

**BEFORE THE ADJUDICATING OFFICER  
SECURITIES AND EXCHANGE BOARD OF INDIA  
[ADJUDICATION ORDER NO. AK/AO-110-117/2014]**

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

In respect to

**Ms. Binna N Parikh (PAN AADPP1671P), Ms. Bela Mehta (PAN AADPM4988Q), Mr. Kailash Makharia (PAN AABPM0306N), Ms. Renu Gautam Harlalka (PAN AAAPH4004P), Ms. Asha V Harlalka (PAN AAAPH8457J), Mr. Manish V Harlalka (PAN AAAPH4124L), Mr. Gautam V Harlalka (PAN AAAPH4125M ) and Mr. Vinodkumar Harlalka (PAN AAAPH4317F)**

In the matter of

M/s Rajlaxmi Industries Limited

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**FACTS OF THE CASE**

1. A letter of offer in compliance with Regulation 3 (1) and Regulation 4 of the Takeover Regulations, 2011 was made by M/s Caren Trading Private Limited (Acquirer) to acquire 2,60,000 fully paid equity shares of Rs. 10/- each (representing 26% of the paid up and voting equity share capital) of M/s Rajlaxmi Industries Limited (herein after referred to as the **Company**). The Public Announcement of the same was made on August 23, 2012 and the shares of the Company were listed on Bombay Stock Exchange Ltd. (hereinafter referred to as **BSE**).
2. While examining the letter of offer document of the Acquirer to acquire the shares of the Company, it was observed that the erstwhile promoters of the company, viz. Ms. Binna N Parikh, Ms. Bela Mehta, Mr. Kailash Makharia, Ms. Renu Gautam Harlalka, Ms. Asha V

Harlalka, Mr. Manish V Harlalka, Mr. Gautam V Harlalka, and Mr. Vinodkumar Harlalka (hereinafter collectively referred to as the **Noticees**) failed to comply with the provisions of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 (hereinafter referred to as **Takeover Regulations, 1997**) and/or SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as **Takeover Regulations, 2011**), as applicable. With respect to the said non-compliance of Takeover Regulations 1997 and/or Takeover Regulation, 2011, Adjudication proceedings under Chapter VI-A of SEBI Act, 1992 (hereinafter referred to as the **Act**) was initiated against the Noticees under Section 15 A (b) of SEBI Act, 1992 to inquire into and adjudicate the alleged violation of the provision of Takeover Regulation, 1997 and/ or 2011, as applicable.

#### **APPOINTMENT OF ADJUDICATING OFFICER**

3. The undersigned was appointed as the Adjudicating Officer on August 16, 2013 under section 15-I of SEBI Act read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as **SEBI Rules**) to inquire into and adjudge under Section 15A (b) of the SEBI Act for the alleged violation of the Takeover Regulations, 1997 and/or 2011, as applicable.

#### **SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING**

4. SEBI observed that the Noticees, who were the erstwhile promoters of the company, violated the following provisions of the Takeover Regulations, 1997/ 2011, as applicable:

S. No.	Promoter's Name	Provisions Violated
1	Ms. Binna N Parikh	Regulation 8 (2) of Takeover Regulations, 1997
2	Ms. Bela Mehta	Regulation 8 (2) of Takeover Regulations, 1997
3	Mr. Kailash Makharia	Regulation 7(1) read with 7(2), Regulation 7(1A), Regulation 8(1) and Regulation 8(2) of Takeover Regulations, 1997
4	Ms. Renu Gautam Harlalka	Regulation 8(2) of Takeover Regulations, 1997 and Regulation 30(2) read with 30 (3) of Takeover Regulations, 2011

S. No.	Promoter's Name	Provisions Violated
5	Ms. Asha V Harlalka	Regulation 7(1) read with 7(2), Regulation 8(1) and Regulation 8(2) of Takeover Regulations, 1997 and Regulation 30(2) read with 30 (3) of Takeover Regulations, 2011
6	Mr. Manish V Harlalka	Regulation 7(1) read with 7(2), Regulation 7(1A), Regulation 8(1) and 8(2) of Takeover Regulations, 1997 and Regulation 30(2) read with 30(3) of Takeover Regulations, 2011
7	Mr. Gautam V Harlalka	Regulations 7(1) read with 7(2), Regulation 7(1A), Regulation 8(1) and 8(2) of Takeover Regulations, 1997 and Regulation 30(2) read with 30(3) of Takeover Regulations, 2011
8	Mr. Vinodkumar Harlalka	Regulations 7(1A), Regulation 8(1) and Regulation 8(2) of Takeover Regulations, 1997 and Regulation 30(2) read with 30(3) of Takeover Regulations, 2011

5. Accordingly, Show Cause Notices (hereinafter referred to as **SCN**) Ref. No.

EAD-6/AK/RSL/31894/2013, EAD-6/AK/RSL/13866/2013, EAD-6/AK/RSL/31898/2013, EAD-6/AK/RSL/13853/2013, EAD-6/AK/RSL/31904/2013, EAD-6/AK/RSL/13858/2013, EAD-6/AK/RSL/31909/2013 and EAD-6/AK/RSL/13849/2013 dated December 10, 2013 were issued to the Noticees under rule 4(1) of SEBI Rules communicating the alleged violation of the Takeover Regulations, 1997 and/or 2011, as applicable. A copy of status of compliance document as submitted by the merchant banker was also sent along with the respective SCN and is detailed below:

a) Status of compliance of the Takeover Regulation, 1997 by the Noticees viz. Ms. Binna N. Parikh and Ms. Bela Mehta:

Sl.No.	Regulation/ Sub regulation	Due Date for compliance	Actual date of compliance	Delay, if any (in number of days)	Status Of compliance with Takeover Regulations
1	8(2)	21-04-2001	#Not Complied	#4,156	#Not Complied
2	8(2)	21-04-2002	#Not Complied	#3,791	#Not Complied
3	8(2)	21-04-2003	#Not Complied	#3,426	#Not Complied
4	8(2)	21-04-2004	#Not Complied	#3,060	#Not Complied
5	8(2)	21-04-2005	#Not Complied	#2,695	#Not Complied
6	8(2)	21-04-2006	#Not Complied	#2,330	#Not Complied
7	8(2)	21-04-2007	#Not Complied	#1,965	#Not Complied
8	8(2)	21-04-2008	#Not Complied	#1,599	#Not Complied

*Commencing from Quarter ended Sept 2008, Ms. Bela Mehta and Ms. Binna N. Parikh ceased to be a part of Promoter and Promoter Group.*

