BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

ADJUDICATION ORDER No. Order/MS/RG/2026-27/32681-32683

UNDER SECTION 15-I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF THE SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995

In respect of:

Noticee No.	Noticee Name	PAN
Noticee 1	Vedic Ayurveda Ltd (formerly known as KD Leisures Limited)	AAACV0043P
Noticee 2	Arminder Singh	BLLPS6101B
Noticee 3	Priyanka Jain	BAZPJ9596E

In the matter of Vedic Ayurveda Ltd (formerly known as KD Leisures Limited)

A. BACKGROUND

1. Securities and Exchange Board of India (hereinafter also referred to as 'SEBI') had initiated Adjudication Proceedings under Section 15-I of the SEBI Act, 1992 against Vedic Ayurveda Ltd (formerly known as KD Leisures Limited) **('Noticee 1' / 'Company' / 'Target Company'**) in the subject matter for the alleged violations of Regulation 31A(2) and 31A(3), 31(1) and 31(4) read with Regulation 4(1)(e) of **SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015** ('LODR Regulations' / 'LODR Regulations, 2015' in short) and against Arminder Singh **(Noticee 2)** for violation of Regulation 29(1), 29(2) read with Regulation 29(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter also referred to as 'SAST Regulations, 2011' / 'SAST Regulations').
2. **Priyanka Jain** ("**Noticee 3**") had filed summary settlement application before SEBI vide letter dated May 15, 2025. The summary settlement had failed as the Noticee 3 didn't remit the settlement amount within 30 calendar days from the date

of receipt of summary settlement notice. Subsequently, Adjudication Proceedings were initiated under Section 15-I of the SEBI Act, 1992 in respect of Noticee 3 for the alleged violations of Regulation 29(1), 29(2) read with Regulation 29(3) of SAST Regulations.

B. APPOINTMENT OF ADJUDICATING OFFICER

3. SEBI appointed an Adjudicating Officer ("**erstwhile AO1**") vide order dated May 9, 2025, under Section 15-I of the SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 ("Adjudication Rules") read with Section 19 of the SEBI Act, 1992, to inquire into and adjudge under Section 15HB of SEBI Act, 1992 for alleged violations by **Noticee 1** and under Section 15A(b) of the SEBI Act, 1992 for the alleged violations by **Noticee 2**. Subsequent to transfer of erstwhile AO1, vide communique dated September 19, 2025, another AO ("**erstwhile AO2"**) had been appointed to inquire and adjudge the alleged violations of Noticees 1 and 2.
4. Further, vide communique dated January 28, 2026, erstwhile AO2 was appointed to inquire into and adjudge under Section 15A(b) of the SEBI Act, 1992 for the alleged violation by Noticee 3.
5. The AO proceedings in the instant matter against Noticees 1, 2 and 3 were transferred to this office vide communique dated May 27, 2026.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

<u>SCN in respect of Noticee 1 & 2</u>

6. A common Show Cause Notice No. SEBI/EAD3/P/OW/2025/16129/1-3 dated June 16, 2025 (hereinafter referred to as "**SCN-I")** was issued by erstwhile AO1 to the Noticees 1 and 2 in terms of Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 to show cause as to why an inquiry should not be held and why penalty be not imposed under Section 15HB of the SEBI Act, 1992 against the Noticee 1 and under Section 15A(b) of SEBI Act, 1992 against the Noticee 2 for the aforesaid alleged violations. The SCN was delivered by SPAD and email to Noticee 1 and by email to Noticee 2

7. The following was inter alia observed and alleged in respect of the Noticees 1 and 2 in the SCN dated June 16, 2025:

"…

3. SEBI inter alia observed non-compliance of Regulation 31A(2) and 31A(3), 31(1) and 31(4) read with Regulation 4(1)(e) of LODR Regulations and Regulation 29(1), 29(2) read with Regulation 29(3) of SEBI SAST Regulations, 2011 as detailed hereunder:

3.1. KD Leisure Limited (Noticee 1)

a. Failure to follow the requisite procedures for reclassification of the promoter.

b. Incorrect SHP filed by the Company for 5 quarters

3.1.1. In this regard, following was inter alia observed and alleged by SEBI:

3.1.2. Open offer under SAST Regulations was made by Sunayna Investment Company Limited ('SICL'/ 'Acquirer' in short) to acquire upto 26% shares of KD Leisures Limited.

3.1.3. Kalpak Vohra HUF (Selling Promoter / HUF) entered into a Share Purchase Agreement [SPA] on March 07, 2020 for which Public Announcement was made on March 07, 2020 for sale of 1,50,000 equity shares to Acquirer representing 4.63% of the Share Capital of the Target Company. The open offer was being made by the Acquirer pursuant to Regulation 4 of the SAST Regulations for control over the target company which is irrespective of the acquisition of shares in the target company.

3.1.4. The details of open offer are as under:

Particulars	Date
Date of the Public Announcement	07.03.2020
Date of Publishing of the DPS	16.03.2020
Late Date of filing of the Draft letter of offer with SEBI	23.03/2020
Last date for receipt of comments from SEBI on the draft letter of offer (in the event SEBI has not sought clarification or additional information from the Manager to the offer)	17.07.2020
Date of Commencement of Tendering Period ("Offer Opening Date")	04.08.2020
Date of closure of Tendering Period ("Offer Closing date")	17.08.2020
Date of communicating the rejection/acceptance and completion of payment of consideration	28.08.2020
Last Date for issue of post - offer advertisement	04.09.2020

3.1.5. It was noted from the Post Offer Advertisement and Post Offer Report that 11.89% shares were tendered in the open offer, as against 26% shares intended to be acquired in the open offer. Post the open offer, SICL was holding 11.89% shares and was shown as promoter of the Target Company for the quarter ended September 2020.

3.1.6. It was mentioned in the Letter of Offer that the Selling Promoter shall cause the Company to pass necessary resolutions for reclassification in accordance with Regulation 31A of SEBI (Listing Obligation and Disclosure Requirements), 2015 [LODR Regulations].

3.1.7. However, it was observed that there were no announcements made by the Company with respect to reclassification of the Selling Promoter.

3.1.8. From the Shareholding pattern (SHP) filed by the company for the period from the quarter ended September 2020 to December 2021, it was observed that Selling Promoter holding 4.63% shares has been shown under public category.

3.1.9. BSE in its reply dated February 23, 2024 confirmed that neither the HUF nor the Company made any request/application for Promoter to Public reclassification.

3.1.10. Thus the Company did not follow the due process for reclassification of the promoter, as specified under Regulation 31A (2) and conditions laid down under Regulation 31A(3)(a) of LODR Regulations, which includes Board approval, shareholder approval, making application to the Stock Exchange within 30 days of the shareholders' approval. Therefore, the Company was found to be in violation of Regulation 31A(2) and 31A(3) of LODR Regulations.

3.1.11. Further, as requisite processes were not followed for reclassification, incorrect shareholding pattern was filed by the Company for the 5 quarters beginning from September 2020 to December 2021, by showing Kalpak Vohra HUF in public category. Therefore, the company was also found to be in violation of Regulation 31(1) and 31(4) of LODR Regulations read with Regulation 4(1)(e) of LODR Regulations.

3.1.12. BSE informed to file revised Shareholding Pattern for all the quarters from September 2020. However, the Company has not made the revised disclosures as sought by BSE.

In view thereof, it is alleged that Noticee 1 has violated the following:

- *Noticee 1 has failed to follow the requisite procedures for reclassification of the promoter and therefore, has violated Regulation 31A(2) and 31A(3) of LODR Regulations*

- *Incorrect SHP filed by the Noticee 1 for 5 quarters and therefore Noticee has violated Regulation 31(1) and 31(4) read with Regulation 4(1)(e) of LODR Regulations*

Arminder Singh (Noticee 2)

3.2. Failure to make disclosure under Regulation 29(1) of SAST Regulations in a timely manner.

In this regard, following was inter alia observed and alleged by SEBI:

3.2.1. It was observed that the Selling Promoter entered into an SPA with the Acquirer for sale of 4.63% (1,50,000) equity shares for acquisition of control over the target company which triggered the open offer. In terms of Regulation 22(3) of SAST Regulations, such transaction was required to be completed within twenty-six weeks from the expiry of the offer period i.e. by 26.02.2021.

