. 19 and email id of Mr. Lalit R Shah in the demat / trading account of Noticee No. 33 opened with J.M. Financial and Motilal Oswal, SEBI does not have any evidence to conclude that the Noticee No. 33 is guilty as alleged in the SCN.
- 16.13. The investment by Noticee No 33 in the shares of RSGlobal are neither isolated not abnormal but are in fact part of investment strategy adopted by Noticee No. 33. The investments in the shares of RSGlobal are due to financial reasons.
- 16.14. The demat transaction statements as well as the ledgers for the financial years 2016-17 and 2017-18 with 3 DPs i.e. JM Financial Services Limited, Motilal Oswal

Financial Services Limited and IDBI Limited are enclosed. They are consistently transacting in the equity segment of the Securities Market; they are not sporadic investors in the Securities market; they transact in the equity market in various scrips and are not isolated to any particular scrip; and they transact over a period of time in a particular scrip.

16.15. During the financial year 2016-17, their total transactions in the shares of various listed companies is of 14,99,941 shares and during the financial year 2017-2018, their total transactions in the shares of various listed companies is of 19,50,690 shares. In the scrip of RSGBL, their opening stock for the financial year 2016-17 was 14,843 shares, purchases of 30,513 shares, sales of 27,372 shares and a closing stock of 18,001 shares. For financial year 2017-18, their opening stock was 18,001 shares, purchases of 61,092 shares, sales of 77,290 shares and a closing balance of 1,803 shares.

16.16. They had also invested in the mutual funds to the tune of Rs. 42 crores approximately in FY 2016-17 and Rs. 66 crores approximately in FY 2017-18

17. **Noticee No. 34** vide letter dated February 17, 2020 submitted that RSGBL is a body corporate distinct from its promoters and management and SCN has been issued to RSGBL as the delisting process relates to RSGBL and there is no other allegation against RSGBL in the SCN. Thus, the allegations contained in the SCN are denied and untrue.

18. **Noticee No. 35** vide letter dated January 20, 2020 submitted that he have been made party to the SCN for being director of RSGBL. There is no allegation in the SCN against him in person. The promoter and RSGBL will submit detailed response in the matter.

19. **Noticee No. 36** vide letters dated January 23, 2020 and June 24, 2020 denied all the allegation contained in the SCN and submitted that SCN have been issued to him being an independent director of RSGBL. There is no allegation in the SCN against him in person. He exercised his roles and responsibilities in professional capacity in bona fide manner on the basis information and documents presented before Board by RSGBL.

20. **Noticee No. 37** vide letter dated January 20, 2020 and email dated June 24, 2020 submitted that SCN have been issued to him being an independent director of RSGBL from September 16, 2016 to August 08, 2018. There is no allegation in the SCN against him in his personal capacity. All actions and decision taken during his tenure as an independent director were based on the facts and figure presented to the board of directors of RSGBL.

He was not involved in day to day working of RSGBL. The promoter and RSGBL will submit detailed response in the matter.

21. **Noticee No. 38** vide letters dated January 20, 2020 and June 27, 2020 submitted that she was an independent director of RSGBL from March 27, 2015 to February 12, 2019. She was not involved in day to day activities of RSGBL. There is no allegation in the SCN against her. All actions and decision taken during his tenure as an independent director were based on the facts and figure presented to the board of directors of RSGBL. The promoter and RSGBL will submit detailed response in the matter.

HEARING:

22. In the interest of natural justice, an opportunity of personal hearing was granted to all Noticees on July 01, 2020 and July 02, 2020 through video conference via WEBEX link. The said hearing notice was sent to the Noticees through email. The details in this regard are as under:

Noticee Number	Hearing Notice dated	Date of hearing
Noticee Nos. 1 to 3, 14 to 19, 30 to 33, 36, & 37 (15 Noticees)	June 11, 2020	July 01, 2020
Noticee No. 9, 10, 34 & 35 (4 Noticees)	June 16, 2020	July 01, 2020
Noticee Nos. 4 to 8, 11 to 13, 20 to 29 (18 Noticees)	June 16, 2020	July 02, 2020
Noticee No. 38 (1 Noticee)	June 25, 2020	July 02, 2020

23. On July 01, 2020, Mr. Nirav Shah of DSK Legal, Advocates & Solicitors and Mr. Mukesh Jain / Mr. Mukeshkumar R Samdaria, Authorized Representatives (“ARs”) on behalf of Noticee No. 1, 2 & 3 had appeared through video conference via WEBEX link and made oral submissions. The details are as under:

23.1. The ARs on behalf of Noticee No. 1, 2 & 3 reiterated the earlier replies / submissions made by them.

23.2. ARs were advised to submit the following information:

- 23.2.1. Submit the promoter trading pattern / history for 1 year before and 1 after the investigation period; demonstrated and substantiate with evidence that trading in the scrip of RSGlobal is normal, usual and consistent with their trading pattern in other scrips.
 - 23.2.2. Submit a summary of their case that there is a similarity in their trading pattern in the scrip of RSGlobal vis-à-vis other scrips that trading is normal, usual and consistent.
 - 23.2.3. Submit their demat statement / broking statement / broking ledger statement reflecting the same.
 - 23.2.4. In the year 2015, three of the promoters of RSGlobal were holding more than 20% in Stuti. In the year 2015 & 2016 promoters of RSGlobal were holding more than 10% in Siwana. It is noted that, if promoters are holding more than 10% in a particular company, the said particular company is considered as part of promoter group. Make submission on this point.
 - 23.2.5. Submit any corroborating evidence to show that two families / Group are parted away and are acting separately.
 - 23.2.6. Submit the chronological events.
 - 23.2.7. Submit the evidence of funding that the money transferred by the Noticee No.1 to his sister was not for the purchase of vital.
24. On July 01, 2020, Ms. Amrita M Thakore, Authorized Representative (AR) on behalf of Noticee No. 4 to 9 had appeared through video conference via WEBEX link and made oral submissions. The details are as under:
- 24.1. The AR on behalf of Noticee No. 4 to 9 reiterated the earlier replies / submissions made by them and requested time to submit additional written submission in the matter.
 - 24.2. It was clarified to ARs that with regard to the fund transfer as mentioned in the SCN, the allegation against the Noticees is not that funds has been utilized for trading in the shares of RSGlobal. However, the allegation is that Noticees are connected on the basis of fund transfer.
 - 24.3. AR was advised to submit the following information:
 - 24.3.1. What was the source of income of mother, Sayaridevi Bagmar (Noticee No.4)?
 - 24.3.2. Submit income tax return of Sayaridevi Bagmar (Noticee No.4) for past 3 years from date of investigation period to demonstrate that amount lying in her bank account is from her own income.
 - 24.3.3. When book value of RSGlobal is Rs. 1600/- then why Vital had tendered the shares at such a low price. Explain.
 - 24.3.4. In the year 2015, three of the promoters of RSGlobal were holding more than 20% in Stuti. In the year 2015 & 2016 promoters of RSGlobal were holding more than

10% in Siwana. It is noted that, if promoters are holding more than 10% in a particular company, the said particular company is considered as part of promoter group. Make submission on this point.

24.3.5. Submit evidence that what is normal course of business of funds received by Kauvery.

25. The hearing in respect of Noticee No.13 was scheduled on July 02, 2020. Noticee No.13 appeared on July 01, 2020 and requested to conduct hearing on July 01, 2020. Acceding to his request, hearing in respect of Noticee No.13 was conducted on July 01, 2020. He reiterated the earlier replies / submissions made by him. He requested to take on record the submission made by Mr. Nirav Shah on behalf of Noticee No. 1, 2 & 3 on July 01, 2020 as his own submissions in the matter.

26. On July 01, 2020, Mr. Roshan Tanna, Advocate, Bombay High Court, Authorized Representative (AR) on behalf of Noticee No. 14 to 29 had appeared through video conference via WEBEX link and made oral submissions. The details are as under:

26.1. The AR on behalf of Noticee No. 14 to 29 reiterated the earlier replies / submissions made by them.:

26.2. It was clarified that with regard to the fund transfer as mentioned in the SCN, the allegation against the Noticees is not that funds has been utilized for trading in the shares of RSGBL. However, the allegation is that Noticees are connected on the basis of fund transfer.

26.3. AR was advised to submit the following information:

26.3.1. Submit trading pattern / history of Noticee No. 14 to 29 for a period of 1 year before investigation period, 1 year after investigation period and during investigation period; demonstrated and substantiate with evidence that trading in the scrip of RSGBL is normal, usual and consistent with their trading pattern in other scrips.

26.3.2. Submit a summary of their case that there is a similarity in their trading pattern in the scrip of RSGBL vis-à-vis other scrips that trading is normal, usual and consistent.

26.3.3. Submit their demat statement / broking statement / broking ledger statement reflecting the same.

27. On July 01, 2020, Noticee No. 30 had appeared through video conference via WEBEX link and made oral submissions. The details are as under:

- 27.1. Noticee No. 30 reiterated the earlier replies / submissions made by her.
- 27.2. Noticee No. 30 was advised to submit the following information
- 27.2.1. Submit trading pattern / history of Noticee No. 30 for a period of 1 year before investigation period, 1 year after investigation period and during investigation period; demonstrated and substantiate with evidence that trading in the scrip of RSGBL is normal, usual and consistent with her trading pattern in other scrips.
 - 27.2.2. Submit a summary of her case that there is a similarity in her trading pattern in the scrip of RSGBL vis-à-vis other scrips that trading is normal, usual and consistent.
 - 27.2.3. Submit her demat statement / broking statement / broking ledger statement reflecting the same.
28. On July 01, 2020, Mr. Lalit Kumar Ranmal on behalf of his wife Shobha Lalitkumar Shah (Noticee No. 31) and Lalitkumar Ranmal HUF (Noticee No. 32) had appeared through video conference via WEBEX link and made oral submissions. The details are as under:
- 28.1. Mr. Lalit Kumar Ranmal reiterated the earlier replies / submissions made by Noticee No. 31 & 32.
- 28.2. Noticee No. 31 & 32 was advised to submit the following information:
- 28.2.1. Submit trading pattern / history of Noticee No. 31 & 32 for a period of 1 year before investigation period, 1 year after investigation period and during investigation period; demonstrated and substantiate with evidence that trading in the scrip of RSGBL is normal, usual and consistent with their trading pattern in other scrips.
 - 28.2.2. Submit a summary of their case that there is a similarity in their trading pattern in the scrip of RSGBL vis-à-vis other scrips that trading is normal, usual and consistent.
 - 28.2.3. Submit their demat statement / broking statement / broking ledger statement reflecting the same.
29. On July 01, 2020, Mr. Rahul Jain, Executive Director of Noticee No. 33, Authorized Representative (AR) on behalf of Noticee No. 33 had appeared through video conference via WEBEX link and made oral submissions. The details are as under:
- 29.1. The AR on behalf of Noticee No. 33 reiterated the earlier replies / submissions made by Noticee 33.
- 29.2. It was clarified that with regard to the fund transfer as mentioned in the SCN, the allegation against the Noticees is not that funds has been utilized for trading in the

shares of RSGlobal. However, the allegation is that Noticees are connected on the basis of fund transfer.

29.3.AR was advised to submit the following information:

29.3.1. Submit trading pattern / history of Noticee No. 33 for a period of 1 year before investigation period, 1 year after investigation period and during investigation period; demonstrate and substantiate with evidence that trading in the scrip of RSGlobal is normal, usual and consistent with their trading pattern in other scrips.

29.3.2. Submit a summary of their case that there is a similarity in their trading pattern in the scrip of RSGlobal vis-à-vis other scrips that trading is normal, usual and consistent.

29.3.3. Submit their demat statement / broking statement / broking ledger statement reflecting the same.

30. On July 01, 2020, Mr. Praveen Kumar Mundra, President (Finance) of Noticee No. 34, Authorized Representative (AR) on behalf of Noticee No. 34 had appeared through video conference via WEBEX link and made oral submissions. The AR stated that RSGlobal had proceeded with the delisting process on the basis of interest received from the promoter. The filing related to delisting process has been done by the promoter. Further, there is no specific allegation against RSGlobal in the SCN.

31. On July 01, 2020, Noticee No. 35 had appeared through video conference via WEBEX link and made oral submissions. The details are as under

31.1.*The oral submissions made by Noticee No. 35 are as under:*

31.1.1.*There is no allegation against him in the show cause notice.*

31.1.2.*RSGlobal is not part of any scheme and therefore he has no comments on this.*

31.1.3.*Delisting process was cancelled therefore no one has been benefited from it.*

31.1.4.*The historical data of last 10 year suggest that the price of the scrip had never gone beyond the offer price, therefore there was no fraudulent intent on the part of RSGlobal. The delisting process has been done just to give decent exit to the existing shareholders.*

31.1.5.*Delisting process has not gone, therefore no one has been benefited and everyone is at loss and money has been stuck in escrow account where no interest is accrued.*

31.1.6.*The book value price had no correlation with the existing price of the scrip.*

31.1.7.*There was no liquidity in the scrip for over a period of time, therefore only option available for shareholders to exit from RSGlobal is through buy back or delisting process. Liquidity is in the sense that how the minority shareholders*

get exit at a decent price. Thus, RSGlobal considered delisting process is benefit for all the shareholders.

32. Noticee No. 36 vide letter dated June 24, 2020 and Noticee No. 37 vide email dated June 24, 2020 and Noticee No. 38 vide letter dated June 27, 2020 requested to waive off the hearing scheduled on July 01, 2020 and July 02, 2020. Their request was acceded and hearing was waived off in respect of Noticee No. 36, 37 & 38.
33. It is noted that **Noticee No. 13, 34 and 35** pursuant to their attendance of hearing, had not submitted their additional written submission in the matter.
34. The status of hearing of all the Noticees are as under:
- 34.1. Noticee No. 1 to 9 and 13 to 35 appeared for hearing.
- 34.2. Noticee No. 10, 11 and 12 did not appeared for hearing.
- 34.3. Noticee No. 36, 37 and 38 had waived off their appearance for hearing.

FINDINGS & CONSIDERATIONS

35. I have perused the SCN, replies, written submissions and other materials available on record. On perusal of the same, the following issues arise for consideration. Each issue is dealt with separately under different headings.
- 35.1. **Issue No. 1:** *Whether RSGlobal has or has not complied with Minimum Public Shareholding requirements from the year 2015 onwards and thereby RSGlobal (Noticee No. 34) and its directors Noticee No.1, 35 to 38 have violated the provision of Rule 19A(2) of SCR Rules, 1957, Clause 40A of Listing Agreement read with Regulation 103(2) and 38 of LODR Regulations and Section 21 of SCR Act, 1956*
- 35.2. **Issue No.2:** *Whether Noticee No. 1 to 38 had participated in a fraudulent device, scheme or artifice at various stages, leading to the scrip of RSGlobal being fraudulently shown as frequently traded and thereafter making the delisting offer successful at fraudulently arrived price and thereby violated the provision of Sections 12A(a), (b) and (c) of SEBI Act, 1992 read with Regulations 3(a), (b), (c),*

(d), 4(1) & 4(2)(a) of PFUTP Regulations, 2003 and Regulations 4(5)(a), (b) &(c) of Delisting Regulations?

35.3. **Issue No. 3:** *If issue No. 1 & 2 is determined against any of the Noticees, what directions should be issued against such Noticees?*

36. Before moving forward, it will be appropriate to refer to the relevant provisions of SEBI Act, PFUTP Regulations, Delisting Regulations, SCR Act, LODR Regulation, SCR Rules and Listing Agreement, which read as under:

36.1. **SEBI Act, 1992**

“Section 12A. No person shall directly or indirectly—

- (a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;*
- (b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;*
- (c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognized stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;”*

36.2. **PFUTP Regulations**

Regulation 3. Prohibition of certain dealings in securities

“No person shall directly or indirectly

- (a) buy, sell or otherwise deal in securities in a fraudulent manner;*
- (b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;*
- (c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;*

- (d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

Regulation 4. Prohibition of manipulative, fraudulent and unfair trade practices

- (1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.
- (2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—
- (a) indulging in an act which creates false or misleading appearance of trading in the securities market;

36.3. Delisting Regulations

Delisting not permissible in certain circumstances and conditions for delisting

Regulation 4(5): “No acquirer or promoter or promoter group or persons acting in concert or their related entities shall –

- (a) employ any device, scheme or artifice to defraud any shareholder or other person; or
- (b) engage in any transaction or practice that operates as a fraud or deceit upon any shareholder or other person; or
- (c) engage in any act or practice that is fraudulent, deceptive or manipulative – in connection with any delisting sought or permitted or exit opportunity given or other acquisition of shares made under these regulations.”