*#As on date of letter of Offer by M/s Caren Trading Private Limited (Acquirer)*

b) Status of compliance of the Takeover Regulation, 1997 by Noticee viz. Mr. Kailash Makharia:

Sl.No.	Regulation/Sub regulation	Due Date for compliance as mentioned in the regulation	Actual date of compliance	Delay, if any (in No- of days)	Status Of compliance with Takeover Regulations
1	8(2)	21-04-2001	#Not Complied	#4,156	#Not Complied
2	8(1)	21-04-2002	#Not Complied	#3,791	#Not Complied
3	8(2)	21-04-2002	#Not Complied	#3,791	#Not Complied
4	8(2)	21-04-2003	#Not Complied	#3,426	#Not Complied
5	7(1)	28-09-2001	#Not Complied	#3,996	#Not Complied
6	7(1A)	26-03-2003	#Not Complied	#3,452	#Not Complied

*Commencing from Quarter ended Sept 2003 Mr. Kailash Makharia ceased to be a part of Promoter and Promoter Group.*

*#As on date of letter of Offer by M/s Caren Trading Private Limited (Acquirer)*

c) Status of compliance of the Takeover Regulations, 1997 and 2011 by Noticee viz. Ms. Renu Gautam Harlalka:

Sl.No.	Regulation/Sub regulation	Due Date for compliance as mentioned in the regulation	Actual date of compliance	Delay, if any (in number of days)	Status Of compliance with Takeover Regulations
1	8(2)	21-04-2007	#Not Complied	#1,965	#Not Complied
2	8(2)	21-04-2008	#Not Complied	#1,599	#Not Complied
3	8(2)	21-04-2009	#Not Complied	#1,234	#Not Complied
4	8(2)	21-04-2010	#Not Complied	#869	#Not Complied
5	8(2)	21-04-2011	#Not Complied	#504	#Not Complied
6	*30(2)	12-04-2012	13-08-2012	123	Complied with delay

*\*filed by Ms. Asha V. Harlalka for and on behalf of Promoter and Promoter group i.e. Ms. Asha V. Harlalka, Mr. Gautam V. Harlalka, Mr.*

*Manish V. Harlalka, Mr. Vinodkumar Harlalka and Ms. Renu Gautam Harlalka*

*#As on date of letter of Offer by M/s Caren Trading Private Limited (Acquirer)*

d) Status of compliance of the Takeover Regulation, 1997 and 2011 by Noticee viz. Ms. Asha V. Harlalka:

Sl.No.	Regulation/Sub regulation	Due Date for compliance as mentioned in the regulation	Actual date of compliance	Delay, if any (in No- of days)	Status Of compliance with Takeover Regulations
1	8(2)	21-04-2001	#Not Complied	#4,156	#Not Complied
2	8(2)	21-04-2002	#Not Complied	#3,791	#Not Complied
3	8(1)	21-04-2003	#Not Complied	#3,426	#Not Complied
4	8(2)	21-04-2003	#Not Complied	#3,426	#Not Complied
5	8(1)	21-04-2004	#Not Complied	#3,060	#Not Complied

Sl.No.	Regulation/Sub regulation	Due Date for compliance as mentioned in the regulation	Actual date of compliance	Delay, if any (in No- of days)	Status Of compliance with Takeover Regulations
6	8(2)	21-04-2004	#Not Complied	#3,060	#Not Complied
7	8(1)	21-04-2005	#Not Complied	#2,695	#Not Complied
8	8(2)	21-04-2005	#Not Complied	#2,695	#Not Complied
9	8(1)	21-04-2006	#Not Complied	#2,330	#Not Complied
10	8(2)	21-04-2006	#Not Complied	#2,330	#Not Complied
11	8(1)	21-04-2007	#Not Complied	#1,965	#Not Complied
12	8(2)	21-04-2007	#Not Complied	#1,965	#Not Complied
13	8(1)	21-04-2008	#Not Complied	#1,599	#Not Complied
14	8(2)	21-04-2008	#Not Complied	#1,599	#Not Complied
15	8(1)	21-04-2009	#Not Complied	#1,234	#Not Complied
16	8(2)	21-04-2009	#Not Complied	#1,234	#Not Complied
17	8(1)	21-04-2010	#Not Complied	#869	#Not Complied
18	8(2)	21-04-2010	#Not Complied	#869	#Not Complied
19	8(1)	21-04-2011	#Not Complied	#504	#Not Complied
20	8(2)	21-04-2011	#Not Complied	#504	#Not Complied
21	30(2)	12-04-2012	13-08-2012	123	Complied with delay
22	7(1)	26-03-2003	#Not Complied	#3,452	#Not Complied

#As on date of letter of Offer by M/s Caren Trading Private Limited (Acquirer)

e) Status of compliance of the Takeover Regulation, 1997 and 2011 by Noticees viz. Mr. Gautam Harlalka and Mr. Manish V. Harlalka:

Sl.No.	Regulation/Sub regulation	Due Date for compliance as mentioned in the regulation	Actual date of compliance	Delay, if any (in No- of days)	Status Of compliance with Takeover Regulations
1	8(1)	21-04-2001	#Not Complied	4,156	#Not Complied
2	8(2)	21-04-2001	#Not Complied	4,156	#Not Complied
3	8(2)	21-04-2002	#Not Complied	3,791	#Not Complied
4	8(1)	21-04-2003	#Not Complied	3,426	#Not Complied
5	8(2)	21-04-2003	#Not Complied	3,426	#Not Complied
6	8(1)	21-04-2004	#Not Complied	3,060	#Not Complied
7	8(2)	21-04-2004	#Not Complied	3,060	#Not Complied
8	8(1)	21-04-2005	#Not Complied	2,695	#Not Complied
9	8(2)	21-04-2005	#Not Complied	2,695	#Not Complied
10	8(1)	21-04-2006	#Not Complied	2,330	#Not Complied
11	8(2)	21-04-2006	#Not Complied	#2,330	#Not Complied
12	8(1)	21-04-2007	#Not Complied	#1,965	#Not Complied
13	8(2)	21-04-2007	#Not Complied	#1,965	#Not Complied

