

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI
CONSENT ORDER

On the Application submitted by

Mr. J Muralikrishna

In the matter of Sark Systems Ltd (now known as VEDAVAAG Systems Ltd)

CO/ISD/2465/2011/AO/BM/06/2013

1. The Securities and Exchange Board of India (SEBI) had initiated adjudication proceedings in respect Mr. J Muralikrishna (hereinafter referred to as **Noticee**) to inquire into and adjudge under section 15 A(b) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**') the alleged violation/contravention of the provisions of the SEBI (Prohibition of Insider Trading) Regulations (hereinafter referred to as '**PIT Regulations**') and SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 (hereinafter referred to as '**SAST Regulations**') by the Noticee.
2. It was observed during investigation that the Noticee who was the Managing Director of M/s. Sark Systems Ltd (now known as VEDAVAAG Systems Ltd) (hereinafter referred to as '**Company**') was holding 12,10,000 shares, constituting 12.94% of the paid up capital of the company as on 31.3.2010 which reduced to 7,39,204 shares which constituted 7.91% of the capital of the company as on 30.06.2010. He was therefore under statutory obligation under regulations 13(4) read with 13(5) of PIT Regulation to disclose to the company/exchanges in Form-D, as there was change in his share holding by more than 1% of paid up capital of the company. It was also observed that the Noticee was under statutory obligation under regulations 7(1A) read with 7(2) of the SAST Regulations to disclose to the company and the exchange the transfer of share aggregating two percent or more of the share capital of the target company within two days of such transfer along with the aggregated shareholding after such transfer. It was alleged that the Noticee did not make the necessary disclosures under PIT and SAST Regulations.
3. The undersigned was appointed as Adjudicating Officer (**AO**) under section 15 I of the SEBI Act to inquire into and adjudge under section 15 A(b) of the SEBI Act for the aforesaid alleged violations. Consequently, Show Cause Notice No. EAD-6/BM/VRP/24886/2011 dated 02.08.2011 was issued to the Noticee under rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995. (hereinafter referred to as "**the Rules**").

4. While the adjudication proceeding were in progress, the Noticee made an application dated 31.10.2011 along with an affidavit of “undertakings and waivers” in terms of SEBI Circular No EFD/Cir-1/2007 dated 20th April, 2007 for Consent Order in respect of the aforesaid notice before SEBI. Subsequently, the Noticee vide its letter dated 20.04.2012 proposed consent terms of ₹ 3,00,000/- (Rupees Three Lakh only) as revised consent terms towards settlement charges in respect of the aforesaid proceedings before SEBI.
5. The terms as proposed by the Noticee were placed before the High Powered Advisory Committee (hereinafter referred to as ‘HPAC’) on 30.05.2012. The HPAC after deliberation recommended that the case may be settled on the aforesaid consent terms proposed by the Noticee subject to compliance of both PIT Regulations and SAST Regulations. The recommendations of HPAC were subsequently placed before the panel of Whole Time Members of SEBI. Thereafter, SEBI vide letter dated 03.09.2012 conveyed the recommendations of the HPAC to the applicant and advised the applicant to pay in accordance with consent terms and also advised to furnish the proof of compliance of PIT Regulations and SAST Regulations to SEBI.
6. In terms of the proposal of the Noticee, for the sole purpose of settling the matter on hand, without admitting or denying the guilt on the part of the Noticee to the finding of fact or conclusion of law, the Noticee remitted a sum of ₹ 3,00,000/- (Rupees Three Lakh only) vide Banker’s Cheque No. 001152 dated 01.11.2012 drawn on Axis Bank Ltd towards the terms of consent in the matter and also complied with the PIT and SAST Regulations in terms of the consent.
7. In view of above, it is hereby ordered that:
 - i) this consent order disposes of the said proceedings pending against the Noticee under SEBI Act.
 - ii) passing of this order is without prejudice to the rights of SEBI to take enforcement actions including commencing/reopening of the pending proceedings against the Noticee, if SEBI finds that:
 - a. any representation made by the Noticee in the consent proceedings is subsequently discovered to be untrue.
 - b. the Noticee has breached any of the clauses/conditions of undertakings/waivers filed during the current consent proceedings.
8. This consent order is passed on 05.02.2013.

Place: Mumbai

**Adjudicating Officer
Barnali Mukherjee**