36.4. SCR Act, 1956:

Conditions for listing.

Section 21. Where securities are listed on the application of any person in any recognised stock exchange, such person shall comply with the conditions of the listing agreement with that stock exchange.

36.5. LODR Regulations:

Minimum Public Shareholding.

Regulation 38. The listed entity shall comply with the minimum public shareholding requirements specified in Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957 in the manner as specified by the Board from time to time:

Provided that provisions of this regulation shall not apply to entities listed on institutional trading platform without making a public issue.

Regulation 103: Repeal and Savings

(1)

(2) *Notwithstanding such rescission, anything done or any action taken or purported to have been done or taken including any enquiry or investigation commenced or show cause notice issued in respect of the circulars specified in sub-regulation (1) or the Listing Agreements, entered into between stock exchange(s) and listed entity, in force prior to the commencement of these regulations, shall be deemed to have been done or taken under the corresponding provisions of these regulations.*

36.6. SCR Rules, 1957

“Continuous Listing Requirement.

Rule 19A.

(2) *Where the public shareholding in a listed company falls below twenty five percent. at any time, such company shall bring the public shareholding to twenty five per cent. within a maximum period of twelve months from the date of such fall in the manner specified by the Securities and Exchange Board of India.*

36.7. Listing Agreement:

Clause 40A: Minimum level of public shareholding

(i) *The company agrees to comply with the requirements specified in Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957*

ISSUE No.1: Whether RSGBL has or has not complied with Minimum Public Shareholding requirements from the year 2015 onwards and thereby RSGBL (Noticee No. 34) and its directors Noticee No.1, 35 to 38 have violated the provision of Rule 19A(2) of SCR Rules, 1957, Clause 40A of Listing Agreement read with Regulation 103(2) and 38 of LODR Regulations and Section 21 of SCR Act, 1956?

37. As per Section 21 of SCR Act, 1956, listed entity shall comply with the condition of Listing Agreement. As per clause 40A of Listing Agreement and Regulation 38 of LODR Regulations, listed entity shall comply with the Minimum Public Shareholding (hereinafter referred to as “MPS”) requirements specified in Rule 19A of the SCR Rules, 1957 in the manner specified by SEBI. I note that with effect from June 04, 2010, in term

of Rule 19A(1) of SCR Rules, 1957, every listed company is required to maintain a minimum public shareholding of 25%. Further, if that company, as on June 04, 2010, has public shareholding of below 25%, shall bring the public shareholding to atleast 25%, within a period of 3 years i.e. till June 03, 2013, in the manner specified by SEBI. Further, in terms of Rule 19A(2) of SCR Rules, if the public shareholding in a listed company falls below 25% at any time, such company shall bring the public shareholding to atleast 25% within a maximum period of 12 months from the date of such fall, in the manner specified by SEBI.

38. I note that in the shareholding pattern of RSGBL filed with BSE, for FY 2014-15, 2015-16 and 2016-17, Stuti and Siwana were classified as public shareholders of RSGBL and for FY 2017-18, Vital was classified as public shareholders of RSGBL. It is alleged in the SCN that Stuti, Siwana and Vital holding shares in RSGBL were / are members of promoter group of RSGBL and were wrongly classified as public shareholders of RSGBL. In view of the facts and circumstances of the case, the question that arises now is whether Stuti, Siwana and Vital were / are members of the promoter group of RSGBL and if yes then from which period they were/are members of the promoter group of RSGBL ?
39. Regulation 2(1) (zb) of SEBI (ICDR) Regulations, 2009, defines “promoter group”. The promoter group includes:
- (i) the promoter;*
 - (ii) an immediate relative of the promoter (i.e., any spouse of that person, or any parent, brother, sister or child of the person or of the spouse); and*
 - (iii) in case promoter is a body corporate:*
 - (A) a subsidiary or holding company of such body corporate;*
 - (B) any body corporate in which the promoter holds ten per cent or more of the equity share capital or which holds ten per cent or more of the equity share capital of the promoter;*
 - (C) any body corporate in which a group of individuals or companies or combinations thereof which hold twenty per cent or more of the equity share capital in that body corporate also holds twenty per cent or more of the equity share capital of the issuer; and*
 - (iv) in case the promoter is an individual:*
 - (A) any body corporate in which ten per cent or more of the equity share capital is held by the promoter or an immediate relative of the promoter or a firm or*

Hindu Undivided Family in which the promoter or any one or more of his immediate relative is a member;

(B) any body corporate in which a body corporate as provided in (A) above holds ten per cent or more, of the equity share capital;

(C) any Hindu Undivided Family or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than ten per cent of the total; and

(v) all persons whose shareholding is aggregated for the purpose of disclosing in the prospectus under the heading "shareholding of the promoter group":

Provided that a financial institution, scheduled bank, foreign portfolio investor other than Category III foreign portfolio investor and mutual fund shall not be deemed to be promoter group merely by virtue of the fact that ten per cent or more of the equity share capital of the issuer is held by such person:

Provided further that such financial institution, scheduled bank and foreign portfolio investor other than Category III foreign portfolio investor shall be treated as promoter group for the subsidiaries or companies promoted by them or for the mutual fund sponsored by them

40. As per Regulation 2(1)(zb)(iii)(C) of SEBI (ICDR) Regulations, 2009, promoter group includes *any body corporate* in which a group of individuals or companies or combination thereof, holds 20% or more of the equity capital in that body corporate and also in issuer company. Now in the present case, I note that:

40.1. if a group of individuals or companies or combination thereof, holds 20% or more of the equity capital in Stuti as well as in RSGlobal, then Stuti shall be the part / member of promoter group of RSGlobal.

40.2. if a group of individuals or companies or combination thereof, holds 20% or more of the equity capital in Siwana as well as in RSGlobal, then Siwana shall be the part / member of promoter group of RSGlobal.

41. The shareholding pattern of RSGlobal as disclosed to BSE by RSGlobal for FYs 2014-15, 2015-16, 2016-17 and 2017-18 is as under:

Table No. – 1

Promoter and Promoter Group holdings of RSGBL as per the shareholding pattern filed by RSGBL with BSE									
	FY ended	March 31, 2015		March 31, 2016		March 31, 2017		March 31, 2018	
Sr. No	Name of promoter	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
1	Rajuldevi Ganpatraj Choudhary	3,98,620	5.59	3,98,620	5.59	3,98,620	5.59	3,98,620	5.59
2	Shrenikkumar S Chowdhary	35,000	0.49	35,000	0.49	25,000	0.35	25,000	0.35
3	Safari Biotech Pvt.Ltd.	2,00,000	2.8	2,00,000	2.8	-	-	-	-
4	Telecon Infotech Pvt.Ltd.	2,00,000	2.8	2,00,000	2.8	-	-	-	-
5	Ganpatraj Chowdhary	5,20,010	7.29	7,70,010	10.79	12,77,513	17.9	12,77,513	17.9
6	Vicas Vehicles Pvt Ltd	10,21,943	14.32	10,21,943	14.32	-	-	-	-
7	Creelotex Engineers P Ltd	11,05,748	15.49	11,05,748	15.49	36,18,499	50.7	36,18,499	50.7
8	Ganpatraj Lalchand Chawdhary - HUF	4,15,808	5.83	4,15,808	5.83	-	-	-	-
9	Vascroft Design Private Limited	5,00,000	7.01	5,00,000	7.01	-	-	-	-
10	Sampatraj Lalchand Chowdhary	2,00,000	2.8	2,00,000	2.8	-	-	-	-
11	Shankarlal Lalchand Chowdhary	2,19,700	3.08	2,19,700	3.08	-	-	-	-
12	Pushpadevi Sampatraj Chowdhary	1,04,900	1.47	1,04,900	1.47	-	-	-	-
13	Parvatiben Shankarlal Chowdhary	75,000	1.05	75,000	1.05	-	-	-	-
14	Mukesh Shankerlal Chowdhary	52,903	0.74	53,013	0.74	-	-	-	-
15	Shripalkumar Sampatraj Chowdhary	20,000	0.28	20,000	0.28	-	-	-	-
16	Siddharth Chowdhary	20,000	0.28	20,120	0.28	20,120	0.28	20,120	0.28
	Total	50,89,632	71.32	53,39,862	74.82	53,39,752	74.82	53,39,752	74.82

Table No.- 2

Shareholdings of Stuti, Siwana and Vital in RSGBL who were / are classified under public shareholder category as per the shareholding pattern filed by RSGBL with BSE									
	FY ended	March 31, 2015		March 31, 2016		March 31, 2017		March 31, 2018	
Sr. No	Name	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
1	Stuti	5,48,799	7.69	5,48,799	7.69	5,48,799	7.69	-	-
2	Siwana	2,57,210	3.60	2,57,210	3.60	2,49,752	3.50	-	-
3	Vital	-	-	-	-	-	-	8,56,009	11.99
	Total	8,06,009	11.29	8,06,009	11.29	7,98,551	11.19	8,56,009	11.99

Stuti:

42. The shareholding pattern of Stuti filed with Registrar of Companies (ROC) for FYs 2014-15, 2015-16 and 2016-17 is as under:

Table No. - 3

	FY ended	March 31, 2015		March 31, 2016		March 31, 2017	
Sr. No.	Name of Shareholder	No of shares held	% of Holding	No of shares held	% of Holding	No of shares held	% of Holding
1	Mosami Tater	3,600	52.94	4,000	77.67	4,000	77.67
2	Marg Bio Tech Pvt. Ltd.	800	11.76	150	2.91	-	-
3	Siwana Agrimarketing Ltd.	600	8.82	600	11.65	-	-
4	Creelotex Engineers Pvt. Ltd.	600	8.82	-	-	-	-
5	Vicas Vehicles Pvt. Ltd.	400	5.88	-	-	-	-
6	Ganpatraj L. Chowdhary	400	5.88	400	7.77	-	-
7	Babulal L. Chowdhary	200	2.94	-	-	-	-
8	Mohanlal L. Chowdhary	100	1.47	-	-	-	-
9	Bhawaridevi Chowdhary	100	1.47	-	-	-	-
10	Narendra Jain	-	-	-	-	1,150	22.33
	Total	6,800	100	5,150	100	5,150	100

43. From the Table No. 1, 2, & 3 above, I note that in FY 2014-15 Ganpatraj Chowdhary, Vicas Vehicles Pvt Ltd and Creelotex Engineers Private Limited together holds more than 20% of share capital in RSGlobal as well as Stuti. The details in this regard is as under:

Table No. - 4

Common Group of Individuals or Company holdings in RSGlobal and Stuti in FY 2014-15					
		RSGlobal		Stuti	
Sr. No	Name of Individual / Company	No. of shares	%	No of shares	%
1	Ganpatraj Chowdhary	5,20,010	7.29	400	5.88
2	Vicas Vehicles Pvt Ltd	10,21,943	14.3	400	5.88
3	Creelotex Engineers P Ltd	11,05,748	15.5	600	8.82
	Total	26,47,701	37.1	1,400	20.58

44. Thus, from the documents available on record and as per the definition of promoter group as specified under Regulation 2(1)(zb)(iii)(C) of SEBI (ICDR) Regulations and from Table No. 4 above, I am of the view that Stuti was a member of Promoter Group since FY 2014-15.

Siwana:

45. The shareholding pattern of Siwana filed with Registrar of Companies (ROC) for FYs 2014-15, 2015-16 and 2016-17 is as under:

Table No. - 5

	FY ended	March 31, 2015		March 31, 2016		March 31, 2017	
Sr. No.	Name of Shareholder	No of shares held	% of Holding	No of shares held	% of Holding	No of shares held	% of Holding
1	P. Ramchandran	2	0.01	-	-	-	-
2	Prasana V. Narayan	2	0.01	-	-	-	-
3	Ganpatraj Chowdhary	400	2.93	400	2.93	-	-
4	Stuti Trademart Private Limited	1,350	9.89	1,350	9.89	-	-
5	Mohit Bagmar	8,600	62.99	8,600	62.99	8,560	83.51
6	Siddharth Chowdhary	1,300	9.52	1,300	9.52	-	-
7	Marg Biotech Pvt Ltd	625	4.58	625	4.58	-	-
8	Safari Biotech Pvt Ltd	150	1.10	150	1.10	-	-
9	Telecon Infotech Pvt Ltd	50	0.37	50	0.37	-	-
10	Vicas Vehicles Pvt Ltd	625	4.58	625	4.58	-	-
11	Creelotex Engineers Pvt Ltd	200	1.46	200	1.46	-	-
12	Rajuldevi Ganpatraj Chowdhary	350	2.56	3,590	2.56	-	-
13	Rengaram Rabari	-	-	4	0.03	-	-
14	Chhaganlal Bagmar	-	-	-	-	10	0.10
15	Sayaridevi Bagmar	-	-	-	-	10	0.10
16	Neha Mohit Bagmar	-	-	-	-	10	0.10
17	M/s. Mohit Bagmar HUF	-	-	-	-	10	0.10
18	Ankit Lodha	-	-	-	-	1,300	12.68
19	Shantilal Jain	-	-	-	-	350	3.41
	Total	13,654	100	13,654	100	10,250	100

46. From the Table No. 1, 2, & 5 above, I note that in FY 2014-15 Rajuldevi Ganpatraj Choudhary, Safari Biotech Private Limited, Telecon Infotech Private Limited, Ganpatraj Chowdhary, Vicas Vehicles Pvt Ltd, Creelotex Engineers P Ltd and Siddharth Chowdhary together holds more than 20% of share capital in RSGBL as well as Siwana. The details in this regard is as under:

Table No. - 6

Common Group of Individuals or Company holdings in RSGBL and Siwana as on March 31, 2015					
		RSGBL		Siwana	
Sr. No	Name of promoter	No. of shares	%	No. of shares	%
1	Rajuldevi Ganpatraj Choudhary	3,98,620	5.59	350	2.56
2	Safari Biotech Pvt.Ltd.	2,00,000	2.8	150	1.10
3	Telecon Infotech Pvt.Ltd.	2,00,000	2.8	50	0.37
4	Ganpatraj Chowdhary	5,20,010	7.29	400	2.93
5	Vicas Vehicles Pvt Ltd	10,21,943	14.32	625	4.58
6	Creelotex Engineers P Ltd	11,05,748	15.49	200	1.46
7	Siddharth Chowdhary	20,000	0.28	1,300	9.52
	Total	34,66,321	48.57	3,075	22.52

47. Thus, from the documents available on record and as per the definition of promoter group as specified under Regulation 2(1)(zb)(iii)(C) of SEBI (ICDR) Regulations and from Table No. 6 above, I am of the view that Siwana was a member of Promoter Group since FY 2014-15.