Sl.No.	Regulation/Sub regulation	Due Date for compliance as mentioned in the regulation	Actual date of compliance	Delay, if any (in No- of days)	Status Of compliance with Takeover Regulations
14	8(1)	21-04-2008	#Not Complied	#1,599	#Not Complied
15	8(2)	21-04-2008	#Not Complied	#1,599	#Not Complied
16	8(1)	21-04-2009	#Not Complied	#1,234	#Not Complied
17	8(2)	21-04-2009	#Not Complied	#1,234	#Not Complied
18	8(1)	21-04-2010	#Not Complied	#869	#Not Complied
19	8(2)	21-04-2010	#Not Complied	#869	#Not Complied
20	8(1)	21-04-2011	#Not Complied	#504	#Not Complied
21	8(2)	21-04-2011	#Not Complied	#504	#Not Complied
22	*30(2)	12-04-2012	13-08-2012	123	Complied with delay
23	7(1A)	28-09-2001	#Not Complied	#3,996	#Not Complied
24	7(1)	26-03-2003	#Not Complied	#3,452	#Not Complied

*\*filed by Ms. Asha V. Harlalka for and on behalf of Promoter and Promoter group i.e. Ms. Asha V. Harlalka, Mr. Gautam V. Harlalka, Mr. Manish V. Harlalka, Mr. Vinodkumar Harlalka and Ms. Renu Gautam Harlalka*

*#As on date of letter of Offer by M/s Caren Trading Private Limited (Acquirer)*

**f) Status of compliance of the Takeover Regulation, 1997 and 2011 by Noticee viz. Mr. Vinodkumar Harlalka:**

Sl.No.	Regulation/Sub regulation	Due Date for compliance as mentioned in the regulation	Actual date of compliance	Delay, if any (in No- of days)	Status Of compliance with Takeover Regulations
1	8(1)	21-04-2001	#Not Complied	#4,156	#Not Complied
2	8(2)	21-04-2001	#Not Complied	#4,156	#Not Complied
3	8(2)	21-04-2002	#Not Complied	#3,791	#Not Complied
4	8(2)	21-04-2003	#Not Complied	#3,426	#Not Complied
5	8(2)	21-04-2004	#Not Complied	#3,060	#Not Complied
6	8(2)	21-04-2005	#Not Complied	#2,695	#Not Complied
7	8(2)	21-04-2006	#Not Complied	#2,330	#Not Complied
8	8(2)	21-04-2007	#Not Complied	#1,965	#Not Complied
9	8(2)	21-04-2008	#Not Complied	#1,599	#Not Complied
10	8(2)	21-04-2009	#Not Complied	#1,234	#Not Complied
11	8(2)	21-04-2010	#Not Complied	#869	#Not Complied
12	8(2)	21-04-2011	#Not Complied	#504	#Not Complied
13	*30(2)	12-04-2012	13-08-2012	123	Complied with delay
14	7(1A)	28-09-2001	#Not Complied	#3,996	#Not Complied

*\*filed by Ms. Asha V. Harlalka for and on behalf of Promoter and Promoter group i.e. Ms. Asha V. Harlalka, Mr. Gautam V. Harlalka, Mr. Manish V. Harlalka, Mr. Vinodkumar Harlalka and Ms. Renu Gautam Harlalka*

*#As on date of letter of Offer by M/s Caren Trading Private Limited (Acquirer)*

6. The Noticees were called upon to show cause within 14 days from date of receipt of the SCN as to why an inquiry should not be initiated against them and penalty be not imposed under Section 15 A(b) of the SEBI Act for the alleged violations of the Takeover Regulations.
7. Ms. Binna N. Parikh and Ms. Bela Mehta vide letter dated December 24, 2013, Mr. Kailash Makharia and Ms. Asha V. Harlalka vide letter dated December 31, 2013, Ms. Renu Gautam Harlalka, Mr. Manish V. Harlalka, Mr. Gautam V. Harlalka and Mr. Vinodkumar Harlalka vide letter dated December 23, 2014 had sought additional 14 days time to file their reply to the SCN as the details pertaining to the year 2001 were not readily available with them and they were collecting the relevant documents through various sources.
8. The Noticees were given time till January 27, 2014 to make their submissions to the SCN.
  - 8.1 The Noticees viz. Ms. Binna N. Parikh vide letter dated January 21, 2014, Ms. Bela Mehta vide letter dated January 20, 2014, Mr. Kailash Makharia, Ms. Renu Gautam Harlalka, Ms. Asha V. Harlalka, Mr. Manish V. Harlalka, Mr. Gautam V. Harlalka and Mr. Vinodkumar Harlalka vide individual letters dated January 27, 2014 have all *inter alia* submitted as follows:
    - 8.1.1 *that the alleged non-disclosure was inadvertent lapse on their part not actuated by any sinister intent or oblique motives;*
    - 8.1.2 *that the company was in financial shambles and had stopped its manufacturing activities since October 24, 2001; as such many employees had left;*
    - 8.1.3 *that the trading in the scrip had remained suspended for almost eight years since February 17, 2003 to December 08, 2010;*
    - 8.1.4 *that the details regarding their shareholding were getting reflected in the Annual Report of the company for the various financial years and it was not a case where the details of their status and shareholding were not there at all in the public domain;*
    - 8.1.5 *that they are no longer the promoters of the company.*

8.2 In addition to the above,

- 8.2.1 *Ms. Binna N. Parikh, Ms. Bela Mehta, Mr. Kailash Makharia, Ms. Renu Gautam Harlalka and Mr. Vinodkumar Harlalka have further inter alia submitted that the alleged non disclosures pertaining to shareholding of 20,010 shares (constituting 2% of the total equity capital), 2,000 shares (constituting 0.20% of the total equity capital), 10 shares (constituting 0.001% of the total equity capital), 10 shares (constituting 0.001% of the total equity capital) and 1,900 shares (constituting 0.19% of the total equity capital) respectively is exceedingly insignificant and inconsequential;*
- 8.2.2 *Ms. Renu Gautam Harlalka, Ms. Asha V. Harlalka, Mr. Manish Harlalka, Mr. Gautam V. Harlalka and Mr. Vinodkumar Harlalka have further inter alia submitted that as regards non-compliance under Regulation 30(2) of Takeover Regulations 2011 is concerned, the compliance has been made, albeit belatedly;*
- 8.2.3 *Mr. Kailash Makharia, Ms. Asha V. Harlalka, Mr. Manish Harlalka, Mr. Gautam V. Harlalka and Mr. Vinodkumar Harlalka have further inter alia submitted that the disclosures referred to in the Notice pertain to continual disclosures regarding their shareholding as a promoter. Further, that the violations of Regulation 8(1) & 8(2) of the Takeover Regulations, 1997 from the year 2001 are same, since they were covered by Regulation 8(2) and considering the overlapping nature of the said regulations, the alleged violations cannot be counted as twice.*

8.3 With regard to the observation regarding imposition of monetary penalty in the SCN, the Noticees while stating that in the facts of this case no penalty be imposed and a lenient view be taken, have inter alia submitted the following factors for consideration:

