

BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

Consent Order No. IVD-ID10/KNR/AO/DRK/DS/EAD-3/CO- 63/01 -12

CONSENT ORDER

(Application No. 2464 of 2011)

Application Submitted by

Shri K Narasimha Reddy

In the matter of
KNR Constructions Ltd.

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI'), vide communication dated 13.04.2011 initiated adjudication proceedings against Shri. K. Narasimha Reddy (hereinafter referred to as "**the noticee**") to inquire into and adjudge under Section 15HB of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act**") the violations of regulation 12(3) of SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as "**PIT Regulations**"), clauses 1.2, 3.2 and 3.3 of Schedule I read with Regulation 12(1), clause 2.1 of Schedule II (Code of Corporate Disclosure Practices) under Regulation 12(2) of PIT Regulations and Clause 3.3-3 and clause 4.2 of the Model Code of Conduct for Prevention of Insider Trading for the Listed Companies as prescribed in Schedule I of PIT Regulations.
2. It was alleged that the noticee failed to comply with the model code of conduct as prescribed under the PIT Regulations. In this regard Show Cause Notice no. A&E/KNR/DRK/AS/20318/2011 dated 24.06.2011 (hereinafter referred to as 'SCN') was served on the noticee. In the SCN it was alleged that the noticee's above non compliance has led to the violation of Regulation 12(3) of PIT Regulations and clauses 1.2, 3.2 and 3.3 of Schedule I read with Regulation 12(1) and clause 2.1 of Schedule II (Code of Corporate Disclosure Practices) under Regulation 12(2) of PIT Regulations. It was also alleged that the noticee had violated Clause 3.3-

3 and clause 4.2 of the Model Code of Conduct for Prevention of Insider Trading for the Listed Companies as prescribed in Schedule I of PIT Regulations.

3. Pending adjudication proceedings, the noticee submitted a Consent Application dated 28.10.2011 and an undertaking in the format prescribed by SEBI for settlement in the matter in terms of SEBI Circular No. EFD/Cir.-1/2007 dated April 20, 2007. Pursuant to the said application, the noticee attended a meeting with the Internal Committee on Consent on 01.03.2012 and the revised consent terms were settled at an amount of ₹ 5,00,000/- (Rupees Five Lakhs Only) towards settlement charges. The revised consent terms were placed before the High Powered Advisory Committee on Consent (hereinafter referred to as 'HPAC') on 03.04.2012 and the HPAC considered the facts and circumstances of the case, the proposed settlement terms offered by the Noticee and other material brought before the HPAC. HPAC after deliberations recommended the case for settlement on the consent terms proposed by the noticee which was approved by the panel of Whole Time Members. Vide letter dated 10.09.2012, the acceptance of the consent proposal was also communicated to the Notice by SEBI.
4. In terms of the proposal of the noticee for the sole purpose of settling the matter on hand and without admission or denial of guilt on the part of the noticee to the findings of fact or conclusions of law, the noticee has remitted a sum of ₹ 5,00,000/- (Rupees Five Lakhs Only) favoring SEBI vide Demand Draft No. 009950 dated 17.09.2012 drawn on ICICI Bank towards the terms of consent in the matter.
5. In view of the above, it is hereby ordered that:
 - i. this consent order disposes of the said adjudication proceedings initiated against the noticee mentioned in paras 1 and 2 and
 - ii. passing of this order is without prejudice to the right of SEBI to take enforcement actions including commencing/ reopening of the pending proceedings against the noticee, if SEBI finds that:
 - a. Any representations made by the noticee in the consent proceedings are subsequently discovered to be untrue.

b. The noticee has breached any of the clauses/ conditions of undertakings/ waivers filed during the current consent proceedings.

6. This consent order is passed on the 27th day of September, 2012 and shall come into force with immediate effect.

7. In terms of Rule 6 of Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, copies of this order are being sent to Shri. K Narasimha Reddy and also to the Securities and Exchange Board of India, Mumbai.

Place: Mumbai
Date: 27.09.2012

D. RAVIKUMAR
CHIEF GENERAL MANAGER &
ADJUDICATING OFFICER