3.2.2. It was observed from the above that SPA transaction has not been executed and accordingly, 1,50,000 shares (constituting 4.63% shareholding) were also not transferred to SICL/Acquirer.
3.2.3 From the BSE exceptional report, it was observed that the said shares were later sold by Kalpak Vohra HUF to Mr. Arminder Singh, a public shareholder, on February 26, 2022.

3.2.4. In this context, BSE vide its email dated July 02, 2024 has provided details of transactions undertaken by Mr. Arminder Singh in the equity shares of the Target Company for the period October 14, 2021 till March 16, 2022 whereby BSE has mentioned the transactions triggering the disclosure under Regulation 29(1) and 29(2) of SAST Regulations and the same are summarized as under:

Table of transactions by Noticee Arminder Singh

S.No.	Date of transaction	No. of shares Bought/ (Sold)	Shareholding percentage after the transaction	Shareholding percentage of last disclosure required as per Regulation 29	Status of compliance with SAST Regulations	Remarks
1	09/12/2021	3,85,241	12.10%	-	Not complied	Shareholding in excess of 5%
2	05/01/2022	-33,500	9.91%	12.10%	Not complied	Change in shareholding in excess of 2% from the last disclosure required to be made under Regulation 29(2)
3	17/01/2022	-20,000	7.67%	9.91%	Not complied	Change in shareholding in excess of 2% from the last disclosure required to be made under Regulation 29(2)
4	24/01/2022	-48,626	4.54%	7.67%	Not complied	Change in shareholding in excess of 2% from the last disclosure required to be made under Regulation 29(2)
5	26/02/2022	1,50,000	8.71%	-	Delayed compliance (1 day) and incorrect disclosure	Shareholding in excess of 5%
6	16/03/2022	-1,00,000	4.39%	8.71%	Not complied	Change in shareholding in excess of 2% from the last disclosure required to be made under Regulation 29(2)

3.2.5. It was observed from the BSE Report that in the SHP for the quarter ended December 2021, Mr. Arminder Singh was shown to hold 10.95% of total shares of the company. However, the company has not included Mr. Arminder Singh in the details of shareholders in the SHP filed for the previous quarter September 2021. These facts indicate that a purchase in excess of 5% of shareholding was made by Mr. Arminder Singh warranting a disclosure under Regulation 29(1) of SAST Regulations during the said quarter.

3.2.6. Mr. Arminder Singh acquired 3,85,241 shares of the target company on December 09, 2021 (Sl. No. 1 in Table 1 above), which caused a change in his shareholding from 0.2% to 12.1% and Mr. Arminder Singh was required to submit disclosure under Regulation 29(1) of SAST Regulations by December 13, 2021, which he had failed to disclose leading to violation of Regulation 29(1) read with regulation 29(3) of SAST Regulations.

3.2.7. Further, in the SHP filed by the company for the quarter ended March 2022, it was observed that shareholding percentage of Mr. Arminder Singh is 3.95%. In this regard, as there is a change in shareholding in excess of 2% during the quarter from 10.95% to 3.95%, Mr. Arminder Singh was required to file disclosure under Regulation 29(2) of SEBI SAST Regulations. However, BSE has received disclosure from Mr. Arminder Singh under Regulation 29(2) of SAST Regulations for the purchase of 1,50,000 shares from Kalpak Vohra HUF (Sl. No. 5 in Table 1 above) on February 26, 2022.

3.2.8. Thus, apart from transaction as mentioned Sl. No. 5 of Table-1 above, disclosures were not filed for the remaining 5 transactions. Therefore, Arminder Singh is in violation of Regulation 29(1), 29(2) read with Regulation 29(3) of SAST Regulations which is summarized as below:

Table of non-compliances by Arminder Singh

S.No.	Date of transaction	Regulation	Due date for compliance	Actual date of compliance	Period of delay in days (As on March 07,2025)	Status of compliance with SAST Regulations
1	09/12/2021	29(1)	13/12/2021	-	1180	Not complied
2	05/01/2022	29(2)	07/01/2022	-	1155	Not complied
3	17/01/2022	29(2)	19/01/2022	-	1143	Not complied
4	24/01/2022	29(2)	26/01/2022	-	1136	Not complied
5	26/02/2022	29(2)	01/03/2022	02/03/2022	1	Delayed Compliance and Incorrect disclosure *
6	16/03/2022	29(2)	18/03/2022	-	1085	Not complied

3.2.9. BSE vide its email dated September 23, 2024 advised entity Mr. Arminder Singh on his email ids (arminderforex@gmail.com; singharminder@live.com; arminderjorex@gmail.com) to provide all the disclosures as required under SAST for acquisition and sale of shares at the earliest. Subsequently, on October 09, 2024 BSE sought justification from Mr Arminder Singh with respect to discrepancy of disclosure under Regulation 29(2) on February 26, 2022 made by him. However, as no response was received, BSE vide its email provided Oct 11, 2024 informed SEBI that despite multiple attempts to contact to contact Mr. Arminder Singh on the phone numbers and emails provided in UCC details, but BSE could not connect with him on the given numbers nor received any response on the emails sent.

3.2.10. Subsequently, BSE vide its email dated Oct 21, 2024 to SEBI, inter alia stated that:

The said acquirer has sought for further time to respond to the queries raised by Exchange.

In the event, the said acquirer provides any response to the queries, the same shall be forwarded to your good office with Exchange remarks.

3.2.11. However, it was observed that the Noticee has not submitted the requisite disclosures.

In view thereof, it is alleged that Noticee 2 has failed to make disclosure under Regulation 29(1) of SAST Regulations in a timely manner and therefore Noticee has violated Regulation 29(1) and 29(2) read with 29 (3) of SAST Regulations.

…"

SCN in respect of Noticee 3

8. Subsequent to the rejection of settlement application, Show Cause Notice No. SEBI/HO/EAD3/SM/BK/DIS/5554-5555/2026 dated February 12, 2026 (hereinafter referred to as **"SCN-II")** was issued by erstwhile AO2 to Noticee 3 in terms of Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 to show cause as to why an inquiry should not

be held and why penalty not be imposed under Section 15A(b) of SEBI Act, 1992 against the Noticee 3 for the alleged violations of Regulation 29(1), 29(2) read with Regulation 29(3) of SAST Regulations. The SCN was delivered by SPAD and email.

9. The following was inter alia observed and alleged in respect of the Noticee 3 in the SCN dated February 12, 2026:

"…

3.1.3 …Ms. Priyanka Jain, purchased 3,85,241 shares from Sunayna Investment Company Limited (Acquirer) on August 30, 2021, through off market transactions. The disclosure for the same was required to be made under Regulation 29(1) of SAST Regulations within 2 working days, i.e. by September 01, 2021. However, the disclosure was made only on November 23, 2023, i.e. with a delay of 813 days. Therefore, Noticee was in non-compliance with Regulation 29(1) read with regulation 29(3) of SAST Regulations.

3.1.4 Further, 3,85,241 shares were sold by Priyanka Jain on December 09, 2021. The disclosure for the sale of shares under Regulation 29(2) of SAST Regulations was required to be made by December 13, 2021. However, the disclosure was received by the Exchange on February 25, 2022, i.e. a delay of 74 days. Therefore, Noticee was in non-compliance with Regulation 29(2) read with regulation 29(3) of SAST Regulations.

3.1.5 The details of non-compliances by the Noticee are summarized as below:

S.No	Date of transaction	No. of shares purchased/ (sold)	Regulation	Due date for compliance	Actual date of compliance	Period of delay in days	Status of compliance with SAST Regulations
1	30/08/2021	385241	29(1)	01/09/2021	23/11/2023	813	Delayed compliance
2	09/12/2021	(385241)	29(2)	13/12/2021	25/2/2022	74	Delayed compliance

In view thereof, it is alleged that Noticee has failed to make disclosure in a timely manner and therefore Noticee has violated Regulation 29(1) and 29(2) read with 29 (3) of SAST Regulations.