Vital:

48. It was alleged in the SCN that the acquisition of Vital by Mohit was funded by Ganpatraj through his sister Sayaridevi, thereby, Vital is connected to promoter Ganpatraj through his nephew Mohit and was part of Promoter group of RSGBL. In this regard, from the document available on record, I find that in June 2017, Vital was acquired by Mohit, nephew of Ganpatraj. Now the question that arises is whether the funds transferred by Ganpatraj to Sayaridevi had been utilized for the purpose of acquisition of Vital through Mohit and thereby Vital was indirectly acquired / controlled by Ganpatraj and hence was part of promoter group. In this regard, from the documents available on record, I find the following:

48.1. Upon perusal of statement of bank account number 002101540013345 of Sayaridevi with Nutan Nagrik Sahakari Bank Limited during the period April 01, 2016 to September 30, 2018, it is noted that Ganpatraj had transferred Rs. 31,25,000/- to his sister Sayaridevi on June 20, 2017 and Sayaridevi had transferred the exact amount

- of Rs. 31,25,000/- through cheque bearing number 222031 to Mohit on next day i.e. June 21, 2017. Upon perusal of statement of bank account number 002101540013347 of Mohit with Nutan Nagrik Sahakari Bank Limited, a credit entry of amount of Rs. 31,25,000/- through cheque bearing number 222031 was observed on June 21, 2017. Apart from the said high value transaction, various other low value transaction were also observed among Sayaridevi and Mohit.
- 48.2. On June 29, 2017, Mohit had acquired 1,05,000 (50%) shares of Vital from Mr Yagnesh A Vaghela for consideration of Rs. 15,58,020/- and 1,04,800 (49.9%) shares of Vital from Mr. Mahendrasinh Chavda for consideration of Rs. 15,58,020. Thus, Mohit had acquired Vital (99.9%) for a consideration of Rs. 31,19,013/- from Mr. Yagnesh A Vaghela and Mr. Mahendrasinh Chavda on June 29, 2017.
- 48.3. From statement of bank account number 002101540013345 of Sayaridevi, it is noted that before the credit of Rs. 31,25,000/- from Ganpatraj, she had a negative balance of Rs. 70,740/-. From statement of bank account number 002101540013347 of Mohit, it is noted that before the credit of Rs. 31,25,000/- from Sayaridevi, his account balance was Rs. 58,063/-
- 48.4. From statement of bank account number 002101540013347 of Mohit for the period October 01, 2016 to February 28, 2018, it is noted that apart from the aforesaid 3 transaction, the highest value transaction was of approx. Rs. 2,52,000/- and over a period of 17 months at no point of time Mohit had a bank balance of more Rs. 3,01,624/- except for the credit of Rs. 31,25,000/-.
- 48.5. Further, from the 'narration' of particulars in the said bank statement, it is noted that apart from transfer of Rs. 31,25,000/-, Ganpatraj had not transferred any money to Sayaridevi. Also neither Ganpatraj nor Sayaridevi had submitted any other instances of transfer / receipt of money. This further suggest that the money transferred from Ganpatraj to Sayaridevi to Mohit was for the acquisition of Vital.
49. Thus, from the above analysis of bank account statements and considering the amount of Rs. 31,25,000/- has been transferred from Ganpatraj to Sayaridevi to Mohit within 1 day (i.e. from June 20, 2017 to June 21, 2017) and Mohit had transferred an amount of Rs. 31,19,013/- to Mr. Yagnesh A Vaghela and Mr. Mahendrasinh Chavda for acquisition of Vital on June 29, 2017 i.e. after 8 days receipt of money from his mother, indicates that

funds transferred by Ganpatraj to Sayaridevi had been utilized for the purpose of acquisition of Vital through Mohit.

50. Ganpatraj, Sayaridevi and Mohit submitted that the amount of Rs. 31,25,000/- was transferred from Ganpatraj, Sayaridevi and Mohit as a gift and out of love and affection. Mohit utilised the funds received from her mother to acquire the shares of Vital and the acquisition of Vital was his sole discretion and not on the instruction of Ganpatraj. In this regard, I do not find any merit in the said submission of Ganpatraj, Sayaridevi and Mohit on account of the following:

50.1. Large amount of fund is transferred in Sister's account by Ganpatraj, which is subsequent transferred to Mohit's account.

50.2. No other such gifts amount from Ganpatraj were observed before or after the above transferred amount.

50.3. The amount transferred by Ganpatraj in Sister's account matches almost exactly to amount for payment of acquisition of Vital.

50.4. Timing of amount transferred to Sister's account almost matches with timing of acquisition of Vital.

50.5. Mohit further submitted that he was not aware of the source of money which was gifted by Sayaridevi to him. In this regard, considering the son-mother relationship of Mohit and Sayaridevi and frequent bank transactions among themselves, it is highly improbable to believe that Mohit was not aware of source of Rs. 31,25,000/- received by Sayaridevi, which was transferred to him for the acquisition of Vital, when balance in Sayaridevi account were otherwise less.

51. Therefore, the preponderance of probability indicates that in June 2017, 99.9% shares of Vital though on paper is held by Mohit, was acquired by Ganpatraj through nephew Mohit and thereby, Vital is controlled by Ganpatraj.

52. Further, I note that at the time of acquisition of Vital by Ganpatraj, Vital did not hold any shares of RSGBL. However, in December 2017, Stuti, Siwana (promoter group) and Kauvery got amalgamated into Vital. Pursuant to the said amalgamation, shares of RSGBL held by Stuti, Siwana and Kauvery [Stuti held 5,48,799 shares, Siwana held 2,57,210 shares and Kauvery held 50,000 shares (total 8,56,009 shares)] got transferred

to Vital on March 07, 2018 due to which the shareholding of Vital in RSGlobal increased to 11.99%. Thus, from March 07, 2018 onwards, Vital holds 8,56,009 (11.99%) shares of RSGlobal. As already mentioned in preceding paragraphs Stuti and Siwana were already part of the promoter group.

53. Now the next question that arises is that whether Vital was the part of promoter group or not? In this regard, I note that as per Regulation 2(1)(zb)(iv)(A) of SEBI (ICDR) Regulations, 2009, promoter group includes *any body corporate* in which promoter or an immediate relative of the promoter holds 10% or more of the equity share capital. As I already held in aforesaid paragraph, that 99.9% shares of Vital is held by promoter Ganpatraj in effect though on paper Mohit is the shareholder. Further, it is noted that control can exist directly or indirectly. Direct control is exercised, through permissible means inter alia by shareholding rights in the company while indirect control is through intermediary. In order to avoid detection of permissible indirect control some times methods are employed to achieve the indirect control by means of having control over an intermediary either by way of funding or by placing namelending shareholders or by any other means. In the present case, it is noted that Ganpatraj had transferred funds to his sister Sayaridevi, who in turn had transferred the exact amount of funds to his son Mohit, who in turn had acquired Vital with exact amount of funds. Thus, I am of the view that in this chain of arrangement, ultimate effective control / ownership of Vital is with Ganpatraj. Therefore, in view of the definition of promoter group as specified under Regulation 2(1)(zb)(iv)(A) of SEBI (ICDR) Regulations, I am of the view that Vital (Ganpatraj had effective control over Vital), was a member of Promoter Group since June 2017.

Trigger date for compliance of MPS Requirement:

54. In order to determine the trigger date for purpose of compliance of MPS requirement by RSGlobal under SCR Rules, I note that Rule 19A of the SCR Rules, 1957 in relation to MPS was notified on June 4, 2010 the compliance could be made till June 03, 2013. Therefore, for the purpose of compliance of MPS requirement by RSGlobal, the shareholding pattern of RSGlobal, Stuti and Siwana have to be considered from FY 2010-11 onwards. The promoter and promoter group shareholding pattern of RSGlobal and

holding of Stuti and Siwana in RSGBL for the period FY ending March 31, 2011 to FY ending March 31, 2014 are as under:

Table No: 7

Shareholding of promoter and promoter group including Stuti, Siwana and Vital in RSGBL as per the shareholding pattern filed by RSGBL with BSE									
	FY ended	March 31, 2011		March 31, 2012		March 31, 2013		March 31, 2014	
Sr. No	Name	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
1	Promoter and Promter Group	47,89,632	42.99	47,89,632	42.99	47,89,632	50.53	47,89,632	50.53
2	Stuti	4,91,939	4.42	5,48,799	4.93	5,48,799	5.79	5,48,799	5.79
3	Siwana	7,20,452	6.47	8,52,897	7.66	8,52,897	9.00	8,52,897	9.00
	Total	60,02,023	53.88	61,91,328	55.58	61,91,328	65.32	61,91,328	65.32

55. In the present case, I have already held above that Stuti and Siwana were the part of Promoter Group of RSGBL since FY 2014-15. However, for the purpose of MPS requirement, even if Stuti and Siwana were considered to be a member of promoter group of RSGBL from FY 2010-11, I note that from Table No. 7 above for the period FY ending March 31, 2011 to FY ending March 31, 2014, the shareholding of promoter group of RSGBL including the shareholding of Stuti and Siwana in RSGBL was less than 75% and public shareholding excluding the shareholding of Stuti and Siwana was more than 25%. Thus, RSGBL for the period FY 2010-11 to FY 2013-14 was in compliance of MPS requirement even if shareholding of Stuti and Siwana in RSGBL was considered as promoter group shareholding in those periods.

56. From the submission of Noticee No. 1, I note that the increase in promoter group shareholding of RSGBL excluding the shareholding of Stuti and Siwana from 50.53% to 71.32% from FY ending March 31, 2014 to FY ending March 31, 2015 was due to buy back of shares in September 2014. From the corporate announcement filing made by RSGBL with BSE, I note that buy back offer made by RSGBL was opened from September 03, 2014 to September 16, 2014 and was successful. Hence, I am of the view that increase in promoter holding was due to buy-back of shares by RSGBL, which happened in the month of September 2014.

57. I have already held above that Stuti and Siwana were the part of Promoter Group of RSGlobal since FY 2014-15. I note that the promoter group shareholding of RSGlobal including the shareholding of Stuti and Siwana increased from 65.32% to 82.61% from FY ending March 31, 2014 to FY ending March 31, 2015. In other words, the public shareholding of RSGlobal fell from 34.68% to 17.39% from FY ending March 31, 2014 to FY ending March 31, 2015. I note that the increase in promoter group shareholding or decrease in public shareholding was due to buy back of shares by RSGlobal in the month September 2014. As per Rule 19A(2) of SCR Rules, 1957, a listed company has to bring the public shareholding to 25% within a maximum period of 12 months from the date of such fall. Therefore, I am of the view that as per Rule 19A(2) of SCR Rules, 1957, the trigger date for the fall of public shareholding below 25% was September 2014 and RSGlobal had to bring the public shareholding to 25% within September 2015. From the shareholding pattern of RSGlobal for quarter ending September 2015, I find that public shareholding of RSGlobal excluding the shareholding of Stuti and Siwana from public category was 13.89% i.e. less than 25% as on September 30, 2015.
58. From the documents available on record, I note that Stuti and Siwana continued to hold the shares of RSGlobal till March 06, 2018. Pursuant to the merger of Stuti and Siwana with Vital in the month of December 2017, the shareholding of Stuti and Siwana in RSGlobal had transferred to Vital on March 07, 2018, due to which the shareholding of Vital in RSGlobal increased to 11.99%. I have already held above that Vital was the part of the Promoter Group of RSGlobal since June 2017. Hence, I am of the view that till March 06, 2018, Stuti and Siwana continued to be the part of promoter group of RSGlobal and from March 07, 2018, the shareholding of Vital is to be considered in the promoter group category of RSGlobal, as Stuti and Siwana merged with Vital.
59. Thus, from the above, I find that public shareholding of RSGlobal was less than 25% from September 30, 2015 onwards. Hence, I am of the view that RSGlobal was not in compliance with MPS requirement as per Rule 19A(2) of SCR Rules, 1957 from September 30, 2015 till date of issuance of SCN as well as till date.

60. Noticee No. 1 to 9 submitted that there was an oral family arrangement between (a) Shri Shankarlal L. Chowdhary, Shri Sampatraj L. Chowdhary and Noticee No.1 along with their spouses and children and entities controlled by them (“**Group A**”); and (b) Shri Babulal L. Chowdhary and the two sisters (i.e. Mrs. Mosami Tater and Mrs. Sayaridevi Bagmar) along with their immediate family and the entities controlled by them including Stuti and Siwana (“**Group B**”). As per the oral family arrangement, Group A would run the business of RSGlobal and Group B would not in any manner be involved in running of RSGlobal. Neither Group B nor any member or entity forming a part of Group B will be treated as a promoter of RSGlobal or will form a part of the promoter group of RSGlobal. Some of the members of Group B retained their shareholding in RSGlobal for economic purposes only. Further, it was submitted that no registration is required for oral family arrangements and in support of that reliance is placed on Hon’ble Supreme Court of India in the matter *Kale and Ors. Vs. Deputy Director of Consolidation and Ors. [1976]3SCR202*, wherein it was held that “...*The family arrangements may be even oral in which case no registration is necessary. It is well settled that registration would be necessary only if the terms of the family arrangement are reduced into writing...*”.

61. As per the submission of Ganpatraj, the members of Group A and Group B are as under:

Table No. 8

Group A Members	Group B Members
Ganpatraj Chowdhary (Noticee No.1)	Babulal Chowdhary
Sampatraj Chowdhary	Mosami Tater
Shankarlal Chowdhary	Sayaridevi Bagmar (Noticee No.4)
Spouses and children of aforesaid members	Spouses and children of aforesaid members
Entities / companies controlled by aforesaid members	Entities / companies controlled by aforesaid members
RSGlobal	Stuti (Noticee No. 7)
	Siwana (Noticee No. 8)

62. During the course of hearing, Noticee No. 1, 2 & 3 was advised to submit the corroborating evidence to show that two families / Group had parted ways and are acting separately. In this regard, Noticee No. 1, 2 & 3 submitted the copy of appointments letters, resignation and change in remuneration of family members from Group A and also stated

that none of the members / family members from Group B except Babulal Chowdhary ever held any managerial position in RSGBL. Upon perusal of these documents, the following are noted:

- 62.1. Ganpatraj L Chowdhary was director of RSGBL from July 03, 1990 and chariman and managing director of RSGBL since February 01, 1992 till date.
 - 62.2. Sampatraj L Chowdhary was director of RSGBL from July 03, 1990 till May 18, 2015.
 - 62.3. Shankarlal L Chowdhary was director of RSGBL from February 02, 1992 till July 15, 1993.
 - 62.4. Babulal L Chowdhary (Group B Member) was director of RSGBL from February 02, 1992 till July 15, 1993.
63. From the above, I note that Noticee No.1 has submitted some evidence that Group A and Group B had parted ways. However I also note that there are some contrary evidence available on record which suggest that lately members of Group A and Group B have not acted upon the oral family arrangement and they have cross linkages among themselves, which are as under:
- 63.1. Shankarlal Chowdhary (member of Group A) was the director of Siwana (Group B Company) for the period September 23, 2011 to August 22, 2013.
 - 63.2. On June 20, 2017, Ganpatraj (member of Group A) transferred an amount of Rs. 31,25,000/- to his sister Sayaridevi (Member of Group B) which was used by her son for the acquisition of Vital.
 - 63.3. Stuti and Siwana (Group B Companies) holds Shares of RSGBL (Group A Company).
 - 63.4. Ganpatraj, Rajuldevi, Siddharth, Vicas, Creelotex, Safari and Telecon (members of Group A) holds more than 20% of shares in Stuti and Siwana (Group B Companies)
64. Further, upon perusal of aforesaid Hon'ble Supreme Court of India in the matter *Kale and Ors. vs. Deputy Director of Consolidation and Ors*, I note that in the said order it was also held that “.....*The family settlement must be a bona fide one so as to resolve family*

disputes and rival claims by a fair and equitable division or allotment of properties between the various members of the family... ”.

65. In view of the aforesaid Hon’ble Supreme Court order, I am of the view that the family settlement, albeit oral, must be a *bona fide one*. Therefore, if there is a family arrangement, although oral, between members of Group A and Group B to run their business / companies separately to avoid any conflict in future, then none of the members of Group A should be involved in management or hold any shares of Companies belonging to Group B and vice versa. I note that under Companies Act, 1956 as well as under Companies Act 2013, the shareholders which hold more than 10% shares in a company can exercise certain powers including calling of extra-ordinary general meeting. Hence, it is important to look into the shareholding of members of Group A in Group B Companies and shareholding of members of Group B in Group A Companies.
66. I note that Ganpatraj had submitted the documents which suggest that member of Group B (i.e. Babulal L Chowdhary) are not associated with RSGBL (Group A company), however no documents was submitted about the disassociation of members of Group A or companies belong to Group A with Stuti and Siwana (Group B companies).
67. From Table No. 4 above, I note that in the FY 2014-15, Ganpatraj, Vicas Vehicles Private Limited (Vicas) and Creelotex Engineers Private Limited (Creelotex) together holds 20.58% in Stuti; and from Table No. 6 above in the FY 2014-15, Ganpatraj, Rajuldevi Chowdhary (wife of Ganpatraj), Siddharth Chowdhary (son of Ganpatraj), Safari Biotech Private Limited (Safari), Telecon Infotech Private Limited (Telecon), Vicas and Creelotex together holds 22.52% in Siwana. From the documents obtained from MCA database, the directors of Vicas, Creelotex, Safari and Telecon are as under:

Table No. - 9

Sr. No.	Company	Name of Directors	Date of appointment	Date of Resignation
1	Vicas Vehicles Private Limited	Ganpatraj Chowdhary	31/12/2004	-
		Rajuldevi Chowdhary	14/06/2005	-
2	Creelotex Engineers Private Limited	Ganpatraj Chowdhary	31/12/2004	-
		Rajuldevi Chowdhary	14/06/2005	-
3	Safari Biotech Private Limited	Ganpatraj Chowdhary	04/09/2015	-
		Siddharth Chowdhary	20/10/2005	-
4	Telecon Infotech Private Limited	Ganpatraj Chowdhary	04/09/2015	-
		Siddharth Chowdhary	20/10/2005	-

68. I note that Rajuldevi Chowdhary is wife of Ganpatraj and Siddharth Chowdhary (Noticee No. 35) is Son of Ganpatraj. Further, it is also noted that address of Vicas, Creelotex, Safari and Telecon are same as RSGlobal i.e. *10, Abhishree Corporate Park, Nr.Swagat Bunglows, BRTS Busstand, Ambali-Bopal Road, Ahmedabad, Gujarat – 380058*". Thus, I am of the view that Vicas, Creelotex, Safari and Telecon are companies related to Ganpatraj and belong to Group A.