- 8.3.1 *That the alleged violations are at the highest a technical, procedural and venial breach;*
- 8.3.2 *That the alleged violations are not deliberate and intentional and in contumacious disregard of provision of law;*
- 8.3.3 *That the alleged violations pertain to a very old period and the same have not caused any loss to any investor and have not adversely affected the shareholders of the company or the securities market in any manner. For the major part i.e. around eight*



*years the trading in the scrip of the target company remained suspended and there were no shareholder/investor complaints in this regard;*

*8.3.4 That as a result of alleged violations, they had not made any gain or gained any unfair advantage. The same has not even been alleged. Further, that the allegations do not relate to fraud/unfair trade market practices/market manipulation/insider trading etc.;*

*8.3.5 That they have had a clean track record in terms of compliance and that though they have been trading in the securities market for a long time, till date their conduct has never been found to be violative of any of the provisions of the SEBI Act or Regulations and no action has been taken against them by SEBI, save and except the matter under reference;*

*8.3.6 That they will continue to scrupulously abide by the provisions of SEBI Act, Rules and Regulations.*

9. In the interest of natural justice and in terms of rule 4(3) of the SEBI Rules, the Noticees were granted an opportunity of hearing on February 05, 2014 vide hearing notice dated January 16, 2014. During the personal hearing, Mr. Puran Chhangani, Authorized Representative (hereinafter referred to as **AR**), appeared on behalf of the Noticees and reiterated the submissions made as aforesaid. The AR was advised to provide the copies of filings made by the Noticees, if any, under the Takeover Regulation, 1997 and/or 2011, as applicable, by February 14, 2014. With regard to the violation under Regulation 7(1) and/ or 7(1A) of the Takeover Regulations, 1997, the Noticees viz. Mr. Kailash Makharia, Ms. Asha V. Harlalka, Mr. Manish V. Harlalka, Mr. Gautam V. Harlalka and Mr. Vinodkumar Harlalka were *inter alia* further advised to submit purpose of the share acquisition and/ or transfer, as applicable, and details of such acquisition/ transfer.

10. Vide individual letters dated February 14, 2014, the Noticees submitted the copies of the filings made under the Takeover Regulations 1997 and /or 2011, as applicable, and *inter alia* reiterated some of the submissions made earlier. It is observed from the copy of the filings that where the Noticees had not complied the relevant provisions of Takeover

Regulations, 1997, the same have been filed with BSE vide letter dated January 23, 2014 and the same were acknowledged by BSE on the next day i.e. July 24, 2014. The reply *inter alia* also refers to Order dated November 29, 2013 passed by me in the matter of M/s. ERP Soft System Limited, pointing out that the Noticees therein were exonerated from the charges leveled as per the SCN despite returning a finding of violation of the provisions of Regulation 29(2) of the Takeover Regulations and Regulation 13 of Insider Trading regulations (pertaining to making disclosures on acquisition of shares).

11. The Noticees viz. Mr. Kailash Makharia, Ms. Asha Harlalka, Mr. Manish Harlalka, Mr. Gautam Harlalka and Mr. Vinodkumar Harlalka have *inter alia* further with respect to acquisition/ transfer of shares under regulation 7(1) and/ or 7(1A) of the Takeover Regulations submitted as follows:
  - a) *That the shares were transferred and acquired to and from, as applicable, through off-market transactions in the normal course of business;*
  - b) *Since the transactions pertain to old period they do not have any data/ documents with regards to the transfer.*

### **CONSIDERATION OF ISSUES**

12. I have carefully perused the written submissions of the Noticees, the submissions made at the hearing and the documents available on record. It is observed that the allegation against the Noticees is that they have failed to make the relevant disclosure under the provisions of the Takeover Regulations 1997 and/or Takeover Regulations, 2011, as applicable.
13. The issues that arises for consideration in the present case are :
  - a. Whether the Noticees viz. **Ms. Bela Mehta** and **Ms. Binna N. Parikh** have violated Regulation 8(2) of the Takeover Regulations, 1997 for 8 consecutive financial years from financial year (FY) 2000-01 to FY 2007-08?

- b. Whether the Noticee viz. **Mr. Kailash Makharia** has violated Regulation 8(1) of the Takeover Regulations, 1997 once for 2001-02, Regulation 8(2) of the Takeover Regulations, 1997 for 3 consecutive financial years from financial year (FY) 2000-01 to FY 2002-03, Regulation 7(1) read with Regulation 7(2) and Regulation 7(1A) of the Takeover Regulations, 1997 once each?
- c. Whether the Noticee viz. **Ms. Renu Gautam Harlalka** has violated Regulation 8(2) of the Takeover Regulations, 1997 for 5 consecutive financial years from financial year (FY) 2006-07 to FY 2010-11 and Regulation 30(2) read with 30(3) of the Takeover Regulations, 2011 once for FY 2011-12?
- d. Whether the Noticee viz. **Ms. Asha V. Harlalka** has violated Regulations 8(1) of the Takeover Regulations, 1997 for 9 consecutive financial years from financial year (FY) 2002-03 to FY 2010-11, Regulation 8(2) of the Takeover Regulations, 1997 for 11 consecutive financial years from financial year (FY) 2000-01 to FY 2010-11, Regulation 7(1) read with 7(2) of the Takeover Regulations, 1997 once and Regulation 30(2) read with 30(3) of the Takeover Regulations, 2011 once for FY 2011-12?
- e. Whether the Noticees viz. **Mr. Manish V Harlalka** and **Mr. Gautam V. Harlalka** have violated Regulations 8(1) of the Takeover Regulations, 1997 for 10 financial years for financial year (FY) 2000-01 and from FY 2002-03 to FY 2010-11, Regulation 8(2) of the Takeover Regulations, 1997 for 11 consecutive financial years from financial year (FY) 2000-01 to FY 2010-11, Regulation 7(1) read with 7(2) and Regulation 7(1A) of the Takeover Regulations, 1997 once each and Regulation 30(2) read with 30(3) of the Takeover Regulations, 2011 once for FY 2011-12?
- f. Whether the Noticee **Mr. Vinodkumar Harlalka** has violated Regulations 8(1) of the Takeover Regulations, 1997 once for financial year (FY) 2000-01, Regulation 8(2) of the Takeover Regulations, 1997 for 11 consecutive financial years from financial year (FY) 2000-01 to FY 2010-11, Regulation 7(1A) of the Takeover Regulations, 1997 once in 2000-01 and Regulation 30(2) read with 30(3) of the Takeover Regulations, 2011 once for FY 2011-12?

