

IN THE SECURITIES APPELLATE TRIBUNAL
AT MUMBAI

Dated this the 12th day of March, 2025

**CORAM : Justice P.S. Dinesh Kumar, Presiding Officer
Ms. Meera Swarup, Technical Member
Dr. Dheeraj Bhatnagar, Technical Member**

**Appeal No. 651 of 2024
[Along with Misc. Application No. 1111 of 2024 And
Misc. Application No. 1112 of 2024]**

BETWEEN:

1. Girish Shah
38, Radhavallabh Colony,
Jawahar Chowk, Maninagar,
Ahmedabad.
2. Sanjay Patel
A46/B, Saujanya Society,
Prasnamnagar Bus Stop,
Ishanpur, Ahmedabad. Appellants

(By Mr. Sahil Deepak Choudhari, Advocate for the Appellant)

AND:

1. Securities and Exchange Board of India
SEBI Bhavan, Plot No. C-4A, G-Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051.
2. Somplast Leather Industries Ltd.
IOL House, Opp. Central Bank,
Near Swati Apartment,
Ambawadi Bazar,
Ahmedabad, Gujarat.

3. Matesh Shah
Arihant, Jayshree Society,
Kareli Baug,
Baroda, Gujarat.
4. Yogeshbhai Shah
H-5, Deshan Apartment,
Naranpura, Ahmedabad.
5. Ramanbhai Hathi
56, Gajanand Society,
Manjalpur,
Vadodara, Gujarat.
6. Sureshbhai Venkaria
Yamuna Gokul Nagar,
Junagarh, Gujarat – 362 001.
7. Ramaben Patel
Yamuna Balaji Nagar,
Behind Gokulnagar,
Junagarh, Gujarat – 362 001.
8. Vallabhbhai Patel
J-11, Alkapuri Society,
Near Bus Station, Junagarh,
Gujarat – 362 001.
9. Amrutlal Patel
KhijdaSheti, At Bhayavadar,
Taluka Upleta,
Rajkot, Gujarat.
10. Amrutlal Faldu
L 11m, Alkapuri, Dhandhusar Road,
Junagarh, Gujarat – 362 001.
11. Vithalbhai Amin
Neema House, Sardar Patel Colony,
Usmanpur,
Ahmedabad, Gujarat.

12. Narottam Vadgama
Gandhigram, Opposite Shishumangal
Junagarh, Gujarat.

13. Mehendra Shah
Navrang Building, First Floor,
Opposite Sardar V P School,
Kandivali,
Mumbai – 400 067.

14. Sudhirkumar Changela
N-4, Alkapuri, Dhandhusar Road,
Junagarh, Gujarat – 362 001.

...Respondents

15. Vallabhdas Patel
J-11, Alkapuri Dhandhusar Road,
Junagarh – 362 001.

(By Mr. Vishal Kanade with Mr. Bhushan Shah and
Mr. Abhishek Nair, Advocates i/b Mansukhlal Hiralal & Co.
for the Respondent)

THIS APPEAL IS FILED UNDER SECTION 15T OF
THE SECURITEIS AND EXCHANGE BOARD OF INDIA
ACT, 1992 TO QUASH AND SET ASIDE NOTICES
DATED MARCH 15, 2023, FEBRUARY 15, 2024 ISSUED
BY ASST. MANAGER, SEBI AND ORDERS DATED
NOVEMBER 24, 2011, SEPTEMBER 30, 2005 PASSED
BY ADJUDICATING OFFICER AND ORDER DATED
JANUARY 25, 2016 PASSED BY WHOLE TIME
MEMBER, SEBI.

THIS APPEAL COMING ON FOR HEARING THIS
DAY, THE TRIBUNAL MADE THE FOLLOWING:

ORDER

Per: Justice P.S. Dinesh Kumar, Presiding Officer (Oral)

The appellants have challenged the notices dated March 15, 2023, February 15, 2024 issued by Assistant Manager, SEBI¹ and orders dated September 30, 2005, November 14, 2011 passed by the AO², SEBI and January 25, 2016 passed by the WTM³, SEBI against Somplast Leather Industries Limited ('the Company' for short).