69. I note that as per the argument of the said Noticees the oral family arrangement was between members of Group A and Group B to run their business separately and would not in any manner be involved in running of other group member's business. However, from the above, I note that despite such oral family arrangement, if any, as argued, Members of Group A and Group B had crossholdings (more than 10%) in each other companies belong to the opposite group and also one of the member of Group A was the director of Group B companies. This leads to the conclusion that even if there was an oral family arrangement between members of Group A and Group B, the same was not acted upon to conclusion. The contrary evidences indicate that the benefit of such oral agreement if any cannot be extended in the facts of this case. Thus, in view of the above and on preponderance of probability basis, I do not find any merit on the arguments based on the said oral family arrangement / submission of Noticee No. 1 to 9.

Responsibility for non-compliance of MPS Requirement:

70. It was alleged in the SCN that RSGlobal had not complied with MPS requirement and thereby RSGlobal (Noticee No. 34) and its directors Noticee No.1, 35 to 38 (namely

Ganpatraj, Siddharth, Sathyamurthi Rajagopal, Pradeep Mehta and Vaishali D Patel) have violated Rule 19A(2) of SCR Rules, 1957, Clause 40A of Listing Agreement read with Regulation 103(2) and 38 of LODR Regulations and Section 21 of SCR Act, 1956.

71. Now the next question that arises is that who all are responsible for failure of RSGBL to comply with MPS requirement since September 30, 2015 till date of issuance of SCN as well as till date. From the documents available on record, the designation and tenure of directors namely Ganpatraj, Siddharth, Sathyamurthi Rajagopal, Pradeep Mehta and Vaishali D Patel in RSGBL are as under:

Table No.10

Noticee No.	Name	Director	Appointment Date	Cessation Date
1	Ganpatraj L Chowdhary	Chairman and Managing Director	01/10/2008	Still continuing
35	Siddharth G Chowdhary	Whole Time Director	21/05/2015	Still continuing
36	Sathyamurthi Rajagopal	Independent Director	16/08/2005	Still continuing
37	Pradeep Mehta	Independent Director	11/08/2016	08/08/2018
38	Vaishali D Patel	Independent Director	27/03/2015	12/02/2019

72. Noticee No. 36, 37 and 38 submitted that they are independent directors of RSGBL; they had exercised their roles and responsibilities in professional capacity in a bona fide manner on the basis of information, documents, facts and figures presented before the Board by RSGBL and they are / were not involved in day to day working / activities of RSGBL.
73. I note that during the period of directorship of Noticee No. 36, 37 and 38, it needs to be seen whether they would have had any knowledge of that Stuti, Siwana and Vital would fall under promoter group category of RSGBL. In order to arrive at this, the following circumstances are relevant to be considered.
- 73.1. Whether Noticee No. 36, 37 and 38 are either related to or holds any shares of Stuti, Siwana, Vital and RSGBL (except being independent director of RSGBL).
- 73.2. Whether the shareholding pattern of Stuti and Siwana was available with them to identify who all are common shareholders between Stuti, Siwana and RSGBL.

- 73.3. Whether information about the acquisition of Vital by Mohit and Merger of Stuti and Siwana with Vital may have been available to the board of RSGBL.
- 73.4. Whether the funds for acquisition of Vital had been transferred from the bank account of RSGBL.
74. I note that there are no documents on record that indicate the above circumstances in the positive and there are no other circumstances which suggest that they may have had the aforesaid knowledge. Therefore, I am of the view that Noticee No. 36, 37 and 38 being Independent Directors of RSGBL during the relevant period, cannot be held responsible for the failure of RSGBL to comply with the MPS requirements. Hence, in view of the facts and circumstance of case, I am of the view that the allegation of violation of Rule 19A(2) of SCR Rules, 1957, Clause 40A of Listing Agreement read with Regulation 103(2) and 38 of LODR Regulations and Section 21 of SCR Act, 1956 against Sathyamurthi Rajagopal, Pradeep Mehta and Vaishali D Patel (Noticee No. 36, 37 and 38) does not stand established.
75. Further, I note that Noticee No. 1 being chairman and managing director of RSGBL and Noticee No. 35 being a whole time director of RSGBL, who are involved in the day to day conduct of business / affairs / activities of RSGBL are also responsible for the acts and omissions of RSGBL. A Company though a legal entity cannot act by itself, it can act only through its directors. Therefore, directors are expected to exercise their power on behalf of the company with utmost care, skill and diligence. Thus, I find that the directors of RSGBL namely, Ganpatraj and Siddharth cannot escape from the obligation of RSGBL in complying with the minimum public shareholding requirements. Further, I note that Ganpatraj and Siddharth along with their companies namely Vicas, Creelotex, Safari and Telecon have holdings in Stuti, Siwana and RSGBL i.e. they are shareholders of Stuti, Siwana and RSGBL and are aware that shareholding of common shareholders are more than 20% in Stuti, Siwana and RSGBL. I also note that Ganpatraj had funded the acquisition of Vital, which later on owned the shares of RSGBL by virtue of a merger of Stuti and Siwana with Vital. Thus, I am of the view that Ganpatraj and Siddharth are responsible for the failure of RSGBL to comply with the MPS requirements. Hence, in view of the facts and circumstance of case, I am of the view that the allegation of violation of Rule 19A(2) of SCR Rules, 1957, Clause 40A of Listing Agreement read with

Regulation 103(2) and 38 of LODR Regulations and Section 21 of SCR Act, 1956 against RSGBL, Ganpatraj and Siddharth stands established.

ISSUE No. 2: Whether Noticee No. 1 to 38 had participated in a fraudulent device, scheme or artifice at various stages, leading to the scrip of RSGBL being fraudulently shown as frequently traded and thereafter making the delisting offer successful at fraudulently arrived price and thereby violated the provision of Sections 12A(a), (b) and (c) of SEBI Act, 1992 read with Regulations 3(a), (b), (c), (d), 4(1) & 4(2)(a) of PFUTP Regulations, 2003 and Regulations 4(5)(a), (b) & (c) of Delisting Regulations?

76. Upon perusal of the documents available on record, I find that Noticee No.1 (promoter and CMD of RSGBL) submitted a proposal for voluntarily delisting of equity shares of RSGBL from BSE to the Board of Directors of RSGBL in December 2017. The proposal provided an exit opportunity to public shareholders of RSGBL, by purchasing the shares from public shareholders upto 17,96,634 equity shares, representing 25.18% of the equity capital of RSGBL in accordance with the Delisting Regulations.
77. I note that the conditions and procedure for delisting of a company where exit opportunity is required, is mentioned under Regulation 8 of Delisting Regulations. As per Regulation 8(1)(a) of Delisting Regulations, any company desirous of delisting its equity shares shall obtain the prior approval of the board of directors of the company in its meeting. As per Regulation 8(1B) of Delisting Regulations, the board of directors of the company while approving the proposal for delisting shall certify that: (i) the company is in compliance with the applicable provisions of securities laws; (ii) the acquirer or promoter or promoter group or their related entities, are in compliance with Regulation 4(5) of Delisting Regulations; and (iii) the delisting is in the interest of the shareholders.
78. I further note that as per Regulation 15 of Delisting Regulations, the offer price for delisting of equity shares shall be determined through a book building process, after fixation of floor price. The floor price shall be determined in terms of Regulation 8 of SAST Regulations, 2011. Further, Regulation 8 of SAST Regulations, 2011 lay down

certain parameters to determine the floor price on the basis of frequently traded shares or infrequently traded shares. As per Regulation 2(1)(j) of SAST Regulation, 2011 “frequently traded shares” means shares of a target company, in which the traded turnover on any stock exchange during the twelve calendar months, preceding the calendar month in which the public announcement is required to be made, under the regulations, is at least ten per cent of the total number of shares of such class of the target company. Further, I note that as per the explanation to Regulation 15 of Delisting Regulations, the reference date for computing the floor price would be the date on which the recognized stock exchange/s were required to be notified of the board meeting in which the delisting proposal would be considered.

79. I note that Noticee No.1 submitted a proposal for voluntary delist of equity shares of RSGBL to the Board of Directors of RSGBL in its meeting dated December 12, 2017 and the same was informed to BSE on December 12, 2017. I note that date of public announcement was February 22, 2018, however, as per Delisting Regulation, the reference date of computing floor price shall be the date of requirement of notification to stock exchange of the Board resolution approving the delisting proposal i.e. in the present is December 12, 2017. Thus, the twelve month period for determining the equity shares of RSGBL as frequently traded shares is from December 01, 2016 to November 30, 2017.
80. I also note that the total number of equity shares of RSGBL was 71,36,386. Therefore, as per the definition of frequently traded shares, in order for the shares of RSGBL to qualify as frequently traded, trading turnover of RSGBL during the period December 01, 2016 to November 30, 2017 would have to be 7,13,639 or more shares.
81. So now the question that arises is whether during the twelve calendar months, i.e. December 01, 2016 to November 30, 2017, the shares of RSGBL were frequently traded shares or not. It is alleged in the SCN that during the period December 01, 2016 to November 30, 2017, promoters (Noticee No. 1, 2 & 3) and entities (Noticee No. 14 to 33) related to RSGBL through entities Noticee No. 9 to 13 had traded in the scrip in a fraudulent manner to increase the volume of RSGBL so that the scrip would get categorized as frequently traded shares.

82. Now before going further into the trading details of aforesaid Noticees, I first deal with the issue of whether Noticee No. 1, 2, 3, and 9 to 33 are connected with RSGlobal or not. I note that Noticee No. 1, 2 and 3 are promoters of RSGlobal. Upon analysis of the KYC documents, fund transactions and details obtained from the MCA database, it is noted that Noticee No. 9 to 33 are connected to RSGlobal. The details of their connection to RSGlobal are as under:

Table No. 11

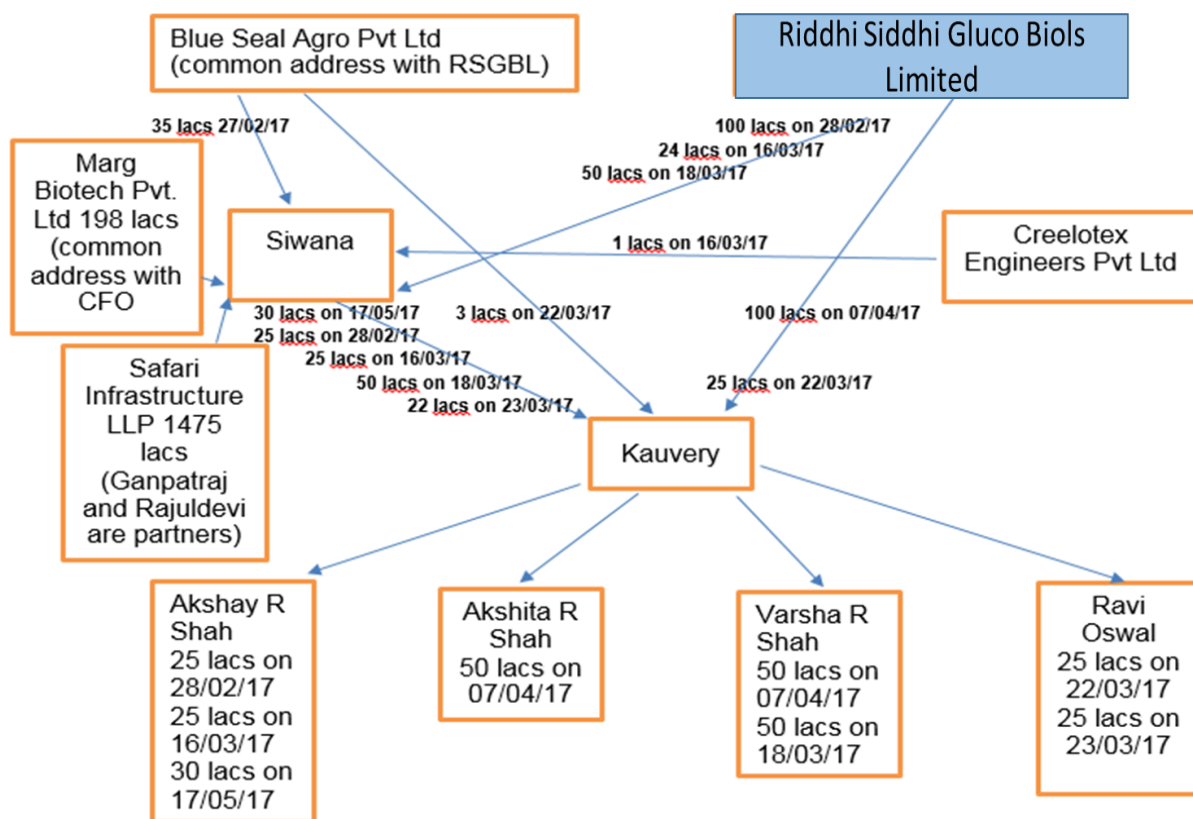
Noticee No.	Name	Connection
9	Kauvery Trexim Private Limited (Kauvery)	Account number 9412074333 with Kotak Mahindra Bank analysed from 01/01/16 to 30/09/18. Had multiple high value fund transaction with RSGlobal and its promoters. - On 28/02/2017 received Rs. 25 lacs from Siwana and transferred same to Akhay Rajendrabhai Shah on same day. (Siwana had received 100 lacs from RSGlobal on same day and 35 lacs on previous day from blueseal agro private limited and blue seal has common address with RSGlobal). - On 16/03/2017 received Rs. 25 lacs from Siwana and transferred same to Akhay Rajendrabhai Shah on same day. (Siwana had received 24 lacs from RSGlobal and 01 lac from creelotex on same day.) - On 18/03/2017 received Rs.50 lacs from Siwana and transferred same to Varshadevi Rajendrabhai Shah on same day. (Siwana had received 50 lacs from RSGlobal on same day.) - On 22/03/17 received Rs. 25 lacs from RSGlobal and transferred it to Ravi Oswal on same day. - On 22/03/17 received Rs. 3.00 lacs from Blue Seal Agro Private Limited and received Rs. 22 lacs from Siwana on 23/03/2017. Rs. 25 lacs transferred to Ravi Oswal on 23/03/2017. ((Siwana had received 198 lacs from Marg Biotech Private Limited and 1475 lacs from Safari Infrastructure LLP on same day. Safari has Ganpatraj Chowdhary and Rajuldevi Chowdhary as its designated partners and has common address with RSGlobal. Marg has common address with Mukesh Samdaria who is CFO of RSGlobal) - On 07/04/2017 received Rs. 100 lacs from RSGlobal and transferred 50 lacs to Varshadevi Rajendrakumar Shah and 50 lacs to Akshita Rajendra Shah. - On 17/05/2017 received Rs. 30 lacs from Siwana and transferred the same to Akhay Rajendrabhai Shah on same day
10	Blue Seal Agro Pvt. Ltd.	- Has common address with RSGlobal - On 28/02/2017 Kauvery Trexim Private Limited received Rs. 25 lacs from Siwana and transferred same to Akhay Rajendrabhai Shah on same day. (Siwana had received 100 lacs from RSGlobal on same day and 35 lacs on previous day from blueseal agro private limited - On 22/03/17 Kauvery Trexim Private Limited received Rs. 3.00 lacs from Blue Seal Agro Private Limited
11	Marg Biotech Private Limited	Marg has common address with Mukesh Samdaria (Noticee No. 13) who is CFO of RSGlobal