- g. Whether the failure on the part of the Noticees to comply with the aforesaid provisions, attract monetary penalty under Section 15 A (b) of SEBI Act?
- h. If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act?

## **FINDINGS**

14. Before moving forward, it is pertinent to refer to the provisions of Regulations 7(1) read with 7(2), Regulation 7(1A), Regulation 8(1) and Regulation 8(2) of the Takeover Regulations, 1997 and Regulation 30(2) read with 30(3) of the Takeover Regulations, 2011, which reads as under:

**Regulations 7 (1), 7 (1A) and 7 (2) of SEBI (Substantial Acquisition of Shares and Takeovers) (Second Amendment) Regulations, 2002, prior to 9-9-2002.**

**Acquisition of 5 per cent and more shares or voting rights of a company.**

*7 (1) Any acquirer, who acquires shares or voting rights which (taken together with shares or voting rights, if any, held by him) would entitle him to more than five percent shares or voting rights in a company, in any manner whatsoever, shall disclose the aggregate of his shareholding or voting rights in that company, to the company.*

*7(1A) Any acquirer who has acquired shares or voting rights of a company under sub-regulation (1) of regulation 11, shall disclose purchase or sale aggregating two per cent or more of the share capital of the target company to the target company, and the stock exchanges where shares of the target company are listed within two days of such purchase or sale along with the aggregate shareholding after such acquisition or sale.*

*7 (2) The disclosures mentioned in sub-regulations (1) shall be made within four working days of,—*

*(a) the receipt of intimation of allotment of shares; or*

*(b) the acquisition of shares or voting rights, as the case may be.*

**Regulations 7 (1), and 7 (2) of SEBI (Substantial Acquisition of Shares and Takeovers) (Second Amendment) Regulations, 2002, w.e.f. 9-9-2002.**

**Acquisition of 5 per cent and more shares or voting rights of a company.**

*7. [(1) Any acquirer, who acquires shares or voting rights which (taken together with shares or voting rights, if any, held by him) would entitle him to more than five per cent or ten per cent or fourteen per cent [or fifty four per cent or seventy four per cent] shares or voting rights in a company, in any manner whatsoever, shall disclose at every stage the aggregate*

*of his shareholding or voting rights in that company to the company and to the stock exchanges where shares of the target company are listed.]*

**7 (2)** *The disclosures mentioned in sub-regulations (1) [and (1A)] shall be made within [two days] of,—*

*(a) the receipt of intimation of allotment of shares; or*

*(b) the acquisition of shares or voting rights, as the case may be.*

**Regulations 8 (1) and 8(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997**

***Continual disclosures.***

**8. (1)** *Every person, including a person mentioned in regulation 6 who holds more than [fifteen] per cent shares or voting rights in any company, shall, within 21 days from the financial year ending March 31, make yearly disclosures to the company, in respect of his holdings as on 31st March.*

**8 (2)** *A promoter or every person having control over a company shall, within 21 days from the financial year ending March 31, as well as the record date of the company for the purposes of declaration of dividend, disclose the number and percentage of shares or voting rights held by him and by persons acting in concert with him, in that company to the company.*

**Regulations 30 (2) and 30 (3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011**

***Continual disclosures.***

**30 (2)** *The promoter of every target company shall together with persons acting in concert with him, disclose their aggregate shareholding and voting rights as of the thirty-first day of March, in such target company in such form as may be specified.*

**30(3)** *The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within seven working days from the end of each financial year to,—*

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

*(b) the target company at its registered office.*

15. The issue for consideration is whether the Noticees failed to make the relevant disclosures under the Takeover Regulations, 1997 and/or Takeover Regulations, 2011. With regard to the compliances under Regulations 7(1) read with 7(2), Regulation 7(1A),

Regulation 8(1) and Regulation 8(2) of the Takeover Regulations, 1997, I find that all the Noticees in their submission have stated that the lapses in compliance of making disclosures have occurred due to inadvertence and not actuated by any sinister intent or oblique motives. With regard to the compliances under Regulation 30(2) read with 30(3) Takeover Regulations, 2011, the Noticees viz. Ms. Renu Gautam Harlalka, Ms. Asha V. Harlalka, Mr. Manish V. Harlalka, and Mr. Gautam V. Harlalka Mr. Vinodkumar Harlalka have all stated that the said compliances were made by them, albeit belatedly.

16. At this juncture, I would like to note that in the instant case, the allegation against the Noticees viz. Mr. Kailash Makharia, Mr. Manish V. Harlalka, Mr. Gautam V. Harlalka and Mr. Vinodkumar Harlalka *inter alia* are that they did not disclose to the Company and the Stock Exchanges of the inter-se transfer of shares of the company between promoters as required under Regulation 7(1A) of the Takeover Regulations, 1997. The details of the said transaction of the above promoters are as given below:

Name of the Acquirer/ Seller	Date of the transaction	Sale (-ve)/ purchase	Shareholding of the acquirers/sellers (in %)		Shareholding of the promoter group		Due date of compliance	Actual date of compliance	Alleged Violations
			Before acq/sale	After acq/sale	Before acq/sale	After acq/sale			
Mr. Kailash Makharia	24/03/2003 (Inter-se transfer)	7,80,000 78.00%	0.001	78.00	81.08	81.08	26/03/2003	#Not Complied	Reg. 7(1A) of Takeover Regulations
Mr. Manish V Harlalka	26/09/2001 (Inter-se transfer)	(2,60,000) (26.00%)	26.22	0.22	81.08	81.08	28/09/2001	#Not Complied	Reg. 7(1A) of Takeover Regulations
Mr. Gautam V Harlalka	26/09/2001 (Inter-se transfer)	(2,60,000) (26.00%)	26.26	0.26	81.08	81.08	28/09/2001	#Not Complied	Reg. 7(1A) of Takeover Regulations
Mr. Vinodkumar Harlalka	26/09/2001 (Inter-se transfer)	(2,60,000) (26.00%)	26.19	0.19	81.08	81.08	28/09/2001	#Not Complied	Reg. 7(1A) of Takeover Regulations

#As on date of letter of Offer by M/s Caren Trading Private Limited (Acquirer)