2. We have heard Shri Sahil Deepak Choudhari, learned Advocate for the appellant and Shri Vishal Kanade, learned Advocate for the respondent.

3. Learned Advocate for the appellants submitted that SEBI had called upon the Company to produce certain documents but the same was not produced by the Company. The appellants were additional directors. They were not in-charge of the day-to-day affairs of the Company. The Company did not produce the documents. Consequently, impugned orders dated September 30, 2005 and November, 14, 2011 were passed by AO imposing penalty of Rs. 2 lakh and 3 lakh respectively payable by the Company. The said penalty was also not paid.

¹ Securities and Exchange Board of India

² Adjudicating Officer

³ Whole Time Member

4. Another proceeding was initiated by the SEBI against the Company and the directors (in which appellants were parties), for the irregularities committed in issuance of preferential shares in the year 2002. After adjudication appellants were debarred from accessing the securities market for a period of three years by order dated January 25, 2016 passed by WTM and the debarment period has come to end in 2019.

5. A notice was issued by Assistant Manager, SEBI on March 15, 2023 indicating that prosecution would be launched for non-payment of penalty imposed by AO vide order dated September 30, 2005. We find that the prosecution has already been launched by SEBI. Appellant No. 2 has appeared before the Learned Special Judge and obtained bail. Another notice dated February 15, 2024 has been issued for violation of order dated November 14, 2011 passed by AO. The prosecution has not yet commenced pursuant to that notice.

6. Learned Advocate for the appellants submitted that so far as orders dated September 30, 2005 and November 14, 2011 are concerned appellants are not parties. These orders

are against the Company and they are *ex-parte* orders. Therefore, unless an opportunity was given to the directors, the impugned orders could have been passed.

7. Shri Vishal Kanade, Learned Advocate for the SEBI adverting to paragraph 34 of the impugned order dated January 25, 2016 passed by WTM, SEBI submitted that as per ROC records Appellant No. 1, Shri Girish Shah was the director of Somplast Leather Industries Limited at the time of preferential allotment. Similarly, adverting to paragraph 37 of the order he submitted that as per ROC filings Shri Sanjay Patel, Appellant No. 2 was a director in Somplast Leather Industries Limited in year 2000-2001, the period during which the preferential allotment was made. By the impugned order the appellants were debarred for three years and it has worked for itself. Therefore, appeal against order January 25, 2016 is rendered infructuous.

8. So far as, orders dated September 30, 2005 and November 14, 2011 are concerned Shri Kanade submitted that these are penalty orders for not producing documents and violation of the direction issued in the notices dated January 10, 2005 and March 28, 2011.

9. Learned Advocate for the appellant contended that as the ROC records produced by the appellants at page 131 of the memorandum of appeal disclose that appellants were additional directors in the year 1998, penalty could not have been saddled against them.

10. We may record that there is a delay ranging between 245 days to 6927 days in filing this appeal. Shri Kanade rightly submitted that one single appeal is not maintainable against five causes. In any event, it is not in dispute that with regard to the notice dated March 15, 2023, Appellant No. 1 has appeared before Learned Special Judge and obtained bail. The prosecution is not launched pursuant to notice dated February 15, 2024. The appeal against order dated January 25, 2016 is rendered infructuous as the period of debarment stood expired in 2019. The orders dated September 30, 2005 and November 14, 2011 are penalty orders against the Company. As per the documents produced by the learned Advocate for the appellants at page 131 of the memorandum of appeal, appellants were additional directors. One another contention raised by the appellants was that unless confirmed,

in the next board meeting, an additional director shall not be treated as a regular director.

11. Admittedly, appellants were parties in order dated January 25, 2016. Hence, we find no ground to condone the inordinate delay in filing the appeal.

12. Accordingly, the applications for condonation of delay are dismissed. Consequently, appeal is *dismissed*.

13. We make it clear that any observation made in this order is only for the purpose of consideration of this appeal. All rights and contentions of the appellants which they may choose to urge before Learned Special Judge are kept open.

14. Pending interlocutory application(s), if any, stand disposed of.

Justice P.S. Dinesh Kumar
Presiding Officer

Ms. Meera Swarup
Technical Member

Dr. Dheeraj Bhatnagar
Technical Member

12.03.2025

msb