…"

10. Sequence of events in chronological order with respect to current proceedings:

Noticee 1

Sr. No.	Date (DD-MM-YYYY)	Remarks
1	16-06-2025	Common SCN issued against Noticee 1 and 2 by erstwhile AO1

2	27-06-2025	Common Hearing Notice issued against Noticee 1 and 2 by erstwhile AO1, providing them with opportunity of hearing on July 14, 2025
3	14-07-2025	Noticee 1 did not appear for hearing
4	12-02-2026	Noticee provided opportunity of hearing by erstwhile AO2 on March 16, 2026 vide Hearing Notice dated February 12, 2026
5	20-02-2026	Noticee1 submitted reply to the SCN on similar lines as submitted by the Noticee 2 inter alia vide letters dated June 28, 2025, December 09, 2025 and February 23, 2026. Further, Noticee 1 sought inspection of documents
6	20-03-2026	Noticee 1 was provided inspection of documents an hearing was rescheduled to April 22, 2026
7	11-04-2026	Noticee1 made additional submissions on similar lines as submission made by Noticee 2 inter alia vide letters dated December 09, 2025 and February 23, 2026.
8	22-04-2026	Noticee's AR appeared for hearing in-person and reiterated the submissions made vide letter dated April 11, 2026
9	06-07-2026	Common hearing for Noticees 1, 2 and 3 wherein the AR of the Noticees reiterated the submissions made by Noticees vide letter dated December 09, 2025, April 11, 2026 and February 20, 2026. Further, a complete examination report was provided to the Noticees.
10	17-07-2026	Noticees 1, 2 and 3 made common additional submissions

Noticee 2

Sr. No.	Date (DD-MM-YYYY)	Remarks
1	16-06-2025	Common SCN issued against Noticee 1 and 2 by erstwhile AO1
2	27-06-2025	Common Hearing Notice issued against Noticee 1 and 2 by erstwhile AO1, providing them with opportunity of hearing on July 14, 2025
3	28-06-2025	Noticee2 submitted reply to the SCN and sought inspection of documents
4	17-07-2025	Noticee 2 provided inspection of documents
5	24-11-2025	Noticee 2 sought additional information which was provided on November 24, 2025
6	09-12-2025	Noticee 2 made additional submissions
7	10-12-2025	Noticee 2 requested for hearing before AO2
8	11-02-2026	Noticee 2 provided opportunity of hearing on February 18, 2026 vide Hearing Notice dated February 11, 2026
9	18-02-2026	Noticee 2's AR appeared for in-person hearing wherein the AR reiterated earlier submissions and sought 2 days' time to make extra submissions.
10	23-02-2026	Noticee 2 made additional submissions

11	06-07-2026	Common hearing for Noticees 1, 2 and 3 wherein the AR of the Noticees reiterated the submissions made by Noticees vide letter dated December 09, 2025, April 11, 2026 and February 20, 2026. Further, a complete examination report was provided to the Noticees.
12	17-07-2026	Noticees 1, 2 and 3 made common additional submissions

Noticee 3

Sr. No.	Date (DD-MM-YYYY)	Remarks
1	12-02-2026	SCN issued against Noticee 3 by erstwhile AO2
2	20-02-2026	Noticee 3 submitted the reply to the SCN on similar lines as reply submitted by Noticee 2 inter alia vide letters dated June 28, 2025, December 09, 2025 and February 23, 2026
3	23-02-2026	Noticee 3 sought inspection of documents
4	12-06-2026	Noticee 3 provided inspection of documents
5	18-06-2026	Noticee3 was provided the opportunity of hearing by the undersigned on July 06, 2026 vide Hearing Notice dated June 18, 2026
6	03-07-2026	Noticee 3 made additional submissions as reply to the SCN
7	06-07-2026	Common hearing for Noticees 1, 2 and 3 wherein the AR of the Noticees reiterated the submissions made by Noticees vide letter dated December 09, 2025, April 11, 2026 and February 20, 2026. Further, a complete examination report was provided to the Noticees.
8	17-07-2026	Noticees 1, 2 and 3 made common additional submissions

11. Vide letter dated June 28, 2025, Noticee 2 submitted the reply to the SCN as summarised below:

<u>THE SHOW CAUSE NOTICE IS WITHOUT JURISDICTION</u>

11.1. They have questioned the process followed by the AO in the proceeding in the matter and raised some technical issues.

11.2. In the SCN, Noticees have been called upon to show cause as to why an inquiry should not be held against them in terms of Rule 4(1) of the Inquiry Rules read with Section 15-I of the SEBI Act and why penalty should not be imposed under Sections 15A(b) of the SEBI Act, 1992.

11.3. Rule 4(1) of the Inquiry Rules states that the Adjudicating Officer may only issue a notice for the limited purpose of determining whether an inquiry ought to be initiated against a Noticee. It is only after the Noticee is given an opportunity to show cause and an order instituting inquiry is issued that an adjudication may occur of what, if any, penalty should be imposed. Inasmuch as the Show Cause Notice seeks to directly proceed to a consideration of whether and what penalty should be imposed in the same proceedings where the Adjudicating Officer is considering whether an inquiry ought to be conducted against me.

11.4. The Adjudicating Officer has therefore ventured to illegally combine the two stages contemplated under Rules 4(1) and 4(3) of the Rules into one single stage and has thereby combined procedures, in a manner unknown to law.

11.5. In this regard, the Noticee has placed reliance on the following judgments:

a) Natwar Singh v. Director of Enforcement (2010) 13 SCC 255 ("Natwar Singh"), the Hon'ble Supreme Court

b) T. Takano v. Securities & Exchange Board of India & Anr. (Civil Appeal Nos. 487-488 of 2022) ("Takano"), in the Hon'ble Supreme Court

c) Shingar Ltd. v. Adjudicating Officer, Securities and Exchange Board of India, 2009 SCC OnLine SAT 72

d) Shruti Vora v. Securities and Exchange Board of India, 2020 SCC OnLine SAT 19,

e) "Top Telemedia Ltd. v. Securities and Exchange Board of India, 2007 SCC OnLine SAT 61

11.6. By not following prescribed process, the Noticee would have had, an opportunity to place on record the correct facts. This may have satisfied SEBI that the required disclosures had either already been filed or were not required to be filed or due to inordinate delay no proceeding is required to be initiated, thereby potentially leading to the dropping of the present proceedings.

11.7. Moreover, if any inquiry would have been initiated, I would have had the benefit of the elaborate inquiry procedure prescribed in Rules 4(3) to 4(6) of the Rules, whereas through the present impugned Show Cause Notice, I am being deprived of this key entitlement and being subjected to an unknown summary process in violation of the procedural protections explicitly incorporated in Rule 4.

11.8. The manner in which the SEBI has proceeded against me, including by issuing the Show Cause Notice, gives the impression that SEBI is keen on imposing penalty on me one way or the other.

12. Subsequently, vide letter dated December 09, 2025, Noticee 2 made additional submissions as summarised below:

<u>A. Principle of Natural Justice grossly violated</u>

12.1. No documentary evidences have been shared with the Noticee for the information provided on 24-11-2025. Further, the Examination Report supplied to the Noticee is incomplete and heavily redacted.

12.2. Such redaction has crippled the Noticee's ability to meaningfully defend himself, thereby resulting in a gross, incurable, and fatal violation of the principles of natural justice. In this regard, the Noticee placed reliance on some judicial precedents: *Hon'ble Supreme Court in T. Takano v. SEBI, (2022) 8 SCC 162, Hon'ble Supreme Court of India's Order in the matter of Canara Bank vs. Debasis Das (2003) 4 SCC 557, Hon'ble Supreme Court of India's Order in the matter of S.L. Kapoor vs. Jagmohan AIR 1981 SC 136, HB Stockholdings Limited Vs. SEBI decided on 27-08-2013 in Appeal No. 114 of 2012 before the Hon'ble Securities Appellate Tribunal Mumbai*

12.3. In the Examination Report, SEBI has decided not to initiate any proceeding against certain person / entity who also allegedly failed to make Disclosures like as alleged against him.