17. I note that for establishing a violation under Regulation 7(1A), an acquirer should have acquired shares or voting rights in a company under Regulation 11(1) of the Takeover Regulations. As per Regulation 11(1), as it existed at the relevant point of time, an acquirer together with persons acting in concert with him should have acquired more than 15% but less than 75% of shares or voting rights in a company. In the present matter, the Noticees viz. Mr. Kailash Makharia, Mr. Manish Harlalka, Mr. Gautam Harlalka and Mr. Vinodkumar Harlalka along with the other promoters of the company were holding 81.08% before the alleged *inter-se* transaction and post transaction, the shareholding of the Noticees, viz. Mr. Kailash Makharia, Mr. Manish Harlalka, Mr. Gautam Harlalka and Mr. Vinodkumar Harlalka along with the other promoters have remained 81.08%. Thus, I find that the same is outside the limit prescribed under Regulation 11(1) of Takeover Regulations, 1997, hence, the case cannot be covered by Regulation 7(1A) of the Takeover Regulation, 1997.
18. Further, the details of the alleged transactions with respect to Regulation 7(1) read with 7(2) of the Takeover Regulations, 1997 by the Noticee promoters viz. Mr. Kailash Makharia, Ms. Asha Harlalka, Mr. Manish Harlalka and Mr. Gautam V. Harlalka are as given herein below:

Name of the Acquirer/ Seller	Date of the transaction	Purchase	Shareholding of the acquirers/sellers (in %)		Shareholding of the promoter group		Due date of compliance	Actual date of compliance	Alleged Violations
			Before acq/sale	After acq/sale	Before acq/sale	After acq/sale			
Mr. Kailash Makharia	26/09/2001 <b>(Inter-se transfer)</b>	7,80,000 78.00%	0.00	78.00	81.08	81.08	28/09/2001	#Not Complied	Reg. 7(1) of Takeover Regulations
Ms Asha Harlalka	24/03/2003 <b>(Inter-se transfer)</b>	(3,85,000) (38.50%)	0.00	38.50	81.08	81.08	26/03/2003	#Not Complied	Reg. 7(1) of Takeover Regulations
Mr. Manish Harlalka	24/03/2003 <b>(Inter-se transfer)</b>	(1,97,000) (19.75%)	0.22	19.97	81.08	81.08	26/03/2003	#Not Complied	Reg. 7(1) of Takeover Regulations
Mr. Gautam V Harlalka	24/03/2003 <b>(Inter-se transfer)</b>	(1,97,000) (19.75%)	0.26	20.01	81.08	81.08	26/03/2003	#Not Complied	Reg. 7(1) of Takeover Regulations

#As on date of letter of Offer by M/s Caren Trading Private Limited (Acquirer)

19. Taking into consideration the provisions of Regulations 7(1) read with 7(2), Regulation 8(1) and 8(2) of the Takeover Regulations, 1997 and Regulation 30(2) read with 30(3) of the Takeover Regulations, 2011, the submissions of the Noticees and on perusal of the copies of the delayed filings made by the Noticees, it is established without doubt that the Noticees have violated the provisions of Regulations 7(1) read with 7(2), Regulation 8(1) and 8(2) of the Takeover Regulations, 1997 and Regulation 30(2) read with 30(3) of the Takeover Regulations, 2011, as respectively alleged against the Noticees. The respective number of days of non-compliance in respect of each financial year has been enumerated in the table at Para (5) above.

20. The Hon'ble Supreme Court of India in the matter of *SEBI Vs. Shri Ram Mutual Fund* [2006] 68 SCL 216(SC) 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 and hence the intention of the parties committing such violation becomes wholly irrelevant...". Further in the matter of Ranjan Varghese v. SEBI (Appeal No. 177 of 2009 and Order dated April 08, 2010), the Hon'ble SAT had observed "Once it is established that the mandatory provisions of Takeover Code was violated the penalty must follow."*

21. In view of the foregoing, I am convinced that it is a fit case to impose monetary penalty under Section 15A(b) of the SEBI Act, which reads as under:

**SEBI Act, 1992 prior to SEBI (Amendment) Act, 2002 (w.e.f. 29-10-2002)**

*If any person, who is required under this Act or any rules or regulations made thereunder,--  
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, he shall be liable to a penalty not exceeding five thousand rupees for every day during which such failure continues.*

**SEBI Act, 1992 after SEBI (Amendment) Act, 2002 (w.e.f. 29-10-2002)**

**Penalty for failure to furnish information, return, etc.-**

**15.A(b)** *If any person, who is required under this Act or any rules or regulations made thereunder,--*

*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, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.*

22. While determining the quantum of monetary penalty under Section 15 A(b), I have considered the factors stipulated in Section 15-J of SEBI Act, which reads as under:-

***"15J - Factors to be taken into account by the adjudicating officer***

*While adjudging quantum of penalty under Section 15-I, 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."*

23. In view of the charges as established, the facts and circumstances of the case and the judgments referred to and mentioned hereinabove, the quantum of penalty would depend on the factors referred in Section 15-J of SEBI Act and stated as above. It is noted that no quantifiable figures are available to assess the disproportionate gain or unfair advantage made as a result of such default by the Noticees. Further from the material available on record, it may not be possible to ascertain the exact monetary loss to the investors on account of default by the Noticees. However, the main objective of the Takeover Regulations is to afford fair treatment for shareholders who are affected by the change in control. The Regulation seeks to achieve fair treatment by *inter alia* mandating disclosure of timely and adequate information to enable shareholders to make an informed decision and ensuring that there is a fair and informed market in the shares of companies affected by such change in control. Correct and timely disclosures are also an essential part of the proper functioning of the securities market and failure to do so. Thus, the cornerstone of the Takeover regulations is investor protection.
24. As per the SEBI Act, prior to SEBI (Amendment) Act, 2002 (w.e.f. 29-10-2002), the Noticees are liable for a penalty not exceeding five thousand rupees for every day during which such failure continues. As per Section 15A(b) of the SEBI Act after SEBI (Amendment) Act, 2002 (w.e.f. 29-10-2002), the Noticees are liable for penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less. Further, under Section 15-J of the SEBI Act, the adjudicating officer has to give due regard to certain factors which have been stated as above while adjudging the quantum of penalty. It is noted that no quantifiable figures are available to assess the disproportionate gain or unfair advantage made as a result of such non-compliance by the Noticees. Further from the material available on record, it is not possible to ascertain the exact monetary loss to the investors on account of non-compliance by the Noticees. However, I note that the Hon'ble Securities Appellate Tribunal (SAT) in the matter of Komal Nahata Vs. SEBI (Date of judgment- January 27, 2014) has observed that:

*“Argument that no investor has suffered on account of non disclosure and that the AO has not considered the mitigating factors set out under Section 15J of SEBI Act, 1992 is without any merit because firstly penalty for non compliance of SAST Regulations, 1997 and PIT Regulations, 1992 is not dependent upon the investors actually suffering on account of such non disclosure.”*

In view of the same, the argument put forth by the Noticees that they have not caused any loss to any investor is not relevant for the given case.