Noticee No.	Name	Connection
		Kauvery Trexim Private Limited received Rs. 22 lacs from Siwana on 23/03/2017. Siwana had received 198 lacs from Marg Biotech Private Limited and 1475 lacs from Safari Infrastructure LLP on same day.
12	Narendera Gatmal Jain	On 30/03/17, received an amount of Rs. 65,25,000 from Mukeshkumar Samdaria for buying shares of Stuti.
13	Mukeshkumar R Samdaria	- He was CFO of RSGBL for FY 2016-17 and 2017-18. - Analysed account number 4311450288 with Kotak Mahindra Bank for 01/01/16 to 30/09/18. - Received Rs. 1,79,61,200 from Creelotex Engineers Private Limited (Creelotex) a promoter of RSGBL, on 29/03/17. Of which Rs. 1,00,00,000 were transferred to Ravi J Oswal on 03/04/17. Further, on 30/03/17 Rs. 65,25,000 were transferred to Narendra Gatmal Jain who in FY 2016-17 has bought 1150 shares of Stuti Trademart Private Limited.
14	Oswal Shares and Securities Limited	- Kalpesh Oswal, Vanita Kalpesh Oswal, Tankidevi Javerilal Oswal, Javerilal Gopilal Oswal and Ravi Oswal were its directors during Investigation Period. - Address same as that of Javerilal Gopilal Jain HUF - On 22/03/17 Ravikumar Javerilal Oswal received Rs. 25 lacs from RSGBL through Kauvery Trexim Private Limited. Which was transferred to Oswal Shares and Securities Limited. - On 03/04/17 Ravikumar Javerilal Oswal received Rs. 100 lacs from Mukesh R Samdaria and transferred same to Oswal Shares and Securities Limited - On 07/04/2017 Akshita Rajendra Shah received 50 lacs from Kavery Trexim Private Limited and transferred the same to Oswal Share and Securities Limited on 10/04/17.
15	Javerilal Oswal Commodities Pvt Ltd	Kalpesh Oswal, Vanita Kalpesh Oswal, Tankidevi Javerilal Oswal, Javerilal Gopilal Oswal and Ravi Oswal were its directors during Investigation Period.
16	Javerilal Gopilal Jain HUF	Address same as that of Oswal Shares and Securities Limited. HUF of Mr. Javerilal Gopilal Jain/Oswal
17	Javerilal Gopilal Oswal	- Father of Ravi Oswal and Kalpesh Oswal. - Received Rs. 14 lacs in HDFC Bank account number 50200017489104 from Kauvery Trexim Private Limited through Ravi Oswal.
18	Tankidevi Javerilal Oswal	Wife of Javerilal Oswal and mother of Ravi Oswal and Kalpesh Oswal
19	Kalpesh Javerilal Oswal	Following fund transaction were observed from HDFC Bank account number 50200017105833: - on 14/09/17, transferred Rs. 50 lacs to Metroglobal Limited - on 21/09/17, transferred Rs. 50 lacs to Metroglobal Limited - on 06/10/17, transferred, Rs. 50 lacs to Metroglobal Limited - on 23/03/17 received Rs. 10 lacs from Ravi Oswal
20	Vanita Kalpesh Oswal	Wife of Kalpesh Oswal
21	Kalpana Javerilal Oswal	Daughter of Mr. Javerilal Oswal and sister of Ravi and Kalpesh Oswal
22	Kavita Javerilal Oswal	Daughter of Mr. Javerilal Oswal and sister of Ravi and Kalpesh Oswal
23	Ravikumar Javerilal Oswal	Analyzed account number 00061330018544 with HDFC Bank, and follows observed.

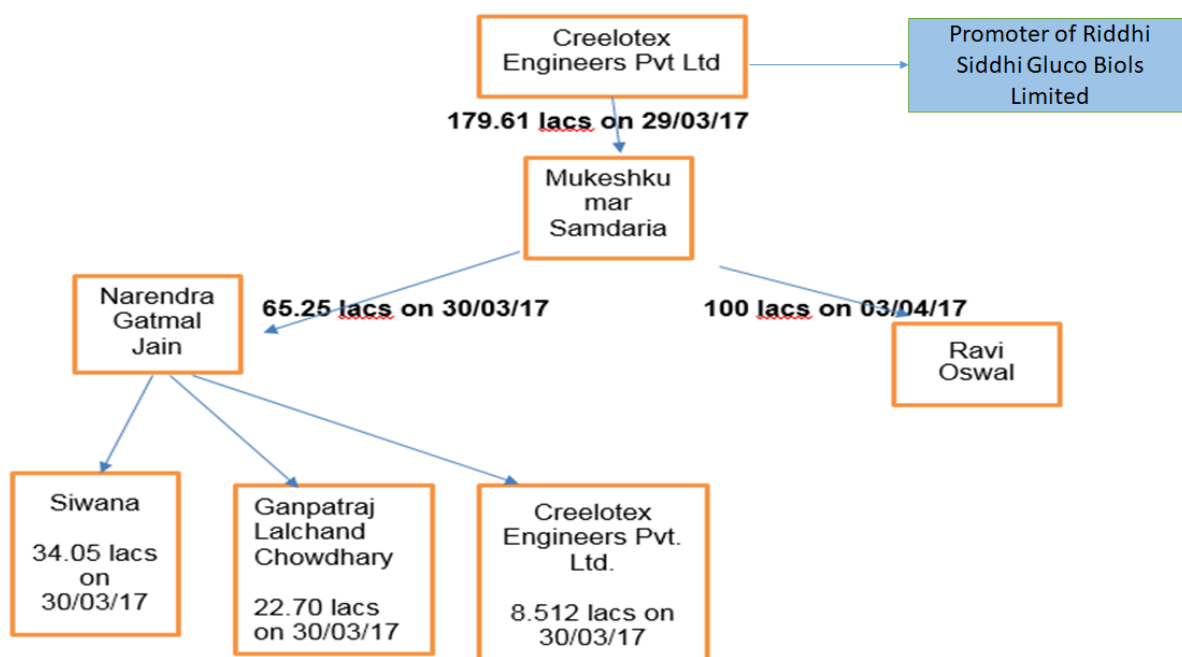
Noticee No.	Name	Connection
		- On 22/03/17 received Rs. 25 lacs from RSGBL through Kauvery Trexim Private Limited. Which was transferred to Oswal Shares and Securities Limited. - On 23/03/17 received Rs. 25 lacs from Kauvery Trexim Private Limited. of which Rs. 14 lacs and Rs. 10 lacs were transferred to Javerilal Oswal and Kalpesh Oswal. - On 03/04/17 received Rs. 100 lacs from Mukesh R Samdaria and transferred same to Oswal Shares and Securities Limited.
24	Monika Dharmendra Abbani	Wife of Ravi Oswal
25	Sangeeta Dinesh Abbani	- Has common address with Monika Abbani w/o Ravi Oswal. - Has common phone numbers 22423410, 9820231018 and 9898142340 With Monika abbani w/o Ravi Oswal - Has common email id newbombaypearlbeads@yahoo.com with Monika Abbani w/o Ravi Oswal
26	Rajendrakumar Gopilal Jain	Brother of Javerilal Oswal. Husband of Varshadevi Shah and father of Akshita Shah and Akshay Shah
27	Varshadevi Rajendrakumar Jain	- On 18/03/2017 received Rs.50 lacs Kauvery Trexim Private Limited - On 07/04/2017 received Rs. 50 lacs from Kauvery Trexim Private Limited
28	Akshay Rajendrabhai Oswal	- On 28/02/2017 received Rs. 25 lacs Kauvery Trexim Private Limited - On 16/03/2017 received Rs. 25 lacs from Kauvery Trexim Private Limited - On 17/05/2017 received Rs. 30 lacs from Kauvery Trexim Private Limited
29	Akshita Rajendra Shah	- Analyzed account number 002405020678 with ICICI Bank for the period 01/01/16 to 30/09/18 - On 07/04/2017 received 50 lacs from Kavery Trexim Private Limited and transferred the same to Oswal Share and Securities Limited on 10/04/17.
30	Sneha Lalitkumar Shah	Daughter of Shobha L Shah and Lalitkumar R Shah.
31	Shobha Lalitkumar Shah	- Daughter of Mr. Shankarlal L Chowdhary (brother of Mr. Ganpatraj Chowdhary). - Wife of Lalitkumar Ranmal Shah - Has common email id lalitrshah25@gmail.com (HDFC account number 08881000000213)
32	Lalitkumar Ranmal HUF	- Mr. Lalitkumar Ranmal Shah is connected to Metroglobal Limited through email id LALITRSHAH25@GMAIL.COM (HDFC account number 00608420023362). - Have admitted connection with promoters of Metroglobal Limited in statement recording dated February 05, 2019. - Son- in-law of Mr. Shankarlal L Chowdhary (brother of Mr. Ganpatraj Chowdhary).
33	Metroglobal Limited	- Kalpesh Oswal had paid Rs. 150 lacs (3 installments of Rs. 50 lacs each) in September and October 2017. - Has common email id lalitrshah25@gmail.com with Lalitkumar R Shah.

83. A Diagrammatic representations of the fund flow discussed in Table - 11 above, are as under:

Fund Flow Chart -1



Fund Flow Chart -2



84. I note that during the investigation, the statement of Kalpesh Oswal and Akshita Shah, Ravi Oswal, Lalitkumar Shah and Shobha Lalitkumar Shah was recorded. Summary of their statements are as under:

84.1. Statement of **Lalitkumar Shah and Shobha Shah (Noticee No. 31)**: Shobha Shah (Noticee No. 31) is daughter of Shankarlal Chowdhary, who is brother of Ganpatraj Chowdhary (Noticee No.1, promoter of RSGBL). Mr. Lalitkumar Shah is husband of Shobha Shah. They know Mr. Ganpatraj Chowdhary. Mr. Lalitkumar Shah has submitted that he is connected to Metroglobal Limited, which is Noticee No. 33.

84.2. Statement of **Akshita Rajendra Shah (Noticee No. 29)**: She had borrowed money from Kauvery and all transactions are carried out by her cousin Kalpesh Oswal (Noticee No. 19). Trading in her name is done by her cousin Mr. Kalpesh Oswal (Noticee No. 19).

84.3. Statement of **Kalpesh Oswal (Noticee No. 19)**: Kalpesh Oswal and his family member have borrowed money from various entities including Kauvery, Metroglobal, Siwana and Stuti. Although no agreement was signed for said loans, but he deducts TDS on interest paid. He knows Mr. Ganpatraj Chowdhary (Noticee No.1, promoter of RSGBL) and his family personally.

85. From Table No. 11, Fund flow chart 1 & 2 and the statement of Kalpesh Oswal and Akshita Shah, Ravi Oswal, Lalitkumar Shah and Shobha Lalitkumar Shah, I note the following connection:

85.1. Noticee 1, 2 and 3 are promoters of RSGBL and Noticee No. 1 is Karta of Noticee No. 2.

85.2. Noticee No. 9 (Kauvery) is connected to RSGBL, Noticee No. 8, 10, 23, 27, 28 and 29 through fund transfer. It is noted that Noticee No. 23, 27, 28 & 29 have traded during the period when volume of scrip is to be considered to determine the frequently traded shares and they have also tendered the shares in reverse book building process.

85.3. Noticee No. 13 (Mr. MukeshKumar Jain Samadria), CFO of RSGBL is connected to Noticee No. 3 (promoter of RSGBL) and Noticee No. 23 (traded entities) through fund transfer.

- 85.4. Noticee No. 14 to 29 are connected among themselves through common directors, inter-se fund transfer, Family members, common address, phone number and email-id. Noticee No. 23, 27, 28 and 29 is connected to Noticee No. 9 through fund transfer and Noticee No. 9 is connected to RSGlobal through fund transfer. Noticee 23 is connected to Noticee No. 13 (CFO of RSGlobal) through fund transfer. Thus, Noticee No. 14 to 29 is connected to RSGlobal.
- 85.5. Noticee No. 30, 31 and 32 are family members. Noticee No. 31 is daughter of Mr. Shankarlal L Chowdhary. Mr. Shankarlal L Chowdhary is brother of of Mr. Ganpatraj Chowdhary (Noticee No. 1, promoter of RSGlobal). Thus, Noticee No. 30, 31 and 32 are connected to RSGlobal.
- 85.6. Noticee No. 33 is connected with Noticee No. 32 through common email-id of Karta of Noticee No. 32 and with Noticee No. 19 through fund transfer. By virtue of connection with Noticee No. 32, Noticee No. 33 is connected to RSGlobal.
86. It is noted that Noticee No. 10, 11 and 12 are connected to RSGlobal. However, Noticee No. 10, 11 and 12 has not been directly connected with any of the traded entites i.e. Noticee No. 1, 2, 3 and 14 to 33. It is also noted that Noticee No. 10, 11 and 12 had neither traded during the period December 01, 2016 to November 30, 2017 nor they have tendered any shares of RSGlobal in reverse book building process. Further, no document has been brought on record, which indicate that Noticee No 10, 11 and 12 by any means are involved in alleged fraudulent scheme of delisting the shares of RSGlobal. Thus, in the absence any direct connection of Noticee no. 10, 11 & 12 with traded entities coupled with the fact that they have not traded in the scrip of RSGlobal, I am of the view there is no material to establish that Noticee No. 10, 11 & 12 has participated in fraudulent scheme of delisting the shares of RSGlobal. Hence, the allegation of violation of Sections 12A(a), (b) and (c) of SEBI Act, 1992 read with Regulations 3(a), (b), (c), (d), 4(1) & 4(2)(a) of PFUTP Regulations, 2003 and Regulations 4(5)(a), (b) &(c) of Delisting Regulations against Noticee No. 10, 11 & 12 does not stand established.
87. With regard to the aforesaid connections, following submissions of Noticees are noted:
- 87.1. Noticee No. 1, 2, & 3 stated that RSGlobal had extended loans to various entities and individuals to earn interest out of the funds received from sale of its Starch Business. The funding to such entities and individuals was a commercial decision in the

normal course and there is no connection between granting of such loans and trading by such persons in the scrip of RSGBL.

87.2. Notice No. 9 stated that the funds received from RSGBL were not used for trading in the shares of RSGBL. The said funds were received from RSGBL and given to various entities in normal course of business for interest arbitrage benefit.

87.3. Noticee No. 13 stated that the funds received from Noticee No. 3 are in respect of consideration of shares tendered by him in the buy-back process of Noticee No. 3. The funds transferred to Noticee No. 12 and 23 were as a part of normal lending. Noticee No. 23 has duly paid interest on the loan availed and has deducted tax at source on the same. Noticee No. 23 had not used the said fund for purchase of shares of RSGBL.

87.4. Noticee No. 14 to 29 stated as under:

87.4.1. They are neither the promoters of RSGBL nor are in any way related to them.

87.4.2. They have not acted in concert with the promoters of RSGBL in any manner.

87.4.3. Noticee No. 23, 27, 28, 29 had taken loans from Noticee No. 9 in ordinary course of business. Noticee No. 23 had taken a loan from Noticee No. 13. The said Noticees have paid interest on the said loans availed and have deducted tax at source.

87.4.4. The said funds have not been utilized for dealing / trading in the shares of RSGBL.

87.4.5. Noticee no.19 had availed a loan from Noticee No. 33 and payment of Rs. 150 lakhs mentioned in the SCN is towards repayment of the said loan.

87.4.6. All the inter-se transactions entered into between Noticee No. 14 to 29 have been done as per their inter-se understanding and for their internal financial and tax planning purposes.

87.4.7. The connection among the Noticee No. 14 to 29 are relatives of each other and common address or directors etc. is not denied.

87.5. Noticee No. 30 stated that at the time of opening of trading and demat account, her father's (Karta of Noticee No. 32) E-mail i.d. had been given. She has no professional or business relations with Mr. Shankarlal L. Chaudhary. Her only interaction with the Chaudhary family is on very few occasions during social functions. However, neither Mr. Shankarlal L. Chaudhary nor Mr. Ganpat

Chaudhary has any business or advisory relationship with her. She has no financial or business relation with RSGBL, subsidiaries or with any promoters of RSGBL.

87.6. Noticee No. 31 stated that her father is Mr. Shankarlal L. Chaudhary and after the wedding of the daughter, the parents will not interfere in the married life of the daughter. The relationship with her father is purely personal and has no business or professional relationship with him. Shri Lalitkumar Ranmal Shah (Karta of Noticee No. 32) is her husband. That her husband's email id is for convenience sake and was inserted when the trading account and the demat accounts were opened

87.7. Noticee No. 32 stated that Karta of Noticee No. 32 is associated with Noticee No. 33 since last more than a decade in a professional capacity. There is no business or financial relationship of the Noticee No. 32 or the Karta of Noticee No. 32 with the promoter, the promoter group or the subsidiaries companies of the promoter group of RSGBL.