B. Inordinate and Unexplained Delay in Issuance of the Show Cause Notice / Principle of Parity – "Like Should Be Treated Alike:

12.4. As regards the alleged non-disclosures under Regulations 29(1) and 29(2) of the SAST Regulations, the Noticee submitted that SEBI's CFD Enforcement Policy provides as follows:

"In case -

- *the non-disclosure is more than 3 years old; or*
- *the disclosure if made, is more than 3 years old; or*
- *the disclosure if made, is delayed by less than 7 days;*

And the entity has made subsequent disclosers in a timely manner under Takeover or any other regulation, no enforcement action may be initiated and administrative warning letter may be issued to the entity. In any other case, settlement notice may be issued. If settlement fails, then adjudication proceedings may be initiated."

12.5. The alleged non-disclosures pertain to the period December 2021 to March 2022, whereas the SCN has been issued only in June 2025, i.e., after more than three years. Accordingly, by applying the same principle embodied in SEBI's own enforcement policy, no action can be taken against the Noticee, and on this ground alone, the SCN qua the Noticee is liable to be dropped without passing any adverse order. The inordinate delay in issuance of SCN has caused prejudice to the Noticee, impairing the Noticee's ability to defend the proceedings.

12.6. Where SEBI has, in identical circumstances, decided not to initiate proceedings by relying on the said policy, the same treatment must necessarily be extended to the Noticee herein.

12.7. The events occurred during the Covid-19 pandemic, when operations of all entities — including listed companies — were substantially disrupted. The Noticee also no longer has custody of several contemporaneous records and disclosures that were submitted to the Company and the Stock Exchange at the relevant time.

- In this regard, Noticee 2 has placed reliance on certain judicial judgments:-

  Hon'ble SAT Order in the matter of Ashok Shivlal Rupani & Ors Vs SEBI (Appeal No. 417/2018), Bharat J Patel & Ors Vs SEBI (Appeal No. 154/2020), Anilkumar Nandkumar Harchandani & Ors. vs SEBI, Ashlesh Gunvantbhai Shah Vs SEBI AO (Appeal No. 169/2019), Mr. Rajeev Bhanot & Ors. vs SEBI (Appeal No. 396 of 2018), Mr. Rajeev Bhanot & Ors. vs SEBI (Appeal No. 396 of 2018), Kamleshgiri Manusukhgiri Goshwami & Ors Vs SEBI (Appeal No. 660/2022), SEBI WTM Order in the matter of Yamini Investments Company Limited.

C. The Investigation / Examination conducted in the present matter is ultra vires the SEBI Act and void ab initio

12.8. The following information was provided by SEBI to the Noticee:

(i) Date of appointment of the Examiner/investigating authority: No examiner/investigating authority had been appointed. The matter was dealt by dealing officers of the Department in the ordinary course of its functions.

(ii) Date of submission of the examination Report to the Board/appointing authority: The Examination Report was placed for the approval of Competent Authority on March 13, 2025.

(iii) Date when the Board / appointing authority considered the report submitted: The Examination Report was approved by the Competent Authority on March 17,2025."

No supporting documents whatsoever pertaining to the aforesaid information have been provided to the Noticee

12.9. Section 11C of the SEBI Act, 1992 vests the power to order an investigation exclusively with the Board, and only the Board is empowered to appoint a duly authorized Investigating Authority. Admittedly, as per SEBI's own email, no Examiner or Investigating Authority has been appointed in the present matter. Thus, the jurisdictional foundation of the examination is absent. Any action undertaken de hors the statute, without jurisdiction and without authority of law, is non est in the eyes of law, void ab initio and unenforceable.

D. Denial to the allegation made in the SCN

12.10. The Noticee submitted that he had made requisite disclosures at relevant time, however owing to the extraordinary lapse of time, and particularly in view of the fact that the relevant period pertains to the Covid-19 pandemic, when normal business functioning, office operations, record maintenance and access to data were severely disrupted, the Noticee is not able to trace the acknowledgments or copies of such disclosures.

12.11. The information provided by the Stock Exchange website cannot be blindly or conclusively relied upon to negate past compliance, particularly when the Exchange's own reporting systems have, in multiple cases, been found to be incomplete or inconsistent for historical data.

12.12. In this regard, the Noticee has placed reliance on Adjudication Order dated 30-04-2024 (Ref No. Order/SV/RM/2024-25/30300-30310) in the matter of trading in the scrip of M/s Autumn Builders Ltd. (Paras 168 to 170), wherein it was held:

"Given the duration of time passed in this case, the benefit of doubt can be given to the Noticees that they made disclosures and received acknowledgement from the exchange but had no obvious reason to maintain the records till the issuance of the SCN, and now are unable to produce the same… Given the time lapsed since the alleged transactions, in my opinion, benefit of doubt may be given to the Noticees."

13. Vide letter dated February 23, 2026, Noticee 2 made additional submissions which are summarised below:

A. Violation of Article 14 -- Denial of Parity and Unequal Treatment

13.1. Another entity, against whom allegations of non-disclosures of a similar nature under Regulations 29(1) and 29(2) of the SAST Regulations were recorded, has been granted the benefit of administrative warning. Selective initiation of adjudication proceedings against the Noticee, constitutes arbitrary and discriminatory enforcement. Concealment of material portions of the IR relating to similarly situated entities prevents the Noticee from demonstrating parity and violates principles of fairness and natural justice.

B. Gross violation of principle of Natural Justice:

13.2. SEBI has failed to furnish complete details and supporting documentary evidence pertaining to the information allegedly relied upon, including the material referred to in the communication dated 24-11-2025.

13.3. Examination Report furnished to the Noticee is incomplete and heavily redacted.

13.4. The data furnished along with the SCN in respect of the alleged transactions attracting disclosure requirements is not in consonance with the allegations made therein. The particulars of transactions, dates and computations reflected in the annexed data materially differ from the allegations set out in the SCN.

13.5. Even on 18-02-2026, after the conclusion of the personal hearing, SEBI furnished an "Action Matrix" only insofar as it pertained to the Noticee, while deliberately redacting the corresponding details relating to other similarly placed entities.

13.6. Noticee is entitled to all material which is relevant to the proceedings, whether relied upon or not, particularly where such material may aid the defence.

Without Prejudice - Penalty under Section I5A(b) Can Be Reduced Below the Statutory Minimum by Applying Section 15J (Majority View of Hon'ble SAT)

13.7. Hon'ble Securities Appellate Tribunal, in its majority decision dated 16-01-2026 in Appeal Nos. 63, 89 and 99 of 2025 has held that:

"Penalty can be reduced below the extent prescribed in the specific provision by considering the mitigating factors in terms of Section 15J."

13.8. Reasoning of the Hon'ble Tribunal is of general application to all penalty provisions under Chapter VIA, including Sections 15A, 15HA, etc., as Section 15J itself applies to adjudication under Section 15I. The principle is not confined to Section 15HA alone.

13.9. In the present case:

- There is no allegation of fraudulent conduct, market manipulation
- No disproportionate gain has been demonstrated
- No investor loss has been established
- The alleged default, if any, is technical and non-repetitive in nature
- Proceedings have been initiated after inordinate delay

14. Pursuant to transfer of proceedings to the undersigned, opportunity of hearing was given on July 6, 2026 to Noticees 1, 2 and 3. Subsequent to the hearing, the noticees were also given the complete unredacted Examination Report.