25. In addition to the aforesaid, I am also inclined to consider the following mitigating factors while adjudging the quantum of penalty: a) the paid-up capital/ market capitalization of the company at the relevant point of time; b) the trading volumes of the company's shares on the exchange, where the shares were listed, during the relevant period; and c) the number of occasions in the instant proceeding that the Noticee has violated the relevant provisions of the Takeover Regulations, 1997/2011, as applicable.
26. The paid up capital of the company was 10,00,000 shares of Rs. 10/- each aggregating to Rs. 1,00,00,000/- during the entire period of non-disclosure. I further note that approx. 81% of the total paid-up capital of the company was held by the Promoter Group from the years 2003-2008, which was brought down to 72.58% in 2009, and, continued as such upto 2012. I further note from the BSE website that there were about 206 shareholders in public shareholding category holding approx. 18.66% of total paid-up capital of the company during the years 2003-08, which increased to 212 shareholders holding 27.41% during 2009-2010 and subsequently reduced to about 150 shareholders holding 27.41% during 2011-2012. I also note from the letter of offer that the trading in equity shares of the Company was suspended by BSE for almost 8 years from February 17, 2003 to December 08, 2010 for non compliance with the provisions of the listing agreement. I, thus, note from the same that it was due to delinquency on the part of the Company in complying with the provisions of the listing agreement that resulted in non-trading of the Company's shares on BSE, and thus, cannot support the Noticee's case for non-disclosure.

27. I further note that:

- a) the Noticees viz. **Ms. Bela Mehta** and **Ms. Binna N. Parikh** have violated Regulation 8(2) of the Takeover Regulations, 1997 for 8 consecutive financial years from financial year (FY) 2000-01 to FY 2007-08;
- b) the Noticee viz. **Mr. Kailash Makharia** has violated Regulations 8(1) of the Takeover Regulations, 1997 once for 2001-02, Regulation 8(2) of the Takeover Regulations, 1997 for 3 consecutive financial years from financial year (FY) 2000-01 to FY 2002-03 and Regulation 7(1) read with Regulation 7(2) of the Takeover Regulations, 1997 once;
- c) the Noticee viz. **Ms. Renu G Harlalka** has violated Regulation 8(2) of the Takeover Regulations, 1997 for 5 consecutive financial years from financial year (FY) 2006-07 to FY 2010-11 and Regulation 30(2) read with 30(3) of the Takeover Regulations, 2011 once for FY 2011-12;
- d) the Noticee viz. **Ms. Asha Harlalka** has violated Regulations 8(1) of the Takeover Regulations, 1997 for 9 consecutive financial years from financial year (FY) 2002-03 to FY 2010-11, Regulation 8(2) of the Takeover Regulations, 1997 for 11 consecutive financial years from financial year (FY) 2000-01 to FY 2010-11, Regulation 7(1) read with 7(2) of the Takeover Regulations, 1997 once and Regulation 30(2) read with 30(3) of the Takeover Regulations, 2011 once for FY 2011-12;
- e) the Noticees viz. **Mr. Manish V Harlalka** and **Mr. Gautam Harlalka** have violated Regulations 8(1) of the Takeover Regulations, 1997 for 10 financial years for financial year (FY) 2000-01 and from FY 2002-03 to FY 2010-11, Regulation 8(2) of the Takeover Regulations, 1997 for 11 consecutive financial years from financial year (FY) 2000-01 to FY 2010-11, Regulation 7(1) read with 7(2) of the Takeover Regulations, 1997 once and Regulation 30(2) read with 30(3) of the Takeover Regulations, 2011 once for FY 2011-12;
- f) the Noticee viz. **Mr. Vinodkumar Harlalka** has violated Regulations 8(1) of the Takeover Regulations, 1997 once for financial year (FY) 2000-01, Regulation 8(2) of the Takeover Regulations, 1997 for 11 consecutive financial years from financial year (FY) 2000-01 to FY 2010-11 and Regulation 30(2) read with 30(3) of the Takeover Regulations, 2011 once for FY 2011-12.

28. The Noticees viz. Mr. Kailash Makharia, Ms. Asha V. Harlalka, Mr. Manish Harlalka, Mr. Gautam V. Harlalka and Mr. Vinodkumar Harlalka have submitted that considering the overlapping nature of the regulations Regulation 8(1) & 8(2) of the Takeover Regulations, 1997, the alleged violations may not be counted as twice. As a promoter of the listed company, the Noticees had a responsibility to comply with the disclosure requirements under Regulation 8(1) and 8(2) of the Takeover Regulations in accordance with their spirit, intention and purpose, so that the investors could take a decision whether to buy, sell, or hold the company's securities in the right perspective. However, for the purpose of calculating penalty, I have considered the said submission made by the aforementioned Noticees and taken a lenient view while calculating the penalty amount for such instances.
29. All the Noticees have further stated that the details about their shareholding were getting reflected in the Annual Report of the company for the various financial years and thus the details of their status and their shareholding were in the public domain. The Noticees, however, cannot absolve themselves of making the necessary disclosures under the Takeover Regulations by stating that their shareholding were getting reflected in the Annual report of the Company, as non-compliance/ delayed compliance to disclosure requirements by the promoter of a listed company undermines the purpose of the Takeover Regulations. Besides, it is pertinent to note here that disclosures under the relevant regulation of Takeover Regulations, 1997/ 2011, as applicable, have to be made within a specified time period as specified in the Regulations.
30. I note that Ms. Binna N. Parikh, Ms. Bela Mehta, Mr. Kailash Makharia, Ms. Renu Gautam Harlalka and Mr. Vinodkumar Harlalka have *inter alia* also submitted that the alleged non disclosures pertain to shareholding which is exceedingly insignificant and inconsequential. However, I note that Takeover Regulations mandates yearly disclosure by all promoters and does not exempt promoters holding negligible shareholding in the company from making disclosures. Unless yearly disclosures are made by all the promoters, the investors

would not be in a position to compare holding patterns with those of the previous years to check how holdings of the promoters have changed during the period.