87.8. Noticee No. 33 stated that:

87.8.1. As a part of its side business, they had given loan to Noticee No. 19 on May 10, 2013 at the rate of 9% per annum. On various occasion Noticee No. 19 after deducting TDS on interest had returned the part of principal amount.

87.8.2. Mr. Lalit R Shah (karta of Noticee No. 32) is known to the Noticee No. 33 since 1990s. From the year 1998, Mr. Lalit R Shah was involved in administrative work of the Noticee No. 33. Upon instruction of management of Noticee No. 33, Mr. Lalit R Shah initiated the procedure for opening of trading account as well as demat account. While opening the said accounts, Mr. Lalit Shah had given his own email id and was continued inadvertently from the day of opening of account till January 10, 2020.

88. I note that during the course of hearings, it was clarified to the said Noticees that the allegation against the Noticees is not that funds has been utilized for trading in the shares of RSGBL. But, the allegation is that Noticees are connected, on the basis of fund transfer. From the submission of the aforesaid Noticees, it is noted that they have not disputed their aforesaid connections. However, with regard to fund transfer, they submitted that the same was taken / granted as loan and was in the ordinary course of their business and said that the funds were not used for trading in the shares of RSGBL. Thus, it is noted that they had not denied the fund transfers.

89. It is also noted that Hon'ble SAT has, in many cases such as *Classic Credit Ltd. vs. SEBI* (SAT Appeal no. 68/2003, Order dated December 8, 2006), *Classic Credit Ltd. vs. SEBI* (SAT Appeal no. 76/ 2003, Order dated January 9, 2007) and *Veronica Financial Services Ltd. vs. SEBI* (SAT Order dated August 24, 2004), upheld the case of SEBI that connection / relations can be established on the basis of factors including the common addresses, common directors/ shareholders, etc.
90. Thus, in view of the above, I find the Noticee No. 1, 2, 3, 9 and 13 to 33 are connected directly / indirectly among themselves and with RSGBL.
91. Now coming back to the allegation that during the period December 01, 2016 to November 30, 2017 (hereinafter referred to as “**frequently trading period**”), promoters (Noticee No. 1, 2 & 3) and entities (Noticee No. 14 to 33) related to RSGBL through entities Noticee No. 9 and 13 had traded in the scrip in a fraudulent manner to increase the volume of RSGBL so that the scrip shall be categorized as frequently traded shares.
92. In this regard, I note that following:
- 92.1. Total number of equity shares of RSGBL was 71,36,386.
 - 92.2. To qualify the shares of RSGBL as frequently traded, trading turnover of RSGBL during the period December 01, 2016 to November 30, 2017 should have been 7,13,639 (10% of total equity shares of RSGBL) or more shares.
 - 92.3. The total number of RSGBL shares traded during the period December 01, 2016 to November 30, 2017 were 13,47,657.
 - 92.4. Out of 13,47,657 traded shares, 5,90,808 shares were bought by Noticee No. 3 (promoter) from Noticee No. 1 and 2 (both promoters).
 - 92.5. Noticee No. 14 to 33 which are connected to promoter / RSGBL had traded in the shares of RSGBL during the period December 01, 2016 to November 30, 2017.
 - 92.6. Out of 13,47,657 traded shares, Noticee No. 14 to 33 have bought 2,59,861 shares and sold 2,68,737 shares of RSGBL. Additionally, Noticee No. 14 to 33 have traded in 1,15,627 shares among themselves. Trading details of Noticee No. 14 to 33 during the period December 01, 2016 to November 30, 2017 is as under:

Table No.12

S.No.	Noticee No.	PAN	NAME	GROSS BUY	GROSS SELL
1	14	AAACO2273J	Oswal Shares and Securities Limited	16,750	0
2	15	AABCJ5034B	Javerilal Oswal Commodities Pvt Ltd	1,000	10,050
3	16	AADHJ5869D	Javerilal Gopilal Jain HUF	0	19,015
4	17	AABPO4593P	Javerilal Gopilal Oswal	54,013	21,393
5	18	AADPO1543P	Tankidevi Javerilal Oswal	2,000	8,250
6	19	AADPO9957B	Kalpesh Javerilal Oswal	7,666	19,576
7	20	ADEPJ7018C	Vanita Kalpesh Oswal	1,950	25,950
8	21	AAEPO1685K	Kalpana Javerilal Oswal	1,000	0
9	22	AAEPO8215F	Kavita Javerilal Oswal	4,900	2,350
10	23	AALPO4101B	Ravikumar Javerilal Oswal	10,400	31,400
11	24	ASKPM8245M	Monika Dharmendra Abbani	12,750	0
12	25	AADPA7816M	Sangeeta Dinesh Abbani	5,000	0
13	26	AAJPJ5266E	Rajendrakumar Gopilal Jain	12,350	1,000
14	27	ABBPJ6407A	Varshadevi Rajendrakumar Jain	12,398	21,073
15	28	ABJPO0630N	Akshay Rajendrabhai Oswal	1,610	19,800
16	29	FQTPS9446E	Akshita Rajendra Shah	9,000	6,900
17	30	BPVPS7547K	Sneha Lalitkumar Shah	13,115	12,539
18	31	ANKPS7888R	Shobha Lalitkumar Shah	15,686	15,127
19	32	AAAHL5176L	Lalitkumar Ranmal HUF	17,118	16,614
20	33	AAACG1343F	Metroglobal Limited	61,155	37,700
		Total		2,59,861	2,68,737

92.7. Noticee No. 9 and 13 had not traded in the shares of RSGlobal, however they have been involved in direct connection between Noticee No. 1, 2, 3, and 14 to 33 with RSGlobal through fund transfer.

93. Thus, from the above, I note that Noticee 1, 2, 3, and 14 to 33 together have bought 8,50,669 shares and sold 8,59,545 shares of RSGlobal. It is noted that number of shares bought is less than number of shares sold, therefore, considering the lesser figure, I am of the view that the total number of shares traded by Noticee 1, 2, 3, and 14 to 33 together during the period December 2016 to November 2017 (frequently trading period) was 8,50,669 shares. Hence, after removing 8,50,669 shares from 13,47,657 shares, the remaining number of shares traded during the period December 2016 to November 2017

comes to 4,96,988 shares which is less than 10% of total number of equity shares of RSGBL.

94. With regard to the aforesaid trading details by Noticee 1, 2, 3, and 14 to 33, following submissions are made by said Noticees:

94.1. Noticee No. 1, 2, & 3 submitted they had traded in the shares of RSGBL for internal structuring and their financial planning purposes. Excluding their trading, the percentage of shares traded by the public shareholders amounts to approximately 10.61% of the total outstanding shares of RSGBL thereby the shares of RSGBL still would have qualified as 'frequently traded shares' on account of trading in the scrip of RSGBL by public shareholders.

94.2. Noticee No. 14 to 33 submitted that they were trading in the shares of RSGBL even prior to the investigation period and was in their normal and ordinary course of business / investment and as per their investment strategy. Their trading in the shares of RSGBL vis-a-vis overall trading was miniscule. The trading in the shares of RSGBL was done out of their own funds.

94.3. The investment strategy of Noticee No. 30, 31 and 32 is that while investing in securities market (a) they look into the book value of the Company, PE ratio, fundamentals of the company etc. and (b) their trading volume in various scrip increase, upon increase of volume on stock exchange.

95. I do not find any merit in the aforesaid submission of Noticees on account of the following:

95.1. Considering the connection as a group, cumulative trading of Noticee No. 1, 2, 3 and 14 to 33 in RSGBL has been considered rather than their individual trading.

95.2. Noticee No. 1, 2, 3 and 14 to 33 majorly traded during the frequently trading period.

95.3. No demonstration of their similar trading pattern / investment strategy in the other scrip which are similarly placed as of RSGBL.

95.4. Low liquidity of RSGBL in 1 year period prior to the frequently trading period as compare to the frequently trading period.

95.5. More than 80% of their trading during the frequently trading period was among themselves.

96. Cumulative Trading and major trading during frequently trading period:

96.1. The trading details of the Noticee No. 1, 2, 3 and 14 to 33 during the period (a) 01.12.2015 - 30.11.2016; (b) 01.12.2016 - 30.11.2017 and (c) 01.12.2017 - 30.11.2018 in the scrip of RSGBL were analysed. As I have already established above, that Noticee 1, 2, 3, and 14 to 33 are directly / indirectly connected among themselves as well as with RSGBL. Therefore, considering the connection as a group, cumulative trading of Noticee No. 1, 2, 3 and 14 to 33 in RSGBL has been considered rather than their individual trading. Thus, considering as a connected group as whole, I do not find any merit in the submission of Noticee No. 1, 2 & 3 that excluding their trading, the shares of RSGBL would have qualified as 'frequently traded shares'.

96.2. The cumulative trading details of Noticee No. 1, 2, 3 and 14 to 33 in RSGBL during the aforesaid period are as under:

Table No.13

Noticee No.	Period	Gross Buy quantity	Gross Sell quantity	Total Gross Buy and Sell Quantity	% to total gross buy and sell quantity compared to total gross buy and sell quantity during IP
1, 2, 3 and 14 to 33	01.12.2015 - 30.11.2016	79,520	75,750	1,55,270	9.08
	01.12.2016 - 30.11.2017	8,50,669	8,59,545	17,10,214	100.00
	01.12.2017 - 30.11.2018	1,06,047	1,54,133	2,60,180	15.21

96.3. From the above table, it is noted that total gross buy and sell quantity of Noticee No. 1, 2, 3 and 14 to 33 during 1 year prior to the frequently trading period is merely 9% to their total gross buy and sell quantity during the frequently trading period. Similarly, total gross buy and sell quantity of Noticee No. 1, 2, 3 and 14 to 33 during 1 year after the frequently trading period is merely 15% to their total gross buy and sell quantity during the frequently trading period. Thus, I find that major trading of Noticee No. 1, 2, 3 and 14 to 33 were during the frequently trading period.

97. No demonstration of similar trading pattern:

97.1. I note that Noticee No. 14 to 33 have submitted the demat statement of their trading. I find that the said Noticees have mostly traded in the scrip in which total

trading volume of scrip was high. However, despite the said Noticees have being given an opportunity to demonstrate their similar trading pattern, I find that Noticees have not made any demonstration of their similar trading pattern / investment strategy in the other scrip which are similarly placed as of RSGlobal.

97.2. I also find that Noticee No. 1, 2, 3 have not made any demonstration and also not submitted any evidence that how their trading in the shares of RSGlobal was for their internal structuring and financial planning purposes. Hence, I do not find any merit in the said contention of these Noticees.

98. *Low Liquidity of RSGlobal:*

98.1. The total trading market volume of RSGlobal during the 1 year prior to frequently trading period, during the frequently trading period and 1 year after frequently trading period is as under:

Table No.14

Period	Total market trading volume of RSGlobal
01.12.2015 - 30.11.2016	2,43,634
01.12.2016 - 30.11.2017	13,47,657
01.12.2017 - 30.11.2018	8,54,896

98.2. I note that total number of equity shares of RSGlobal was 71,36,386. Therefore, in order to qualify the shares of RSGlobal as frequently traded, trading turnover of RSGlobal during the 1 year period should have been 7,13,639 (10% of total equity shares of RSGlobal) or more shares. As can be seen from the above table the liquidity in RSGlobal during 1 year prior to the frequently trading period was far very less to qualify the shares of RSGlobal as frequently traded and this fact was known to the promoters of RSGlobal. Therefore, I am of the view that promoters of RSGlobal Noticee No. 1, 2 & 3 together with Noticee No. 14 to 33 have traded together to increase the volume of RSGlobal so as to qualify the shares of RSGlobal as frequently traded. Thus, I am also of the view that without trades of Noticee No. 1, 2, 3, and 14 to 33, the shares of RSGlobal would not have qualified as frequently traded shares.

99. *Trading among themselves during frequently trading period:*

99.1. From the trade log, it is noted that Noticee No. 14 to 33 have traded in 1,15,627 shares among themselves. The details of trading among themselves are as under:

Table No. 15

Noticee No.	Buyer Name	Noticee No.	Seller Name	Traded quantity
14	Oswal Shares Securities Ltd.	16	Javerilal Gopilal Jain HUF	300
		17	Javerilal Gopilal Oswal	5,000
		18	Tankidevi Javerilal Oswal	1,300
		19	Kalpesh Javerilal Oswal	2,000
		23	Ravikumar Javerilal Oswal	8,000
15	Javerilal Oswal Commodities Pvt Ltd	17	Kalpesh Javerilal Oswal	1,000
17	Javerilal Gopilal Oswal	15	Javerilal Oswal Commodities Pvt Ltd	1,000
		17	Javerilal Gopilal Jain HUF	16,990
		27	Varshadevi Rajendrakumar Jain	5,500
		28	Akshay Rajendrabhai Oswal	6,700
18	Tankidevi Javerilal Oswal	23	Ravikumar Javerilal Oswal	2,000
19	Kalpesh Javerilal Oswal	23	Ravikumar Javerilal Oswal	3,000
		28	Akshay Rajendrabhai Oswal	500
20	Vanita Kalpesh Oswal	23	Ravikumar Javerilal Oswal	1,950
22	Kavita Javerilal Oswal	23	Ravikumar Javerilal Oswal	600
23	Ravikumar Javerilal Oswal	18	Tankidevi Javerilal Oswal	4,450
		19	Kalpesh Javerilal Oswal	1,000
		20	Vanita Kalpesh Oswal	3,950
24	Monika Dharmendra Abbani	20	Vanita Kalpesh Oswal	50
		23	Ravikumar Javerilal Oswal	1,450
25	Sangeeta Dinesh Abbani	27	Varshadevi Rajendrakumar Jain	1,000
26	Rajendrakumar Gopilal Jain	15	Javerilal Oswal Commodities Pvt Ltd	900
		23	Ravikumar Javerilal Oswal	8,932
27	Varshadevi Rajendrakumar Jain	17	Javerilal Gopilal Oswal	1,500
		19	Kalpesh Javerilal Oswal	1,000
		22	Kavita Javerilal Oswal	1,000
		26	Rajendrakumar Gopilal Jain	1,000
28	Akshay Rajendrabhai Oswal	15	Javerilal Oswal Commodities Pvt Ltd	150
		18	Tankidevi Javerilal Oswal	500
		20	Vanita Kalpesh Oswal	581
		22	Kavita Javerilal Oswal	350
29	Akshita Rajendra Shah	18	Tankidevi Javerilal Oswal	500
		23	Ravikumar Javerilal Oswal	5,000
30	Sneha Lalitkumar Shah	16	Javerilal Gopilal Jain HUF	459
		33	Metroglobal Limited	1,629
31	Shobha Lalitkumar Shah	17	Javerilal Gopilal Oswal	55

Noticee No.	Buyer Name	Noticee No.	Seller Name	Traded quantity
		27	Varshadevi Rajendrakumar Jain	73
		33	Metroglobal Limited	215
32	Lalitkumar Ranmal HUF	33	Metroglobal Limited	6,204
		30	Sneha Lalitkumar Shah	4,549
33	Metroglobal Limited	31	Shobha Lalitkumar Shah	8,229
		32	Lalitkumar Ranmal HUF	5,061
Total				1,15,627

99.2. It is also noted that promoter Noticee No. 1, 2, 3 have also traded among themselves.

The details are as under:

Table No. 16

Noticee No.	Buyer Name	Noticee No.	Seller Name	Traded quantity
3	Creelotex Engineers Private Limited	1	Ganpatraj Lalchand Chowdhary	1,75,000
		2	Ganpatraj Chowdhary HUF	4,15,808
Total				5,90,808

99.3. From the above table no. 15 & 16, it is noted that out of gross 8,50,669 buy shares and 8,59,545 sell shares of RSGBL by Noticee No. 1, 2, 3 and 14 to 33, they have traded in 7,06,435 shares among themselves i.e. 83% of their gross buy shares and 82% of their gross sell shares.