Subsequently, the AR made submissions on July 16 & 17, 2026 on behalf of Noticees 1, 2 and 3 which are summarised below :-

14.1. For the purpose of reckoning delay in the issuance of the SCN and equally, for the purpose of applying SEBI's own Enforcement Policy dealt with in Part II below the relevant date from which time must run is the date on which the disclosure was due/required to be made under Regulation 29 of the SAST Regulations, and not any subsequent date on which the fact of non-disclosure may have come to the notice of the Stock Exchange or of SEBI

<u>SEBl'S own enforcement policy now available in complete, unredacted form permits, at the highest, only an administrative warning</u>

14.2. Page 9 of the complete Examination Report, now furnished for the first time, reproduces the "Relevant Clauses of Enforcement Policy" applicable "For non- compliance of Regulation 29 of SAST Regulations", which read as:

"In case-

- *the non-disclosure is more than 3 years old; or*
- *the disclosure if made, is more than 3 years old; or*
- *the disclosure if made, is delayed by less than 7 days;*

And the entity has made subsequent disclosures in a timely manner under Takeover or any other regulation, no enforcement action may be initiated and administrative warning letter may be issued to the entity.
In any other case, settlement notice may be issued If settlement fails, then adjudication proceedings may be initiated."

14.3. Applying the Policy to the six transactions set out at paragraph 3 above, and reckoning the relevant date as the due date for disclosure (paragraph 4 above): in respect of five of the six transactions, the non-disclosure is, on the date of the SCN itself, more than three (3) years old; and in respect of the remaining transaction (Transaction dated 26.02.2022), the disclosure, though made, was delayed by only one (1) day squarely within the third limb of the Policy ("the disclosure if made, is delayed by less than 7 days"). Every one of the six transactions therefore falls within one or the other limb of the Policy that contemplates, at the highest, only an administrative warning.

14.4. SEBI had not provided the enforcement policy applicable for LODR Regulations.

14.5. The Noticee has already placed on record, at paragraph 5 of the reply dated 09-12-2025, that this very Policy was applied by SEBI to itself, on record, in the contemporaneous matter of Emkay Consultants Limited - examined by the same Department - where three promoters found to be in non-compliance with Regulation 29(2) of the SAST Regulations, on six occasions, were recommended and issued only an "Administrative Warning letter", the Exchange Report there recording that "the non-disclosure is more than 3 years old."

No investor was left uninformed -the change in the noticee's shareholding was, at all times, in the public domain

14.6. No investor in the target company was, at any point in time, left uninformed of, or misled regarding, the change in the Noticee's shareholding. The Examination Report itself records, at paragraphs 20 to 22, that the shareholding pattern filed by the Company for the quarter ended December 2021 disclosed the Noticee's holding as 10.95%, and the shareholding pattern for the quarter ended March 2022 disclosed his holding as 3.95%.

D. CONSIDERATION OF ISSUES AND FINDINGS

15. The issues that arise for consideration in the instant case are:

Issue No. I:

a) Whether Noticee 1 had violated Regulation 31A(2) and 31A(3), Regulation 31(1) and 31(4) read with Regulation 4(1)(e)of LODR Regulations ?

b) Whether Noticee 2 had violated Regulation 29(1) and 29 (2) read with 29(3) of SAST Regulations?

c) Whether Noticee 3 had violated Regulation 29(1) and 29 (2) read with 29(3) of SAST Regulations?

Issue No. II: Do the violations, if any, on part of Noticee 1 attract monetary penalty under section 15HB of SEBI Act, 1992, and under section 15A(b) of the SEBI Act, 1992 on part of Noticees 2 & 3?

Issue No. III: If yes, then what should be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of the SEBI Act?

16. The issues raised in this matter are dealt in the following paragraphs.

Issue No. I:

a) Whether the Noticee 1 has violated Regulation 31A(2) and 31A(3), Regulation 31(1) and 31(4) read with Regulation 4(1) (e)of LODR Regulation?

b) Whether the Noticee 2 has violated Regulation 29(1) and 29(2) read with 29(3) of SAST Regulations?

c) Whether Noticee 3 has violated Regulation 29(1) and 29 (2) read with 29(3) of SAST Regulations?

17. Before proceeding further, it is pertinent to refer to the relevant provisions of LODR Regulations and SAST Regulations, which are alleged to have been violated by the Noticees, as under:

SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011

"…

Disclosure of acquisition and disposal.

29.(1) Any acquirer, together with persons acting in concert with him acquiring shares or voting rights in a target company, which taken together aggregates to five per cent or more of the shares of such target company, shall disclose their aggregate shareholding and voting rights in such target company in such form as may be specified:

Provided that in case of listed entity which has listed its specified securities on Innovators Growth Platform, any reference to "five per cent" shall be read as "ten per cent"

(2) Any person together with persons acting in concert with him, holds shares or voting rights entitling them to five per cent or more of the shares or voting rights in a target company, shall disclose the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below five per cent, if there has been change in such holdings from the last disclosure made under sub-regulation (1) or under this sub-regulation; and such change exceeds two per cent of total shareholding or voting rights in the target company, in such form as may be specified.

(3) The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within two working days of the receipt of intimation of allotment of shares, or the acquisition or the disposal of shares or voting rights in the target company to,—

(a) every stock exchange where the shares of the target company are listed; and

(b) the target company at its registered office.

…"

SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

"…

31A. (1) For the purpose of this regulation:

"(2) Re-classification of the status of any person as a promoter or public shall be permitted by the stock exchanges only upon receipt of an application from the listed entity along with all relevant documents subject to compliance with conditions specified in these regulations;

Provided that in case of entities listed on more than one stock exchange, the concerned stock exchanges shall jointly decide on the application."

(3) Reclassification of status of a promoter, including promoter group, shall be subject to the following conditions:

(a) Fulfilment of the following requirements:

(i) the promoter(s) seeking reclassification shall make a request for reclassification to the listed entity along with a rationale for the request and a description as to how the conditions specified in clause (b) of this sub-regulation (3) are satisfied;

(ii) the board of directors of the listed entity shall analyze such request which is compliant with the conditions specified in clause (b) of sub-regulation (3) and provide their views in the immediate next board meeting or within two months from the date of receipt of the request from its promoter(s), whichever is earlier;

(iii) the listed entity shall submit an application seeking no-objection of the recognized stock exchange for such reclassification request along with the views of the board of directors within five days of consideration of the request by the board of directors;

(iv) the recognized stock exchange shall decide on such application(s) within a period of thirty days, excluding the time taken, if any, by the listed entity to respond to queries of stock exchanges, from the date of receipt of the application:

Provided further that in case of entities that are listed on more than one recognized stock exchange, the concerned stock exchanges shall jointly decide on the application.

(v) the listed entity shall place the reclassification request before the shareholders in a general meeting for approval, within sixty days of receipt of no-objection letter from the recognized stock exchange, along with the views of the board of directors on the request and the no-objection letter received from the recognized stock exchanges;

(vi) the request of the promoter(s) seeking reclassification shall be approved in the general meeting by an ordinary resolution in which the promoter(s) seeking reclassification and the persons related to him/her/it shall not vote to approve such reclassification request:

Provided further that the provisions of this sub-clause shall not apply in cases:

(a) where the promoter(s) seeking reclassification and persons related to the promoter(s) seeking reclassification, together, do not hold more than one percent of the total voting rights in the listed entity;

(b) where reclassification is pursuant to a divorce.

(vii) the listed entity shall notify the stock exchanges within five days of obtaining shareholder approval and effect the reclassification:

Provided that the listed entity shall seek approval of the recognized stock exchange for effecting reclassification if there are changes in the facts and circumstances of the case after receipt of no-objection from the recognized stock exchanges.

(b) the promoter(s) seeking re-classification and persons related to the promoter(s) seeking re-classification shall not:

(i) together, hold more than ten percent of the total voting rights in the listed entity;

(ii) exercise control over the affairs of the listed entity directly or indirectly;

(iii) have any special rights with respect to the listed entity through formal or informal arrangements including through any shareholder agreements;

(iv) be represented on the board of directors (including not having a nominee director) of the listed entity;

(v) act as a key managerial personnel in the listed entity;

(vi) be a 'wilful defaulter' as per the Reserve Bank of India Guidelines;

(vii) be a fugitive economic offender.