31. I also note that the Noticees have referred to Order dated November 29, 2013 passed by me in the matter of *M/s. ERP Soft System Limited*, pointing out that the Noticees therein were exonerated from the charges leveled as per the SCN despite returning a finding of violation of the provisions of Regulation 29(2) of the Takeover Regulations and Regulation 13 of Insider Trading regulations (pertaining to making disclosures on acquisition of shares). I, however, note that the facts in the said case are not similar to the facts in the instant case. The said case pertains to non-disclosure on transmission of shares by operation of law, sans any voluntary act on the part of the promoter. The instant case on the other hand pertains to non-disclosure on voluntary acquisition of shares by the promoters/ yearly disclosure of holdings required to be made by the promoters/ persons holding more than 15% shareholding in the company, as applicable. I, thus, do not find the present proceeding fitting in terms of facts and circumstances to that of *M/s ERP Soft System Limited*, as the underlying facts determining the quantum of monetary penalty under Section 15 A(b) differs significantly. Hence, penalty levied in the said *M/s ERP Soft System Limited* case cannot become a benchmark for the instant case.
32. Further, any transaction which requires compliance of the Takeover Regulations, if not complied, is always a serious matter, and cannot be considered a mere "technical" violation, since other shareholders/ investors were deprived of the information. Non-disclosure/ delayed compliance to disclosure requirements by the promoters of a listed company, undermines the regulatory objectives and jeopardizes the achievement of the underlying policy goals.

## **ORDER**

33. After taking into consideration all the facts and circumstances of the case, I impose the following penalties against the Noticees under Section 15 A(b) which will be commensurate with the violations committed by the Noticees:

No.	Noticee	Regulation Violated	Penalty imposed in (Rs.)
1.	<b>Ms. Binna N Parikh</b>	Regulation 8 (2) of the Takeover Regulations, 1997	Rs. 4,00,000/- (Rupees Four lakh only)
		<b>TOTAL</b>	<b>Rs. 4,00,000/- (Rupees Four lakh only)</b>
2.	<b>Ms. Bela Mehta</b>	Regulation 8 (2) of the Takeover Regulations, 1997	Rs. 4,00,000/- (Rupees Four lakh only)
		<b>TOTAL</b>	<b>Rs. 4,00,000/- (Rupees Four lakh only)</b>
3.	<b>Mr. Kailash Makharia</b>	Regulation 7(1) read with 7(2) of the Takeover Regulations, 1997	Rs. 2,00,000/- (Rupees Two Lakh only)
		Regulation 8(1) of the Takeover Regulations, 1997	Rs. 2,00,000/- (Rupees Two Lakh only)
		Regulation 8(2) of Takeovers Regulations, 1997	
		<b>TOTAL</b>	<b>Rs. 4,00,000/- (Rupees Four lakh only)</b>
4.	<b>Ms. Renu Gautam Harlalka</b>	Regulation 8(2) of Takeover Regulations, 1997	Rs. 2,50,000/- (Rupees Two Lakh Fifty thousand only)
		Regulation 30(2) read with 30 (3) of Takeover Regulations, 2011.	Rs. 1,00,000/- (Rupees One Lakh only)
		<b>TOTAL</b>	<b>Rs. 3,50,000/- (Rupees Three Lakh Fifty Thousand only)</b>

No.	Noticee	Regulation Violated	Penalty imposed in (Rs.)
5.	<b>Ms. Asha V Harlalka</b>	Regulation 7(1) read with 7(2) of the Takeover regulations	Rs. 2,00,000/- (Rupees Two Lakh only)
		Regulation 8(1) of Takeover Regulations, 1997	Rs. 10,00,000/- (Rupees Ten Lakh only)
		Regulation 8(2) of Takeover Regulations, 1997	
		Regulation 30(2) read with 30 (3) of Takeover Regulations, 2011.	Rs. 1,00,000/- (Rupees One Lakh only)
		<b>TOTAL</b>	<b>Rs. 13,00,000/- (Rupees Thirteen Lakh Only)</b>
6.	<b>Mr. Manish V Harlalka</b>	Regulation 7(1) read with 7(2) of Takeover Regulations, 1997	Rs. 2,00,000/- (Rupees Two Lakh only)
		Regulation 8(1) of Takeover Regulations, 1997	Rs. 10,50,000/- (Rupees Ten Lakh Fifty Thousand Lakh only)
		8(2) of Takeover Regulations, 1997	
		Regulation 30(2) read with 30(3) of Takeover Regulations, 2011	Rs. 1,00,000/- (Rupees One Lakh only)
		<b>TOTAL</b>	<b>Rs. 13,50,000/- (Rupees Thirteen Lakh Fifty Thousand Only)</b>
7.	<b>Mr. Gautam V Harlalka</b>	Regulation 7(1) read with 7(2) of Takeover Regulations, 1997	Rs. 2,00,000/- (Rupees Two Lakh only)
		Regulation 8(1) of Takeover Regulations, 1997	Rs. 10,50,000/- (Rupees Ten Lakh Fifty Thousand Lakh only)
		Regulation 8(2) of Takeover Regulations, 1997	
		Regulation 30(2) read with 30(3) of Takeover Regulations, 2011	Rs. 1,00,000/- (Rupees One Lakh only)
		<b>TOTAL</b>	<b>Rs. 13,50,000/- (Rupees Thirteen Lakh Fifty Thousand Only)</b>



No.	Noticee	Regulation Violated	Penalty imposed in (Rs.)
8.	<b>Mr. Vinodkumar Harlalka</b>	Regulation 8(1) of Takeover Regulations, 1997	Rs. 6,00,000/- (Rupees Six Lakh only)
		Regulation 8(2) of Takeover Regulations, 1997	
		Regulation 30(2) read with 30(3) of Takeover Regulations, 2011	Rs. 1,00,000/- (Rupees One Lakh only)
		<b>TOTAL</b>	<b>Rs. 7,00,000/- (Rupees Seven Lakh Only)</b>

34. Further, considering the facts and circumstances of the case as discussed at paras. 16 and 17 of the Order, I, however, do not find the instant matter fit for imposition of penalty for violation under the Regulation 7(1A) of the Takeover Regulation against the Noticees viz. Mr. Kailash Makharia, Mr. Manish V. Harlalka, Mr. Gautam V. Harlalka and Mr. Vinodkumar Harlalka.
35. The Noticees shall pay the said amount of penalty by way of demand draft in favour of “SEBI - Penalties Remittable to Government of India”, payable at Mumbai, within 45 days of receipt of this order. The said demand draft should be forwarded to Mr. V S Sundaresan, Chief General Manager, Corporation Finance Department, SEBI Bhavan, Plot No. C – 4 A, “G” Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.
36. In terms of rule 6 of the Rules, copies of this order are sent to the Noticees and also to the Securities and Exchange Board of India.

**Date: July 31, 2014**  
**Place: Mumbai**

**Anita Kenkare**  
**Adjudicating Officer**