100. Thus, in view of (a) liquidity in RSGBL during the period 1 year prior to the frequently trading period was low; (b) Noticee No. 1, 2, 3 and 14 to 33 as a connected group, had majorly traded during the frequently trading period i.e. the period when the scrip could be said to be a frequently traded scrip on the basis of trading volume; and (c) approximately 83% of their trading in RSGBL scrip during the frequently trading period were among themselves, I do not find any merit in the contention of Noticees that trading in the scrip of RSGBL were in normal course of business and as per their investment strategy more so when the entities are connected entities.

101. Further, it would be pertinent to refer on the judgment of Hon'ble Supreme Court in *SEBI v Kishore R Ajmera (AIR 2016 SC 1079)*, wherein it was held that –

“...While the screen-based trading system keeps the identity of the parties anonymous it will be too I to rest the final conclusions on said basis which overlooks a meeting of minds elsewhere. Direct proof of such meeting of minds elsewhere would rarely be forthcoming. The test should be one of preponderance of probabilities as far as adjudication of civil liability arising out of the violation of the Act or provision of the Regulations framed thereunder is concerned.....

.....The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors. The illustrations are not exhaustive...

.....It is a fundamental principle of law that proof of an allegation levelled against a person may be in the form of direct substantive evidence or, as in many cases, such proof may have to be inferred by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof the Courts cannot be helpless. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to the Court to be a reasonable conclusion therefrom. The test would always be that what inferential process that a reasonable/prudent man would adopt to arrive at a conclusion.....”

102. I note that while direct evidence is not forthcoming in the present matter as regards the meeting of minds or collusion among Noticees, I note that on preponderance of probability basis and taking into account (a) low liquidity in RSGlobal 1 year prior to the frequently trading period; (b) connection among Noticees; (c) major trading of Noticee No 1, 2 & 3 and Noticee No. 14 to 33 in RSGlobal were during frequently trading period; (d) more than 83% of Noticee No 1, 2 & 3 and Noticee No. 14 to 33 trades during the frequently trading period were among themselves and (e) the trading behaviour of the Noticee No 1, 2 & 3 and Noticee No. 14 to 33, indicates that aforesaid trading could not have been possible without a meeting of minds at some level. Hence, considering the connection of Noticee No. 1, 2, 3, 9 and 13 to 33 among themselves coupled with above explained trading pattern of Noticee No. 1, 2, 3 and 14 to 33 in the scrips of RSGlobal and approximately 83% of their trading in RSGlobal scrip were among themselves, I am of the view that trading of Noticee No. 1, 2, 3 and 14 to 33 resulted in fraudulent increase in trading volume of RSGlobal during frequently trading period (when total trading market volume of RSGlobal 1 year prior to the frequently trading period was low), due to which the scrip of RSGlobal fraudulently fell in the category of frequently traded shares and accordingly the price of the scrip in the delisting process has been fraudulently determined. Thus, allegation that

during the period December 01, 2016 to November 30, 2017, promoters (Noticee No. 1, 2 & 3) and entities (Noticee No. 14 to 33) related to RSGBL through entities Noticee No. 9 and 13 had traded in the scrip in a fraudulent manner to increase the volume of RSGBL so that the scrip shall be categorized as frequently traded shares in terms of Regulation 2(1)(j) of SEBI (SAST) Regulations, 2011 stand established.

103. Thus, I am of the view that floor price of Rs. 510/- was fraudulently determined considering the scrip as frequently traded shares, whereas after removing the fraudulent trading of Noticee No. 1, 2, 3, and 14 to 33, the scrip would be considered as infrequently traded and then the floor price of the scrip would be determined on the basis of parameters including book value, comparable trading multiples, valuation etc as mentioned in Regulations 8(e) of SAST Regulations, which was around Rs. 1600/-.

104. Now the next question that arises is whether delisting offer was fraudulently made successful at fraudulently arrived price. It is alleged in the SCN that during the period from March 06, 2018 to March 12, 2018, Vital and other entities connected to promoters/company together offered 10,76,661 shares i.e. 99.41% of minimum number of shares required to make proposed delisting successful. It is also alleged that the book value of RSGBL was around Rs. 1600 per share and price discovered through reverse book building (RBB) in delisting process was Rs. 630/- per share.

105. In this regard, I note the following:

105.1. An auction through RRB was conducted during the period from March 06, 2018 to March 12, 2018 to determine offer price for delisting of RSGBL's shares.

105.2. As per Regulation 17 of the Delisting Regulations, for successful delisting offer, the post offer promoter shareholding taken together with the shares accepted through eligible bids at the final price shall reach ninety percent of the total issued shareholding of that class of shares.

105.3. The pre-offer promoter equity shareholding in RSGBL was 53,39,752 equity shares i.e. 74.82 percentage. Therefore, the Delisting Offer would have been deemed to be successful only if a minimum number of 10,82,996 Equity Shares were validly tendered and acquired in the Delisting Offer at prices up to or equal to the Final Offer Price, so that the post offer promoter shareholding shall be reached to ninety

percent of total issued equity shareholding. It is noted that 12,42,073 equity shares were validly tendered up to the Final Offer Price of Rs. 630/.

105.4. The book value of RSGBL was around Rs. 1600 per share whereas price discovered in the RBB was Rs. 630/- per share.

105.5. From the trade log, it is noted that Vital (Noticee No. 6), a company connected to promoter / RSGBL had offered 8,56,009 shares in RBB at price range of Rs. 610 per share to Rs. 620 per share and Noticee No. 14 to 29 (except Noticee No. 16) connected to promoter / RSGBL had offered 2,20,652 shares in RRB at the price range of Rs. 610 per share to Rs. 630 per share. The details of shares tendered / offered by Noticee No. 14 to 29 (except Noticee No. 16) in RRB is as under:

Table No. 17

S.No.	Noticee No.	PAN	NAME	Shares Tendered in RRB
1	14	AAACO2273J	Oswal Shares and Securities Limited	32,754
2	15	AABCJ5034B	Javerilal Oswal Commodities Pvt Ltd	4,764
3	16	AADHJ5869D	Javerilal Gopilal Jain HUF	-
4	17	AABPO4593P	Javerilal Gopilal Oswal	64,179
5	18	AADPO1543P	Tankidevi Javerilal Oswal	393
6	19	AADPO9957B	Kalpesh Javerilal Oswal	23,704
7	20	ADEPJ7018C	Vanita Kalpesh Oswal	4,045
8	21	AAEPO1685K	Kalpana Javerilal Oswal	13,970
9	22	AAEPO8215F	Kavita Javerilal Oswal	6,285
10	23	AALPO4101B	Ravikumar Javerilal Oswal	12,200
11	24	ASKPM8245M	Monika Dharmendra Abbani	11,750
12	25	AADPA7816M	Sangeeta Dinesh Abbani	5,000
13	26	AAJPJ5266E	Rajendrakumar Gopilal Jain	19,250
14	27	ABBPJ6407A	Varshadevi Rajendrakumar Jain	7,557
15	28	ABJPO0630N	Akshay Rajendrabhai Oswal	2,152
16	29	FQTPS9446E	Akshita Rajendra Shah	12,649
Total				2,20,652

Thus, from the above it is noted that Noticee No. 6 and 14 to 29 except Noticee No. 16 together offered / tendered 10,76,661 shares i.e. 99.41% of minimum number of shares required to make proposed delisting successful.

105.6. It is noted that, Vital is a company owned by Mohit (on paper) (Noticee No. 5) nephew of Ganpatraj (Noticee No. 1). The acquisition of Vital by Mohit was funded by Ganpatraj through his sister Sayaridevi Bagmar (Noticee No. 4). The finding with regard to the acquisition of Vital is referred at paragraph 48 to 53 above. In view of the said paragraphs, I find that Vital is controlled by Ganpatraj and is connected to promoter / RSGlobal.

105.7. The connection of Noticee No. 14 to 29 to promoter / RSGlobal is mentioned at Table 11. Thus, Noticee No. 14 to 29 are connected to promoter / RSGlobal.

106. Thus, from the above, I find that (a) Vital was acquired indirectly by Ganpatraj through Mohit; (b) Vital by virtue of amalgamation Stuti, Siwana and Kauvery (Noticee No. 7, 8, 9) who owned shares of RSGlobal, got their shares of RSGlobal (c) Vital (Noticee No. 6) and Noticee No. 14 to 29 except Noticee No. 16 together offered / tendered 10,76,661 shares (99.41% of minimum number of shares required) to make proposed delisting successful; (d) Noticee No. 6 and 14 to 29 are connected to promoters / RSGlobal; (d) price discovered in the RBB was Rs. 630/- per share; while the book value of RSGlobal was around Rs. 1600 per share.

107. Noticee No. 5 and 6 submitted that:

107.1. They offered shares in the delisting offer of RSGlobal as they were getting a price substantially higher than the trading price of the scrip. The shares were trading at abysmal prices far below even the floor price. The delisting was a good opportunity for Noticee No. 6 to gain considerable profits.

107.2. They denied that Noticee No. 6 had tendered shares in RSGlobal to make delisting offer successful at the request of promoter of RSGlobal.

107.3. The decision to participate in the book building process was taken by the Noticee No. 5 purely for commercial gain and was not in any manner under the influence of the promoters of RSGlobal.

107.4. The reason for selling the shares of RSGlobal in delisting offer by Noticee No.6 is that since FY 2014-15 the management of RSGlobal has taken number of investment decision which in their opinion were wrong and would contribute to downward spiral of its share price.

108. Considering (a) family relationship of Ganpatraj, Sayaridevi and Mohit; (b) the transfer of fund from Ganpatraj to Sayaridevi to Mohit in the month of June 2017; (c) acquisition of Vital in the month of June 2017 by Mohit from said funds; (d) amalgamation of Stuti, Siwana and Kauvery with Vital in the month of December 2017; (e) acquisition of shares of RSGBL by Vital from Stuti, Siwana and Kauvery (Noticee No. 7, 8, & 9) though said amalgamation on March 07, 2018; (f) delisting offer of RSGBL opened on March 6, 2018; and (g) tendering / offering the shares of RSGBL in RBB by Vital very next day on March 08, 2018, I am of the view on a preponderance of probability basis that there is a meeting of minds that Vital has been acquired by Ganpatraj through Mohit and Sayaridevi for the purpose of tendering / offer shares of RSGBL in RRB and thereby making the delisting offer successful by ensuring that the minimum required number of shares will get tendered. In view of the same, I do not find any merit in the aforesaid submission of Noticee No. 5 and 6.

109. In an alternate scenario, considering Vital as a part of promoter group, the total shareholding of promoter group would be 61,95,761 equity shares i.e. 86.81% (disclosed promoters shareholding 53,39,752 shares i.e. 74.82 % and Vital shareholding 8,56,009 i.e. 11.99 %), then the scenario in the present case would be as under:

109.1. Total shareholding of RSGBL is 71,36,386 equity shares. Validly tendered shares in RBB is 12,42,073 equity shares.

109.2. Excluding the tendering of Vital shareholding, total number of shares tendered is 3,86,064 equity shares (12,42,073 - 8,56,009) equity shares.

109.3. For successful Delisting Offer, minimum number of 2,26,987 validly tendered Equity Shares would be required, so that the post offer promoter shareholding shall be reached to 90% of total issued equity shareholding i.e. 64,22,748 equity shares.

109.4. Out of 3,86,064 tendered equity shares, Noticee No. 14 to 29 (except Noticee No. 16) connected to promoter / RSGBL had tendered 2,20,652 shares in RRB.

109.5. Removing 2,20,652 shares from the 3,86,064 tendered equity shares, the total number of validly tendered shares would be 1,65,064 which is less than the minimum number of shares required for successful.

110. Hence, in the present case even if Vital shareholding would be considered as part of promoter shareholding and after removing the tendering shares of entities connected to promoter / RSGBL, the post offer promoter shareholding would be 63,61,173 equity shares i.e. 89.13 % which is less than 90% of total issued equity shareholding. Hence, even considering Vital shareholding as part of promoter, I am of the view that RBB would not be successful without the shares offered by Noticee No. 14 to 29.

111. Hence, in view of the foregoing, I am of the view that RBB was fraudulently successful on account of the shares offered by Noticee No. 6 and 14 to 29 and RSGBL was fraudulently trying to delist by giving the shareholders a much lower price as compared to its book value.

112. Now the next question that arises is whether Noticee No. 1, 35 to 38, by virtue of being directors of Noticee No. 34, have participated in the fraudulent device, scheme or artifice leading to the scrip of RSGBL being fraudulently shown as frequently traded and thereafter making the delisting offer successful at fraudulently arrived price. The allegation against Noticee No.1, 35 to 38 in the SCN is that they were the directors of RSGBL during the investigation period and have attended the board meeting of RSGBL dated December 12, 2017 in which the proposal of delisting of RSGBL was discussed and approved and thereby they have participated in the fraudulent device, scheme or artifice leading to the scrip of RSGBL being fraudulently shown as frequently traded and thereafter making the delisting offer successful at fraudulently arrived price.

113. I note that in respect of Noticee No. 1, whose role as of Chairman and Managing Director of RSGBL, his role / involvement in the whole fraudulent scheme of making delisting offer successful has been explained in detail in preceding paragraphs. I also note that Noticee No. 35 is the son of Noticee No. 1 and Whole Time Director of RSGBL.

114. From the documents available on record, I find that Noticee No.1 submitted a proposal to RSGBL to provide an exit opportunity to public shareholders of RSGBL, by purchasing shares from public shareholders of the company and subsequently, voluntarily delist the equity shares of RSGBL from BSE. The proposal of delisting of RSGBL was discussed and approved in the meeting of Board of Directors held on December 12, 2017. The said

Board Meeting was attended by Noticee No. 1, 35 to 38. The details of designation and tenure of Noticee No. 1, 35 to 38 is as under:

Table No. 18

Sr. No.	Noticee No.	Name	Director	Appointment Date	Cessation Date
1	1	Ganpatraj L Chowdhary	Chairman and Managing Director	01/10/2008	Still continuing
2	35	Siddharth G Chowdhary	Whole Time Director	21/05/2015	Still continuing
3	36	Sathyamurthi Rajagopal	Independent Director	16/08/2005	Still continuing
4	37	Pradeep Mehta	Independent Director	11/08/2016	08/08/2018
5	38	Vaishali D Patel	Independent Director	27/03/2015	12/02/2019

115. Noticee No. 36, 37 and 38 submitted that they are independent director of RSGBL; they had exercised their roles and responsibilities in professional capacity in bona fide manner on the basis information, documents, facts and figure presented before Board by RSGBL and they are / were not involved in day to day working / activities of RSGBL.

116. I note that Noticee No. 1 and 35 alongwith Noticee No. 36, 37 and 38 have attended the meeting of Board of Directors held on December 12, 2017, wherein the proposal of delisting of RSGBL was discussed and approved. There is also a disclosure made by the company on BSE relating to the approval of proposal of delisting of RSGBL in its board meeting held on December 12, 2017. The facts and circumstances of this case indicate that the board of directors of RSGBL in its meeting dated December 12, 2017 had approved the proposal of delisting of RSGBL.

117. Further, I note that the position of a ‘director’ in a public/ listed company comes along with responsibilities and compliances under law associated with such position, which have to be fulfilled by such director or face the consequences for any violation or default thereof. A director who is part of a company’s board shall be responsible for all the deeds/ acts of the Company during the period of his directorship.

118. I note that Noticee No. 36, 37 and 38 were independent directors of RSGBL and have attended the board meeting dated December 12, 2017, wherein the proposal of delisting offer was discussed and approved and floor price was fixed as per the Delisting Regulations. In view of the fact and circumstances of present case, I am of the view that

independent directors would be involved in fraudulent scheme of delisting offer and thereby liable for the alleged violation, if they had any knowledge that floor price was fraudulently fixed. One of the factors for knowing the same may be that they had any knowledge by any means, about fraudulent trading of Noticee No. 1, 2, 3 and 14 to 33 during the frequently trading period for making shares of RSGlobal as frequently traded share so as to fraudulently determine the floor price. In the present case, I note that no material direct or circumstantial has been brought on record, which indicate that Noticee No. 36, 37 and 38 would have the knowledge of fraudulent trading of Noticee No. 1, 2, 3 and 14 to 33 during the frequently trading period. Further, I note that the independent director was required to see whether floor price was fixed as per the Delisting Regulation or not. I also note that board meeting minutes dated December 12, 2017 mentioned that the floor price was fixed as per the Delisting Regulations. Thus, I am of the view that independent directors had ensured that floor price was fixed as per the Delisting Regulation. Further, I find that there are no material direct or circumstantial arousing red flags for independent directors to know that that floor price was fraudulently fixed. Therefore, I am of the view that there are no materials to indicate independent directors were involved in fraudulent scheme of delisting offer. Hence, the allegation of violation of Sections 12A(a), (b) and (c) of SEBI Act, 1992 read with Regulations 3(a), (b), (c), (d), 4(1) & 4(2)(a) of PFUTP Regulations, 2003 and Regulations 4(5)(a), (b) & (c) of Delisting Regulations against Noticee No. 36, 37 and 38 does not stand established.