(c) the listed entity shall:

(i) be compliant with the requirement for minimum public shareholding as required under regulation 38 of these regulations;

(ii) not have trading in its shares suspended by the stock exchanges;

(iii) not have any outstanding dues to the Board, the stock exchanges or the depositories.

…"

(Note: for detailed/ complete text of the provisions, relevant Acts etc., may please be referred)

18. Before proceeding on the merits of the case, it is appropriate to deal with the following technical issues raised by the Noticees:

<u>SCN is without jurisdiction</u>

19. Noticees submitted that the SCN is without jurisdiction since the mandatory preliminary stage envisaged under Rule 4 (1) of the Adjudication Rules has not been followed. Noticees stated that the said rule contemplates that before any inquiry is ordered, the Adjudicating Officer must issue a notice calling upon the person concerned to show cause why an inquiry should not be held and only after considering such reply and forming an opinion that an inquiry is warranted, may issue a notice under rule 4(3). However, in the present case, SEBI has directly issued a notice under rule 4(3) of the Adjudication Rules to conduct an inquiry, thereby bypassing the threshold determination under rule 4 (1) of the Adjudication Rules. In this regard, Noticees relied on the observations of Hon'ble SC in the matters of Natwar Singh v. Director of Enforcement and T. Takano V. SEBI & Anr. and observations of Hon'ble SAT in the matters of Shingar Ltd V. AO, SEBI and Shruti Vora V. SEBI etc. Noticees further contended that the present proceeding against them is arbitrary and unfair and the approach adopted by SEBI and its conduct suggests that SEBI is keen on imposing penalty on them.

20. In this regard it is noted that in compliance of Rule 4(1), SCNs dated June 16, 2025 and February 12, 2026 were issued against the Noticees requiring them to show cause why an inquiry should not be held against them. The SCNs specified the nature of offences alleged to have been committed and the penalty provisions proposed to enable the Noticees to effectively reply to the SCN. Further, since erstwhile AO2 and the undersigned decided to proceed with the inquiry, in compliance of Rule 4(3), Hearing Notices (HNs) were issued to the Noticees and the opportunity of hearing was granted to Noticees. Neither at stage of SCN nor at stage of HNs penalty has been imposed on any of the Noticees or finalized. It is further note that the Noticees sought Inspection of the relied upon documents which was provided and their AR availed the said opportunity of inspection of documents. The Noticees had also been provided with sufficient time and opportunities to make submissions in their support. The Noticees have not demonstrated if any prejudice has been caused to them in this regard. Therefore, it is noted that the principles of natural justice have been complied with and the procedure followed in the matter is in compliance with the Adjudication Rules. In view thereof, the submissions of the Noticees are arbitrary and devoid of merit.

<u>Redacted Examination Report furnished/ non-disclosure of enforcement policy</u>

21. Noticees have further submitted that an incomplete copy of the Examination Report has been furnished to them and that they have not been provided with enforcement policy, which has violated the principles of natural justice. In this regard, I note that the Noticees were provided complete unredacted copy of the examination report in the present matter on July 06, 2026 during the course of common hearing held on July 06, 2026, wherein the relevant extracts of the enforcement policy had also been provided to the Noticees as a part of the complete examination report. Therefore, the instant concerns/ contentions raised by the Noticees have already been addressed.

22. Further the Noticee 1 has submitted that enforcement policy with respect to SAST Regulations was provided to the Noticees, however, enforcement policy with respect to LODR Regulations was not provided. In this regard, it is noted that the Noticees were provided the complete examination report along with all the relevant and relied upon material in the matter wherein the extracts of enforcement policy as relied upon by SEBI with respect to the captioned proceedings was also provided to the Noticees. Therefore, the Noticee 3's submissions are devoid of merit.

<u>Investigating Authority has not been appointed in the present matter</u>

23. Noticees have contended that appointment of the Investigating Authority is not done in the case. In this regard, I note that current proceedings are based on fact-finding examination by the concerned department of SEBI rather than a statutory investigation under Section 11C of the SEBI Act. Therefore, there was no requirement of appointment of investigation authority in the present matter. Further, the Noticees have been provided with the order appointing the undersigned as Adjudicating Officer by the competent authority, to inquire into and adjudicate under Sections 15A(b) and 15HB of the SEBI Act, 1992. Therefore, the contentions of the Noticees are devoid of merit.

<u>Inordinate and Unexplained Delay in Issuance of the Show Cause Notice</u>

24. The notices have contended that present proceedings are vitiated by inordinate and unexplained delay. Noticees submitted that non-disclosures pertain to the period December 2021 to March 2022, whereas the SCN has been issued only in June 2025, i.e., after more than three years. Accordingly, by applying the same principle embodied in SEBI's own enforcement policy, no action can be taken against the Noticee, and on this ground alone, the SCN qua the Noticee is liable to be dropped without passing any adverse order.

25. It is noted from the material available on record with this office that the violations relating to transactions of August 2021 to March 2022 came to the notice of SEBI

through the BSE's report, which was received on February 23, 2024. Thereafter, SEBI examined the matter and the examination report was approved by the competent authority on March 17, 2025. The same information was provided to the Noticees vide email dated November 24, 2025. Reckoned from that date, alleged non-compliance with the disclosures/non-disclosures in question continues, even as on passing of the date of the order. Subsequently, SEBI appointed the Adjudicating Officer in the captioned matter in May 2025 in respect of Noticee 1 and 2 and the SCN was issued against Noticee 1 and 2 on June 16, 2025. Noticee 3 filed summary settlement application before SEBI vide letter dated May 15, 2025. Therefore, it is noted that the adjudication proceedings were initiated within 3 years from the date the violation came to the notice of SEBI. Therefore, all the Noticees' contentions in this regard are rejected.

26. The Noticees have further submitted that for the purpose of applying SEBI's own Enforcement Policy dealt with in Part II below the relevant date from which time must run is the date on which the disclosure was due/required to be made under Regulation 29 of the SAST Regulations, and not any subsequent date on which the fact of non-disclosure may have come to the notice of the Stock Exchange or of SEBI. In this regard, it is noted that if the Noticees have any concerns with respect to any existing SEBI's enforcement policy/ interpretation of law, the same can be taken up by Noticees with the SEBI/ concerned department of SEBI.

27. It is pertinent to reproduce the judgement of the Hon'ble SC in the case of Adjudicating Officer, SEBI vs Bhavesh Pabari (2019) SCC Online SC 294, wherein it was held that:

"There are judgements which hold that when the period of limitation is not prescribed such power must be exercised within a reasonable time. What would be reasonable time will depend upon the facts and circumstances of the case, nature of the default/statute, prejudice caused, whether the third party rights had been created etc. "

Denial of Parity and Unequal Treatment

28. Noticees 1 and 2 had submitted that another entity had been given the benefit of administrative warning, however Adjudication proceedings have been initiated against them. In this regard, it is noted from the material available on record that adjudication proceedings were initiated against Noticee 2 in light of the continued non-compliance / delayed compliance and continuous non-cooperation on the part of Mr. Arminder Singh, and therefore adjudication proceedings were initiated against Noticee 2. However, Noticee 3 had made delayed disclosures and an option of summary settlement was extended to Noticee 3 as per the enforcement policy. Subsequently, summary settlement had failed as the Noticee 3 didn't remit the settlement amount within 30 calendar days from the date of receipt of summary settlement notice and adjudication proceedings were initiated against Noticee 3. Therefore, the Noticees' contentions are devoid of merit and do not require any further consideration.

COVID19

29. The noticees contended that requisite disclosures were submitted at the relevant time however due to the lapse of time and as the event occurred the Covid 19 pandemic, when operations of all entities – including listed companies- were substantially disrupted. The Noticee no longer has custody of several contemporaneous records and disclosures that were submitted to the Company and the Stock Exchange at the relevant time. The noticee has also stated that the information provided by the Stock Exchange website cannot be blindly relied upon to negate past compliance particularly when the Exchange systems in multiple case have been found to be incomplete or inconsistent for historical data. In this regard the Noticees had placed reliance on SEBI Order dated April 30, 2024 in the matter of M/s Autumn Builders Ltd.

30. It has been contented by the noticees that stock exchange disclosures are unreliable. It may be mentioned that the entire securities market ecosystem hinges on disclosures on stock exchange websites. These cannot be simply proven unreliable without any basis and with a mere frivolous statement. Since the entities

do not have documents for the period under examination, he cannot question exchange disclosures. The Noticees have failed to provide any evidence in support of their arguments.

31. Further it is observed that SEBI had given procedural relief for LODR disclosures to exchanges during Covid period regarding permission to use Digital Signature Certificates for authenticating and submitting all exchange filings online to circumvent physical courier constraints. However, no exemption has been provided to disclosures to the exchange.

32. Having now dealt with the technical objections raised by the noticees, it is now deemed fit to deal with the other contentions of the noticees on merit

With respect to Noticee No. 1

33. It is noted form the material available on record that Kalpak Vohra HUF holding 4.63% shares of the Company had been shown under promoter category in the shareholding pattern for quarter ended June 2020 and under the public shareholder category for quarter ended September 2020 onwards till December 2021 by the Company. It is noted from the perusal of the SCN that it was alleged that no announcement was made by the Company with respect to reclassification of the Selling Promoter.

34. From the Shareholding Pattern filed by the company for the period from the quarter ended Sept 2020 to Dec 2021 (5 quarters), it was observed that Selling Promoter Kalpak Vohra HUF holding 4.63% shares has been shown under public category by the Company without complying with the requisite processes as mentioned in Regulation 31A(2) and 31A(3) of LODR Regulations i.e. without Board approval, shareholder approval, making application by the company to the Exchange within thirty days of shareholder approval, etc. BSE confirmed that no such request/application was received from the company / HUF.

35. Regulation 31A of the LODR Regulations governs the process and conditions for the re-classification of a promoter or promoter group entity into a public

shareholder. Sub Regulation (2) gives stock exchanges the authority to permit this change while sub-Regulation (3) (a) sets out the mandatory, multi stage approval procedure the company must follow.

36. Therefore, it can be concluded that Company did not follow due process and was in violation of 31A(2) and 31A(3) of LODR Regulations.

37. Further, as requisite processes were not followed for reclassification, incorrect shareholding pattern was filed by the Company for the 5 quarters beginning from September 2020 to December 2021 by showing Kalpak Vohra HUF in public shareholder category and the same was also confirmed by BSE. Therefore, the company was also found to be in violation of Regulation 31(1) and 31(4) of LODR Regulations read with Regulation 4(1)(e) of LODR Regulations.

38. Therefore, it is concluded that Noticee 1 had violated Regulation 31A(2) and 31A(3), Regulation 31(1) and 31(4) read with Regulation 4(1)(e) of LODR Regulations.

<u>With respect to Noticee 2</u>

39. Details of transactions undertaken by Mr. Arminder Singh in the equity shares of the Target Company for the period October 14, 2021 till March 16, 2022 where the disclosure requirements under Regulation 29(1) and 29(2) of SAST Regulations were triggered:

<u>Table of Transactions undertaken and non- compliance observed - Noticee 2 Arminder Singh</u>

S.No.	Date of transaction	No. of shares Bought/ (Sold)	Shareholding percentage after the transaction	Shareholding percentage of last disclosure required as per Regulation 29	Status of compliance with SAST Regulations	Remarks
1	09/12/2021	3,85,241	12.10%	-	Not complied	Shareholding in excess of 5%
2	05/01/2022	-33,500	9.91%	12.10%	Not complied	Change in shareholding in excess of 2% from the last disclosure required to be

S.No.	Date of transaction	No. of shares Bought/ (Sold)	Shareholding percentage after the transaction	Shareholding percentage of last disclosure required as per Regulation 29	Status of compliance with SAST Regulations	Remarks
						made under Regulation 29(2)
3	17/01/2022	-20,000	7.67%	9.91%	Not complied	Change in shareholding in excess of 2% from the last disclosure required to be made under Regulation 29(2)
4	24/01/2022	-48,626	4.54%	7.67%	Not complied	Change in shareholding in excess of 2% from the last disclosure required to be made under Regulation 29(2)
5	26/02/2022	1,50,000	8.71%	-	Delayed compliance (1 day) and incorrect disclosure	Shareholding in excess of 5%
6	16/03/2022	-1,00,000	4.39%	8.71%	Not complied	Change in shareholding in excess of 2% from the last disclosure required to be made under Regulation 29(2)

40. Admittedly, these transactions have not been disputed by the Noticee 2 in its submissions as reply to the SCN.

41. Regulation 29(1) and 29(2) of SAST Regulations mandate critical disclosure requirements to ensure transparency when investors build or change significant shareholding positions in a publicly listed Indian company. Regulation 29 (1) deals with initial disclosure to be done by any acquirer or any existing shareholder holding > or equal to 5% shares/ voting rights. The trigger threshold for initial disclosure is reaching or exceeding 5% or more of total shares or voting rights. The timeline for disclosure is within 2 working days of share allotment or acquisition.

42. Regulation 29 (2) deals with continual disclosures for any existing shareholder holding > or = 5% shares or voting rights. The trigger threshold is any subsequent acquisition or disposal exceeding 2% of total shareholding and timeline is 2 working days from the date of the transaction.

43. It is noted that apart from transaction as mentioned S. No. 5 of Table above, disclosures were not filed. BSE vide its email dated September 23, 2024 advised the Noticee 2 to provide all the disclosures as required under SAST Regulations for acquisition and sale of shares at the earliest. Subsequently, on October 09, 2024 BSE sought justification from Mr. Arminder Singh with respect to discrepancy of disclosure under Regulation 29(2) made by him on February 26, 2022. However, no response was received from Noticee 2.

44. Further Noticee 2 did not make any disclosure under Regulation 29 (1) of SAST for transaction in December 2021 and under Regulation 29 (2) of SAST for transaction in January 2022 and March 2022. In terms of the Enforcement Policy, there is a requirement that an application for settlement of defaults related to disclosure shall be made only after making the required disclosure. Therefore, the option of summary settlement was not offered to Noticee 2.

45. It is concluded from the above that Noticee 2 had failed to make disclosure under Regulation 29(1) and 29(2) of SAST Regulations in a timely manner and therefore Noticee No. 2 has violated Regulation 29(1) and 29(2) read with 29(3) of SAST Regulations.

With respect to Noticee No. 3

46. Noticee 3 was alleged to have delayed the compliance with Regulation 29(1) and 29(2) of the SAST Regulations.

47. Noticee 3 purchased 3,85,241 shares from Sunayna Investment Company Limited ("SICL") on August 30, 2021, through off market transactions. The disclosure for the same was required to be made under Regulation 29(1) of SAST Regulations within 2 working days, i.e. by September 01, 2021. The disclosure was made only

on November 23, 2023, i.e. with a delay of 813 days. This is factual and thus it is concluded that Noticee was in non-compliance with Regulation 29(1) read with Regulation 29(3) of SAST Regulations.

48. In another instance, 3,85,241 shares of SICL were sold by Priyanka Jain on December 09, 2021. The disclosure for the sale of shares under Regulation 29(2) of SAST Regulations was required to be made by December 13, 2021. However, the disclosure was received by the Exchange on February 25, 2022, i.e. with a delay of 74 days. Therefore, it is concluded that Noticee was in non-compliance with Regulation 29(2) read with regulation 29(3) of SAST Regulations.

49. The details of non-compliances by the Noticee 3 are summarized as below:

S.No	Date of transaction	No. of shares purchased / (sold)	Regulation	Due date for compliance	Actual date of compliance	Period of delay in days	Status of compliance with SAST Regulations
1	30/08/2021	385241	29(1)	01/09/2021	23/11/2023	813	Delayed compliance
2	09/12/2021	(385241)	29(2)	13/12/2021	25/2/2022	74	Delayed compliance

50. It is noted that in terms of the enforcement Policy, as the disclosures were delayed by 813 days and 74 days respectively, an option summary settlement was provided to Noticee 3 by SEBI.

51. While opportunity of summary settlement was provided to Noticee 3, it is observed from the material available on record that the summary settlement had failed as the Notice 3 did not remit the settlement amount within 30 calendar days from the date of receipt of settlement notice. Admittedly, the Noticee has not contested the delay in compliance.

52. It is therefore concluded from the above that Noticee 3 had violated Regulation 29(1) and 29(2) read with 29 (3) of SAST Regulations.

Issue No. II: Do the violations, if any, on part of Noticee 1 attract monetary penalty under section 15HB of SEBI Act, 1992, and under section 15A(b) of the SEBI Act, 1992 on part of Noticees 2 & 3?

53. In light of the findings and observations brought out against the Noticees in the foregoing paragraphs, the following stands established

(i) Noticee 1 Company is in violation of Regulation 31 A(2) and 31 A(3), Regulation 31(1) and 31(4) read with Regulation 4 (1) (e) of LODR Regulations

(ii) Noticee 2 has failed to make disclosure under Regulation 29(1) of SAST Regulations in a timely manner and therefore Noticee No. 2 has violated Regulation 29(1) and 29(2) read with 29 (3) of SAST Regulations.

(iii) Noticee 3 has violated violated Regulation 29(1) and 29(2) read with 29 (3) of SAST Regulations

54. In this regard, Noticee 1 has submitted that '…*that the allegation of Incorrect Shareholding Pattern is purely derivative and consequential to the singular allegation of non-compliance with the reclassification procedure under Regulation 31A of the LODR Regulations. There is, therefore, no separate or continuing distinct from the original one time event that occurred in the year 2020…"*

55. The Noticees 2 and 3 in this regard have argued that the changes in Noticees' shareholding were disclosed through the company's quarterly shareholding pattern filings.

56. In this regard, it is needless to state here that the disclosure obligation has to be discharged only in the manner prescribed under the law. In this context, reliance is placed on the judgment of Hon'ble Securities Appellate Tribunal (SAT) in Premchand Shah and Others V. SEBI (Appeal no. 108 of 2010 decided on February 21, 2011), wherein it was observed that

" ..*When law prescribes a manner in which a thing is to be done, it must be done only in that manner or not at all. Both sets of regulations prescribe formats in which the disclosures are to be made and those are then* *put out for the information of the general public through special window(s) of the stock exchange which did not happen in this case. The fact that non disclosure has been made penal makes it clear that the provisions of regulation 7(1A) of the takeover code and regulations 13(3) and 13(4) of the insider regulations are mandatory in nature...*"

57. Noticee 3 in its reply has inter alia submitted that, *"Any delay in making the requisite disclosures, was purely inadvertent, bona fide and occasioned by circumstances beyond the Noticee's control. There was neither any intention to suppress or cause prejudice to investors or the securities market. The disclosures were ultimately made, demonstrating Noticees bona fides and willingness to comply with the regulatory framework..."*

58. It may be noted that the company despite being put to notice about the due process not being followed had not taken remedial measures. Further, Noticee 2 despite being put to notice and exchange reaching out to Arminder Singh multiple times, the notice 2 was non chalant in his attitude to the Exchange correspondence as well as compliance.

59. Disclosures are the bedrock of the securities market and the violations committed by Noticees in the instant case have to be viewed seriously. I note that the Noticees were required to comply with the applicable provisions of securities law, which it failed as dealt with and brought out in the foregoing. Such non-compliance accordingly needs to be dealt with suitable penalty.

60. Reliance is placed on the Judgement drawn to the judgment of Hon'ble Supreme Court of India in the matter of SEBI v/s Shri Ram Mutual Fund [2006] 68 SCL 216(SC) inter alia held that:

" ... In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established .... "

61. Therefore, for the above violation, as brought out in the foregoing paragraphs, I find that the Noticee is liable for monetary penalty under Section 15A(b) & 15HB of the SEBI Act which provides as following:

Securities and Exchange Board of India Act, 1992

"…

Penalty for failure to furnish information, return, etc.
15A. If any person, who is required under this Act or any rules or regulations made thereunder,—
…
(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations [66][or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents], he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees;
"…
Penalty for contravention where no separate penalty has been provided.
15HB. Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.
…"

Issue No. III: If yes, what should be the monetary penalty that can be imposed on the Noticees taking into consideration the factors mentioned in Section 15J of the SEBI Act, 1992?

62. While determining the quantum of penalty under Section 15A(b) & 15HB of the SEBI Act, it is important to consider the factors as stipulated in Section 15J of the SEBI Act, which reads as under: -

Securities and Exchange Board of India Act, 1992

"…
Factors to be taken into account while adjudging quantum of penalty.
15J. While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely:—

a. the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
b. the amount of loss caused to an investor or group of investors as a result of the default;
c. the repetitive nature of the default.

Explanation.—For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.
…"

63. In this regard, the Noticees have submitted that Hon'ble SAT in its majority decision dated 16-01-2026 in Appeal Nos. 63, 89 and 99 of 2025 has held that:

"Penalty can be reduced below the extent prescribed in the specific provision by considering the mitigating factors in terms of Section 15J."

64. In this regard, it is noted that each case is unique in its facts and circumstances and the amount of penalty would depend on the facts and circumstances of the case while having regard to the Section 15J of the SEBI Act. In this regard, as brought out in the foregoing, the company despite being put to notice about the due process not being followed had not taken remedial measures. Further, Noticee 2 despite being put to notice and exchange reaching out to Arminder Singh multiple times, the notice 2 was non chalant in his attitude to the Exchange correspondence as well as compliance.

65. In the instant matter, I note that the material on record does not indicate the amount of disproportionate gain or unfair advantage made by the Noticees, and the amount of loss caused to an investor or group of investors as a result of the aforesaid violations of Noticees, nor does it specifically indicate that the violations committed by the Noticees were repetitive in nature.

ORDER

66. Considering the facts and circumstances of the instant case, the material available on record, the factors mentioned in preceding paragraphs and in exercise of the powers conferred under section 15-I of the SEBI Act, 1992 read with Rule 5 of the Adjudication Rules, the following penalty is being imposed upon the noticees for the violations mentioned hereunder:-

Noticee No.	Name of Noticee	PAN	Provisions Violated	Penalty under	Penalty Amount
1	Vedic Ayurveda Ltd (formerly KD Leisures Limited)	AAACV0043P	Regulation 31A(2) and 31A(3) of LODR Regulations Regulation 31(1) and 31(4) read with Regulation 4(1)(e) of LODR Regulations	Section 15HB of SEBI Act, 1992	Rs. 3,00,000/- (Rupees Three Lakhs Only)
2	Arminder Singh	BLLPS6101B	Regulation 29 (1) and 29 (2) read with 29(3) of SAST Regulations	Section 15A(b) of SEBI Act, 1992	Rs. 2,00,000/- (Rupees Two Lakhs Only)
3	Priyanka Jain	BAZPJ9596E	Regulation 29 (1) and 29 (2) read with 29 (3) of SAST Regulations	Section 15A(b) of SEBI Act, 1992	Rs. 1,00,000/- (Rupees One Lakh Only)

67. The said penalty will be commensurate with the violation committed on the part of the Noticees.

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

ENFORCEMENT → ORDERS → ORDERS OF AO → PAY NOW

69. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings under section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

70. Copy of this Adjudication Order is being sent to the Noticees and also to SEBI in terms of Rule 6 of the Adjudication Rules.

Medha Jeevan Sonparote

Digitally signed by Medha Jeevan Sonparote
Date: 2026.08.27 16:13:51 +05'30'

DATE: August 27, 2026 **MEDHA SONPAROTE**
PLACE: MUMBAI **ADJUDICATING OFFICER**