119. I note that Noticee No. 1 is Chairman and Managing Director of RSGlobal, Noticee No. 35 is Whole Time Director of RSGlobal and by virtue this, Noticee No. 1 and 35 are responsible for the acts and omissions of the Company. Further, the connections of the Company to the Noticees who traded has already been dealt with. A 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.

120. Further, reliance is also placed on the order of Hon'ble High Court of Madras in the matter of *Madhavan Nambiar Vs. Registrar of Companies* [2002 108 Comp Cas 1 Mad] wherein it was observed that:

- “13. It may be that the petitioner may not be a whole-time director, but that does not mean he is exonerated of the statutory obligations which are imposed under the Act and the rules and he cannot contend that he is an ex officio director and, therefore, he cannot be held responsible. There is substance in the contention advanced by Mr. Sridhar, learned counsel since the petitioner a member of the Indian Administrative Service and in the cadre of Secretary to Government when appointed as a director on the orders of the Government to a Government company or a joint venture company, he is expected not only to discharge his usual functions, but also take such diligent care as a director of the company as it is expected of him not only to take care of the interest of the Government, but also to see that the company complies with the provisions of the Companies Act and the rules framed thereunder. Therefore, the second contention that the petitioner cannot be proceeded against at all as he is only a nominee or appointed director by the State Government, cannot be sustained in law. A director either full time or part time, either elected or appointed or nominated is bound to discharge the functions of a director and should have taken all the diligent steps and taken care in the affairs of the company.*
- 14. In the matter of proceedings for negligence, default, breach of duty, misfeasance or breach of trust or violation of the statutory provisions of the Act and the rules, there is no difference or distinction between the whole-time or part time director or nominated or co-opted director and the liability for such acts or commission or omission is equal. So also the treatment for such violations as stipulated in the Companies Act, 1956.*
- 16. Section 29 of the Companies Act provides the general power of the board and Therefore it follows there cannot be a blanket direction or a blanket indemnity in favour of the petitioner or other directors who have been nominated by the Government either ex officio or otherwise. Hence the second point deserves to be answered against the petitioner. As regards the first contention, it is contended by Mr. Arvind P. Datar, learned senior counsel appearing for the petitioner that the company or its board had resolved that Thiagaraj S. Chettiar shall be the director in charge of the company of all its day-to-day affairs and, therefore, the petitioner, an ex officio chairman and director, cannot be expected to attend to the affairs on a day-to-day basis. This contention though attractive cannot be sustained as a whole. There may be a delegation, but ultimately it comes before the board and it is the board and the general body of the company which are responsible.”*

121. The Hon'ble Supreme 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...”

122. Further, I find that the directors of RSGBL, namely Noticee No. 1 and 35 cannot escape from the obligation of the board of directors with regard to their fiduciary duties towards RSGBL and its shareholders. In this regard, the observation of the Hon'ble SAT in the matter of *Mr. N. Narayanan vs SEBI* (order dated October 05, 2012) is worth mentioning:

“With the changing scenario in the corporate world the concept of corporate responsibilities is also rapidly changing day by day. The director of a company cannot confine himself to lending his name to the company but taking light responsibility for its day to day management. While functions may be delegated to professionals, the duty of care, diligence, verification of critical points by directors cannot be abdicated. The directors are expected to have a hands on approach in the running of the company and take up responsibility not only for the achievements of the company but also the failings thereto.”

123. Thus, I find that RSGBL was part of a fraudulent device, scheme or artifice in making the delisting offer successful at fraudulently arrived price. A company cannot act by itself, but only through its directors who are expected to exercise their powers on behalf of the company with utmost care, skill and diligence. Further, in the present case as stated earlier, the directors have acted in a fraudulent manner in furtherance of a larger scheme and their acts are attributed to the Company.

124. Thus, in summary, the following is noted:

124.1. Noticee No.1 submitted a proposal to RSGBL (Noticee No. 34) to voluntarily delist the equity shares of RSGBL from BSE. The Board of Directors in its meeting held on December 12, 2017 had discussed and approved the proposal of delisting of RSGBL. Noticee No. 1 and 35 by virtue of Chairman & Managing Director and Whole Time Director of RSGBL, respectively are responsible for the acts and omissions of the Company.

124.2. Noticee No. 1, 2, 3, 9 and 13 to 33 are connected directly / indirectly among themselves as well as with RSGBL (Noticee No. 34).

124.3. During the period December 01, 2016 to November 30, 2017, Noticee No. 1, 2 & 3 (promoters) and Noticee No. 14 to 33 related to RSGBL through entities Noticee No. 9 and 13 had traded in the scrip of RSGBL in a fraudulent manner to increase the volume of RSGBL so that the scrip is categorized as frequently traded shares.

Hence, the floor price was fraudulently determined considering the scrip as frequently traded shares at Rs. 510/-; whereas after removing the trading of Noticee No. 1, 2, 3, and 14 to 33, the scrip would be considered as infrequently traded. If the scrip was considered as infrequently traded shares, then the price of scrip would be determined on the basis of parameters including book value, comparable trading multiples, valuation etc, which is around Rs. 1600/-.

124.4. Vital (Noticee No. 6) was indirectly acquired by Ganpatraj through Mohit (Noticee No. 5) and Sayaridevi (Noticee No. 4). Vital acquired shares of RSGlobal from Vital from Stuti, Siwana and Kauvery (Noticee No. 7, 8 & 9) in an amalgamation. The said shares of RSGlobal was tendered in RRB. As discussed earlier, Vital was indirectly acquired by Noticee No. 1, for the purpose of tendering shares of RSGlobal in RRB and thereby make the delisting offer successful by ensuring that the minimum required number of shares will get tendered.

124.5. RBB was fraudulently made successful on account of the shares offered by Noticee No. 6 and 14 to 29 and RSGlobal was fraudulently trying to delist by giving the shareholders a much lower price as compared to its book value.

124.6. The floor price for delisting was fixed at Rs. 510/- per share and the price discovered in the RBB was Rs. 630/- per share, while the book value of RSGlobal was around Rs. 1600 per share.

125. Thus, in view of the above, the allegation that Noticee No. 1 to 9 and 13 to 35, participated in the fraudulent device, scheme or artifice at various stages leading to the scrip of RSGlobal being fraudulently shown as frequently traded and thereafter making the delisting offer successful at fraudulently arrived price stands established. Hence, the allegation of violation of Sections 12A(a), (b) and (c) of SEBI Act, 1992 read with Regulations 3(a), (b), (c), (d), 4(1) & 4(2)(a) of PFUTP Regulations, 2003 and Regulations 4(5)(a), (b) & (c) of Delisting Regulations against Noticee No. 1 to 9 and 13 to 35 stands established.

ISSUE No. 3- *For those Noticees for whom issue No. 1, & 2 is determined in the affirmative, what directions should be issued against such Noticees?*

126. I note that the rationale behind the insertion of Rule 19A in the SCRR, can be noted from the Press Release dated June 4, 2010, issued by the Ministry of Finance, Government of

India, which inter alia states that *“A dispersed shareholding structure is essential for the sustenance of a continuous market for listed securities to provide liquidity to the investors and to discover fair prices. Further, the larger the number of shareholders, the less is the scope for price manipulation.”*. Further, the Hon’ble SAT in the matter of SIEL Financial Services Ltd. vs. SEBI decided on August 3, 2020 has held that: *“The reason for bringing in the minimum public shareholding requirement was to ensure that there is no concentration of shares at the hands of single person or a group of persons. The idea is that if there are a large number of shareholders then there is less scope of price manipulation and further provides liquidity to the investors and helps in discovery of fair price”*

127. As such, in order to ensure an equitable participation of qua the public shareholders, the Promoter / Promoter Group, in the trading of a private sector listed company and also to provide a level playing field for the Promoter/ Promoter Groups of these companies with the Promoter/ Promoter Groups of the other companies that have already complied with the abovementioned provisions of SCRR in the manner as specified by SEBI, it is imperative that this balance be restored and the disproportionate advantage arising out of non-compliance of the MPS requirement not be permitted to be vested with the Promoter / Promoter Group. In view thereof, in the interest of all investors and the orderly development of the securities market, it is necessary to pass suitable directions.

128. Section 11 of SEBI Act casts a duty on the Board to protect the interests of investors in securities and to promote the development of and to regulate the securities market. For achieving such object, it has been authorised to take such measures as it thinks fit. Thus, power to take all measures necessary to discharge its duty under the statute which is a reflection of the objective disclosed in the preamble has been conferred in widest amplitude. Pursuant to the said objective, PFUTP Regulations have been framed. The said Regulations apart from other things aim to preserve and protect the market integrity in order to boost investor confidence in the securities market. By executing a fraudulent scheme, as has been executed by the Noticees in the instant matter, the price discovery system itself is affected. It also has an adverse impact on the fairness, integrity and transparency of the stock market. In view of the same and considering the violations

committed by the Noticees, I find that it becomes necessary to issue appropriate directions against the Noticees.

129. As noted above that:

129.1. The allegation of violation of Rule 19A(2) of SCR Rules, 1957, Clause 40A of Listing Agreement read with Regulation 103(2) and 38 of LODR Regulations and Section 21 of SCR Act, 1956 against RSGBL, Noticee No. 1, 34 and 35 have been established.

129.2. The allegation of violation of Sections 12A(a), (b) and (c) of SEBI Act, 1992 read with Regulations 3(a), (b), (c), (d), 4(1) & 4(2)(a) of PFUTP Regulations, 2003 and Regulations 4(5)(a), (b) & (c) of Delisting Regulations against Noticee No. 1 to 9 and 13 to 35 have been established.

In view of the violation of MPS requirement, it is appropriate that RSGBL increase its public shareholding taking into account the entities found to be promoters in this order before any delisting is undertaken which is already on hold. Further appropriate directions required to be passed for the violations of the violations mentioned in para 129.1 and 129.2. Therefore, appropriate directions debarring Noticee No. 1 to 9 and 13 to 35 from the securities market need to be issued against them for abovementioned violation.

130. I note from the material available on record that Stuti, Siwana and Kauvery (Noticee No. 7, 8, & 9) have merged / amalgamated with Vital (Noticee No. 6) and are no longer in existence. Therefore, any directions passed against Stuti, Siwana and Kauvery under Sections 11(1), 11(4) and 11B (1) of SEBI Act may not serve any purpose.

ORDER:

131. Considering the findings recorded in this order pertaining to the alleged violations committed by the Noticees, I, in exercise of the powers conferred upon me Section 19 read with Sections 11(1), 11(4) and 11B(1) of the Securities and Exchange Board of India Act, 1992 hereby issue the following directions:

131.1. For the violation mentioned at paragraph 129.1:

131.1.1. RSGBL is directed to comply with the MPS requirement taking into account the entities found to be promoters in this order within a period of five months from the date of receipt of this order.

131.1.2. RSGBL (Noticee No. 34) is restrained from accessing the securities market and buying, selling or dealing in securities, either directly or indirectly, in any manner till the compliance of MPS requirement. Further, RSGBL (Noticee No. 34) is also restrained from associating itself with any listed public company and any public company which intends to raise money from the public or any intermediary registered with SEBI till the compliance of MPS requirement. However, the direction at this para shall not affect Noticee No. 34 in complying with MPS requirement.

131.1.3. Noticee No. 1 and 35 are restrained from accessing the securities market and buying, selling or dealing in securities, either directly or indirectly, in any manner, from the date of this Order, till the expiry of 2 (two) years from the date of the compliance of MPS requirement. Further, Noticee No. 1 and 35 are also restrained from associating themselves with any listed public company and any public company which intends to raise money from the public or any intermediary registered with SEBI from the date of this Order, till the expiry of 2 (two) years from the date of the compliance of MPS requirement.

131.2. For violation mentioned at paragraph 129.2, the following Noticees are restrained from accessing the securities market and buying, selling or dealing in securities, either directly or indirectly, in any manner for the period mentioned below against their names from the date of this order except as mentioned in paragraph 131.3 of this order. Further, following Noticees are also restrained from associating themselves with any listed public company and any public company which intends to raise money from the public or any intermediary registered with SEBI for a period of mentioned below against their name from the date of this order except as mentioned in paragraph 131.3 of this order

Sr. No.	Noticee No.	Name of the Entities	PAN	Debarment Period
1	1	Ganpatraj Lalchand Chowdhary	ABWPL2726K	Two (2) years
2	2	Ganpatraj Chowdhary HUF	AABHG2213G	Two (2) years
3	3	Creelotex Engineers Private Limited	AACCC2970L	Two (2) years
4	4	Sayaridevi Bagmar	ABMPB3523C	Two (2) years
5	5	Mohit Bagmar	ALPPB7611N	Two (2) years
6	6	Vital Connections Private Limited	AABCV4134G	Two (2) years
7	13	Mukeshkumar R Samdaria	AEXPS5153H	One (1) year
8	14	Oswal Shares And Securities Limited	AAACO2273J	Two (2) years
9	15	Javerilal Oswal Commodities Pvt Ltd	AABCI5034B	Two (2) years
10	16	Javerilal Gopilal Jain HUF	AADHJ5869D	Two (2) years
11	17	Javerilal Gopilal Oswal	AABPO4593P	Two (2) years
12	18	Tankidevi Javerilal Oswal	AADPO1543P	Two (2) years
13	19	Kalpesh Javerilal Oswal	AADPO9957B	Two (2) years
14	20	Vanita Kalpesh Oswal	ADEPJ7018C	Two (2) years
15	21	Kalpana Javerilal Oswal	AAEPO1685K	Two (2) years
16	22	Kavita Javerilal Oswal	AAEPO8215F	Two (2) years
17	23	Ravikumar Javerilal Oswal	AALPO4101B	Two (2) years
18	24	Monika Dharmendra Abbani	ASKPM8245M	Two (2) years
19	25	Sangeeta Dinesh Abbani	AADPA7816M	Two (2) years
20	26	Rajendrakumar Gopilal Jain	AAJPJ5266E	Two (2) years
21	27	Varshadevi Rajendrakumar Jain	ABBPJ6407A	Two (2) years
22	28	Akshay Rajendrabhai Oswal	ABJPO0630N	Two (2) years
23	29	Akshita Rajendra Shah	FQTPS9446E	Two (2) years
24	30	Sneha Lalitkumar Shah	BPVPS7547K	Two (2) years
25	31	Shobha Lalitkumar Shah	ANKPS7888R	Two (2) years
26	32	Lalitkumar Ranmal HUF	AAAHL5176L	Two (2) years
27	33	Metroglobal Limited	AAACG1343F	Two (2) years
28	34	Riddhi Siddhi Gluco Biols Limited	AABCR3417Q	One (1) year
29	35	Siddharth G Chowdhary	AFVPC3418E	Two (2) years

131.3. The direction against Noticee No. 1, 34 and 35 mentioned in paragraph 131.2 shall come into force after completion of direction mentioned in paragraph 131.1.

131.4. Dispose off the SCN dated December 20, 2019 issued against Noticee No. 10, 11, 12, 36, 37 and 38 without any direction.

132. Needless to say that in view of the prohibition on sale of securities, during the period of restraint, the existing holding, including units of mutual funds, of Noticee No. 1 to 6 and 13 to 35 shall remain frozen.

133. If Noticee No. 1 to 6 and 13 to 35 have any open position in any exchange traded derivative contracts, as on the date of the order, they can close out/ square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. Noticee No. 1 to 6 and 13 to 35 are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this order.

134. The order shall come into force with immediate effect.

135. A copy of this order shall be served upon all Noticees, all recognized Stock Exchanges, Depositories and the Registrar and Share Transfer Agents to ensure compliance with the above directions.

-Sd-

DATE: AUGUST 11, 2021

PLACE: MUMBAI

MADHABI PURI BUCH

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA