

**BEFORE THE ADJUDICATING OFFICER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**  
**[ADJUDICATION ORDER NO. AK/AO- 62 & 63/2014]**

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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 of

**Mr. Mahesh Maheshwari** (PAN: ACDPM5613L)  
**Ms. Namrata Maheshwari** (PAN: AFGPM6835A)

In the matter of  
M/s. Aster Silicates Limited

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**FACTS OF THE CASE**

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') received a letter of offer by SICOM Investments & Finance Limited as the acquirer to acquire 61,16,922 fully paid-up equity share of Rs. 10/- each at Rs. 12.64 per share (representing 26% of the total equity and voting rights) of M/s. Aster Silicates Limited (hereinafter referred to as the '**company**'), which was listed at National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange Limited (BSE). The public announcement of the same was made on February 20, 2011. On perusal of the letter of offer, SEBI observed that Mr. Mahesh Maheshwari and Ms. Namrata Maheshwari (hereinafter collectively referred to as the '**Noticees**'), promoters of the company, in the past, had not complied with the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as '**Takeover Regulations 1997**') and SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as '**Takeover Regulations 2011**'), as applicable.

2. It was alleged that Noticees viz. Mr. Mahesh Maheshwari and Ms. Namrata Maheshwari have violated various provisions of Takeover Regulations 1997 and 2011. The details of the same are given below:

*Alleged violation of Noticee Mr. Mahesh Maheshwari:*

S.No.	Regulations Violated	Due Date of Compliance	Actual Date of Compliance			Delay (No. of Days)		
			BSE	NSE	Company	BSE	NSE	Target Co.
1	8A(3) Takeover Regulations, 1997	19.10.2011	04.03.2013	07.02.2013	07.02.2013	502	477	477
2	31(1) Takeover Regulations, 2011	18.01.2012	14.02.2012	13.02.2012	08.02.2012	27	26	21
3	31(1) Takeover Regulations, 2011	01.02.2012	14.02.2012	13.02.2012	08.02.2012	13	12	7
4	30(2) Takeover Regulations, 2011	12.04.2012	04.03.2013	04.03.2013	04.03.2013	326	326	326
5	31(2) Takeover Regulations, 2011	15.11.2012	04.03.2013	07.02.2013	07.02.2013	109	84	84
6	31(1) Takeover Regulations, 2011	12.01.2013	04.03.2013	07.02.2013	07.02.2013	51	26	26
7	31(2) Takeover Regulations, 2011	07.02.2013	04.03.2013	07.02.2013	07.02.2013	25	Nil	Nil

Further details of the alleged violation of Noticee Mr. Mahesh Maheshwari are as given below:

S.No.	Regulations Violated	Due Date of Compliance	Details, wherever applicable
1	8A(3) Takeover Regulations, 1997	19.10.2011	Invocation of pledge on 2,75,000 shares by SICOM Ltd. on 10.10.2011
2	31(1) Takeover Regulations, 2011	18.01.2012	Pledge of 1,00,000 shares to M/s. Natwar Agarwal HUF on 09.01.2012
3	31(1) Takeover Regulations, 2011	01.02.2012	Pledge of 55,72,880 shares to M/s. Natwar Agarwal HUF on 21.01.2012
4	30(2) Takeover Regulations, 2011	12.04.2012	Nil
5	31(2) Takeover Regulations, 2011	15.11.2012	Release of pledge on 55,72,880 shares by M/s. Natwar Agarwal HUF on 05.11.2012
6	31(1) Takeover Regulations, 2011	12.01.2013	Pledge of 55,72,880 shares to SICOM Investments & Finance Ltd. on 02.01.2013
7	31(2) Takeover Regulations, 2011	07.02.2013	Invocation of pledge on 1,00,000 shares by M/s. Natwar Agarwal HUF on 29.01.2013

*Alleged violation of Noticee Ms. Namrata Maheshwari:*

S.No.	Regulations Violated	Due Date of Compliance	Actual Date of Compliance			Delay (No. of Days)		
			BSE	NSE	Target Co.	BSE	NSE	Target Co.
1	31(1) Takeover Regulations, 2011	17.01.2012	04.03.2013	07.02.2013	07.02.2013	410	386	386
2	31(1) Takeover Regulations, 2011	02.02.2012	14.02.2012	13.02.2012	08.02.2012	12	11	6
3	30(2) Takeover Regulations, 2011	12.04.2012	04.03.2013	04.03.2013	04.03.2013	326	326	326
4	31(2) Takeover Regulations, 2011	15.11.2012	04.03.2013	07.02.2013	07.02.2013	109	84	84
5	31(1) Takeover Regulations, 2011	12.01.2013	04.03.2013	07.02.2013	07.02.2013	51	26	26

Further details of the alleged violation of Noticee *Ms. Namrata Maheshwari* are as given below:

S.No.	Regulations Violated	Due Date of Compliance	Details, wherever applicable
1	31(1) Takeover Regulations, 2011	17.01.2012	Pledge of 23,942 shares to M/s. Natwar Agarwal HUF on 06.01.2012
2	31(1) Takeover Regulations, 2011	02.02.2012	Pledge of 12,11,131 shares to M/s. Natwar Agarwal HUF on 23.01.2012
3	30(2) Takeover Regulations, 2011	12.04.2012	Nil
4	31(2) Takeover Regulations, 2011	15.11.2012	Release of pledge of 12,11,131 shares by M/s. Natwar Agarwal HUF on 05.11.2012
5	31(1) Takeover Regulations, 2011	12.01.2013	Pledge of 12,11,131 shares to SICOM Investments & Finance Ltd. on 02.01.2013

It was, therefore, alleged that Noticee Mr. Mahesh Maheshwari has violated Regulation 8A(3) of Takeover Regulations, 1997; and Regulations 30(2) read with 30(3), 31(1) and 31(2) read with 31(3) of Takeover Regulations, 2011 and Noticee Ms. Namrata Maheshwari has violated Regulations 30(2) read with 30(3), 31(1) and 31(2) read with 31(3) of Takeover Regulations, 2011.

### **APPOINTMENT OF ADJUDICATING OFFICER**

3. The undersigned was appointed as Adjudicating Officer vide order dated August 16, 2013 under rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Rules**') read with sub-section (2) of Section 15 I of SEBI Act to inquire into and adjudge under Section 15A (b) of the SEBI Act, the alleged violations of Takeover Regulations.

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

4. Show Cause Notice No. EAD-6/AK/VS/30446/2013 and EAD-6/AK/VS/30450/2013 dated November 27, 2013 (hereinafter referred to as '**SCN**') was issued to the Noticees under rule 4 of the Rules to show cause as to why an inquiry should not be held and penalty be not imposed under Section 15A(b) of SEBI Act for the alleged violation specified in the said SCN. The said SCN was delivered and acknowledged by the Noticees. Vide letter dated December 11, 2013, Noticees filed reply to the SCN and *inter alia* made the following submissions:
  - a. *that they admit the defaults mentioned in the SCN;*
  - b. *that the company was comatose and the promoter was bed ridden during the period when the defaults had occurred. The promoter did not have qualified persons to guide him and was personally disabled on account of being bed ridden with severe back problems;*
  - c. *that the company had to undergo suspension of trading in share on NSE on account of certain defaults in compliance with provisions of Listing Agreements due to the above;*
  - d. *that the company is now being revived with fresh fund infusion by SICOM Investments & Finance Ltd, partly by way of equity and partly by way of loan funds;*

- e. that neither the promoters nor the company has in any way benefitted from the above defaults and there was no mala fide intent in the defaults listed in the SCN;*
  - f. that at this juncture the promoters and the company need all the help and support to successfully turnaround the company which was closed down and has been revived from such a situation.*
- 5. In the interest of natural justice an opportunity of hearing was provided to the Noticees on January 24, 2014 vide hearing notice dated December 30, 2013. Shri Lalit Agrawal, Chartered Accountant, Ms. Kumudini Paranjape, Company Secretary and Partner of M/s. Makarand M Joshi & Co. and Ms. Ishwari Chavan, Company Secretary of M/s. Aster Silicates Limited, (hereinafter collectively referred to as Authorised Representatives '**ARs**') appeared on behalf of the Noticees viz. Mr. Mahesh Maheshwari and Ms. Namrata Maheshwari. During the hearing ARs reiterated the submissions made by the Noticees in their reply dated December 11, 2013. ARs admitted the non-compliance of the Noticees and *inter alia* submitted that during the period of non compliance, the company ran into huge losses as a result of which the company was shut down and due to various non-compliances, the shares of the company were suspended from trading. ARs were advised to *inter alia* submit copies of the filings/ disclosures made by the Noticees with the Exchanges (BSE and NSE) and reason for pledging of shares along with the supporting documents such as pledge agreement copy etc. ARs undertook to submit the documents/ information by February 10, 2014.
- 6. Vide individual letters dated February 10, 2014, Noticees viz. Mr. Mahesh Maheshwari and Ms. Namrata Maheshwari have *inter alia* made the following further submissions:
  - a. that delay in intimating the creation, invocation and release of pledge of shares have occurred on their part and to that extent technically they have committed a default which could invite penalty under relevant provisions of the SEBI Act, 1992;*

- b. *that SEBI Act, 1992, however, provides a mechanism for conduct of enquiry in any/all matters where defaults have occurred to evaluate the intention behind the defaults and the penal provisions would attach to only those defaults where ulterior motive is established;*
- c. *that the company suffered huge losses due to shortage of gas and was financially forced to shut down operations since March 2012;*
- d. *that due to financial duress, the qualified personnel of the company started deserting the company and even the Company Secretary of the company resigned in August, 2011;*
- e. *that somewhere in August-September, 2011, the existing lenders started pressing for repayments of loans taken and to furnish additional security to them. Hence, they pledged some of the shares belonging to them to the existing lenders, on the understanding that fresh funds would be made available to the company. However, the existing lenders not only did not extend any fresh financial assistance, but, appropriated the shares pledged towards existing borrowings;*
- f. *that during the quarter ending 31.12.2011 when the company was almost at the point of shutdown of operations, Noticee Mr. Mahesh Maheshwari was left without any commercial and legal help to guide him in raising finances. He attempted to raise funds from all/any source, and it was in that period he was approached by one Mr. Natwar Agarwal, with a proposal wherein he promised to raise funds for the company against pledge of shares of the promoters;*
- g. *that Mr. Natwar Agarwal insisted on having a pledge created on shares held by Noticee Mr. Mahesh Maheshwari as well as his wife Ms. Namrata Maheshwari as a condition to seek funds. Being in a miserable situation, they had to agree and Noticee Ms. Namrata Maheshwari created a pledge on 23,942 shares on 06-01-2012 and Noticee Mr. Mahesh Maheshwari created a pledge on 1,00,000 shares on 09-01-2012 to give him the confidence. However, he did not make any progress in the matter and when they repeatedly followed up, he insisted on creation of pledge on their balance shareholding. That the Noticees viz. Mr. Mahesh Maheshwari and Ms. Namrata Maheshwari relented and on 21-01-2012*

*and 23-01-2012 created a charge on the balance 55,72,880 shares and 12,11,131 shares respectively held by them with the hope that the process of raising funds would gain momentum and they would be able to run the company;*

- h. that Noticee Mr. Mahesh Maheshwari was simultaneously talking to many other persons, but no progress was made and he suffered severe health problems and with his back requiring him to be bed ridden and on traction for long periods, he was unable to function normally;*
- i. that finally in January 2013, he was able to get funding from SICOM Investments & Finance Ltd for revival of the company, and got the shares pledged with Mr. Natwar Agarwal released and the same shares were pledged with SICOM Investments & Finance Ltd to secure the financial assistance;*
- j. that in the circumstance, there was no intention on the part of the Noticees to commit any default, and the defaults which have occurred are on account of circumstances having overtaken them. The precarious financial position of the company, coupled with non availability of professional guidance/ assistance and further compounded with personal ill health of Noticee Mr. Mahesh Maheshwari requiring bed rest and traction, have resulted in the defaults in reporting the creation, invocation and release of pledge of shares as listed in the SCN dated 27-11-2013.*
- k. that Noticees have not made any gain by not disclosing the creation, invocation and release of pledge within the prescribed time, nor, have they caused any loss to any investor/ group of investors due to delay in intimating the pledge of shares as aforesaid;*
- l. that no action/actions is/are taken by SEBI in the past against the Noticees and also there are no past non-compliance of SEBI Act and Regulations made there under.*

7. The Noticees submitted the following documents along with the aforesaid reply:

- a. Copies of default compliance filed with BSE and NSE;

- b. Pledge agreement executed for pledging shares with SICOM Investments & Finance Ltd for providing security against financial assistance received by the company.

### **CONSIDERATION OF ISSUES AND FINDINGS**

8. I have carefully perused the written submissions wherever submitted by the Noticees, the facts put forth during the hearing and the documents available on record. The allegation against Noticee Mr. Mahesh Maheshwari is of Regulations 8A(3) of Takeover Regulations, 1997; and Regulations 30(2) read with 30(3), 31(1) and 31(2) read with 31(3) of Takeover Regulations, 2011 and that against Noticee Ms. Namrata Maheshwari is of Regulations 30(2) read with 30(3), 31(1) and 31(2) read with 31(3) of Takeover Regulations, 2011.
9. Before moving forward, it will be appropriate to refer to the relevant provisions of the Takeover Regulations, which reads as under:

#### ***Regulation 8A(3) of Takeover Regulation, 1997:***

**8A.(3)** *A promoter or every person forming part of the promoter group of any company shall, within 7 working days from the date of invocation of pledge on shares of that company pledged by him, inform the details of invocation of such pledge to that company.*

*Explanation.— For the purposes of sub-regulations (1), (2) and (3) the term —promoter// and —promoter group// shall have the same meaning as is assigned to them under Clause 40A of the Listing Agreement.*

#### ***Regulation 30(2) r/w 30(3), 31(1) and 31(2) r/w 31(3) of Takeover Regulations, 2011:***

**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.*
- 31.(1)** *The promoter of every target company shall disclose details of shares in such target company encumbered by him or by persons acting in concert with him in such form as may be specified.*
- 31.(2)** *The promoter of every target company shall disclose details of any invocation of such encumbrance or release of such encumbrance of shares in such form as may be specified.*
- 31.(3)** *The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within seven working days from the creation or invocation or release of encumbrance, as the case may be to,—*  
*(a) every stock exchange where the shares of the target company are listed;*  
*and*  
*(b) the target company at its registered office*

10. The issues that arise for consideration in the present case are:

- a. Whether Noticee Mr. Mahesh Maheshwari has violated Regulation 8A(3) of Takeover Regulations, 1997; and Regulations 30(2) read with 30(3), 31(1) and 31(2) read with 31(3) of Takeover Regulations, 2011 and whether Noticee Ms. Namrata Maheshwari has violated Regulations 30(2) read with 30(3), 31(1) and 31(2) read with 31(3) of Takeover Regulations, 2011?
- b. Does the violation, if any, on the part of the Noticees attract monetary penalty under Section 15A (b) of the SEBI Act?
- c. If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of the SEBI Act?

## **FINDINGS**

11. I now proceed with the alleged violations of Takeover Regulations 1997 and 2011.

- i. The issue for consideration is whether the Noticees failed to make the relevant disclosures under Takeover Regulations 1997 and 2011 within the stipulated time. It is alleged that Noticee Mr. Mahesh Maheshwari has violated Regulation 8A(3) of Takeover Regulations, 1997; and Regulations 30(2) read with 30(3), 31(1) and 31(2) read with 31(3) of Takeover Regulations, 2011 and Noticee Ms. Namrata Maheshwari has violated Regulations 30(2) read with 30(3), 31(1) and 31(2) read with 31(3) of Takeover Regulations, 2011. The Noticees in their reply have admitted to the default and stated that the default was not intentional since the company became comatose by suffering huge losses and was financially forced to shut-down operations. They have further submitted that the promoter was bed ridden and did not have qualified persons to guide him during the period of default. The Noticees have *inter alia* also submitted that under the circumstances, to raise funds for reviving the company, their shares were pledged to one Mr. Natwar Agarwal and SICOM. I note that the liability to make disclosures under Takeover Regulations 1997 and 2011 arose when the Noticees created, invoked and released the pledged shares.
- ii. It is understood that the relevant regulations of the Takeover Regulations 1997 and 2011 are clear and unambiguous with respect to the requirement of making necessary and timely disclosures. As per Regulation 8A(3) of the Takeover Regulation 1997, promoter or every person forming part of the promoter group of the company is required to inform the company, within seven working days from the invocation of pledge on shares of that company, of the details of invocation of such pledge. Regulation 30(2) of Takeover Regulations 2011 requires promoter of the Target Company and persons acting in concert with him, to disclose their aggregate shareholding and voting rights as of the thirty

first day of March, in such target company within seven working days from the end of each financial year. Regulation 31(1) of Takeover Regulations 2011 requires promoter of every target company to disclose details of shares in such target company encumbered by him or by person acting in concert with him. Regulation 31(2) of Takeover Regulations 2011 requires promoter of every target company to disclose details of any invocation of such encumbrance of shares within seven working days from the creating or invocation or release of encumbrance, to the stock exchange where the shares of the target company are listed and to the target company. With regard to the alleged non-disclosures, Noticees in their reply dated December 11, 2013 and February 10, 2014 have admitted the defaults. The said admittance was also reiterated by the ARs of the Noticees at the time of the hearing. I note that Noticees in their reply have admitted the lapses and requested to take a lenient view in the matter for the reasons mentioned above.

- iii. I, thus, conclude without doubt that the Noticee Mr. Mahesh Maheshwari has violated Regulations 8A(3) of Takeover Regulations, 1997; and Regulations 30(2) read with 30(3), 31(1) and 31(2) read with 31(3) of Takeover Regulations, 2011 and Noticee Ms. Namrata Maheshwari has violated Regulations 30(2) read with 30(3), 31(1) and 31(2) read with 31(3) of Takeover Regulations, 2011.
- iv. 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."

12. 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:

**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 therefore in the regulations, fails to file return or furnish the same within the time specified therefore 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.*

13. 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.*

14. 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. 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 results in preventing investors from taking well-informed decisions. Thus, the cornerstone of the Takeover regulations is investor protection. The Noticees, being promoter of a listed company, had a responsibility in ensuring compliance to disclosure norms under the Takeover Regulations 1997 and 2011.

15. As per Section 15A (b) of the SEBI Act, the Noticees are liable to a 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.

16. Noticees in their reply have submitted that they have not made any gain by not disclosing the creation, invocation and release of pledged shares, nor they have caused any loss to any investors. With regard to the aforesaid contention, 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.”*

17. 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 Noticee's shares on the Exchange 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 and/or 2011, as applicable.

18. I find that the market capitalization of the company during the relevant period was in the range of Rs. 15-22 crore. I further note from the BSE website that there were about 11,000 shareholders in public shareholding category holding between 50-53% of total paid-up capital of the Company during the relevant period from October 2011 to March 2013. Further, I note that during the said relevant period from October 2011 to March 2013, the average daily trading volumes on BSE were approx. 13,250 shares and on NSE approx. 9,800 shares. I find that the Noticee Mr. Mahesh Maheshwari has violated Regulations 8A(3) of Takeover Regulations, 1997 on one (1) occasion, Regulations 30(2) read with 30(3) of Takeover Regulations, 2011 on one (1) occasion, Regulation 31(1) read with 31(3) of Takeover Regulations, 2011 on three (3) occasions and Regulation 31(2) read with 31(3) of Takeover Regulations, 2011 on two (2) occasions. Here, I have taken note of the fact that out of the two occasions when Regulation 31(2) of Takeover Regulations, 2011 was violated by the Noticee Mr. Mahesh Maheshwari, on one occasion he had made disclosures within the specified period to the company and to NSE and the delayed disclosure was only with respect to BSE. Noticee Ms. Namrata Maheshwari has violated Regulation 30(2) read with 30(3) of Takeover Regulations, 2011 on one (1) occasion, Regulation 31(1) read with 31(3) of Takeover Regulations, 2011 on three (3) occasions and Regulation 31(2) read with 31(3) of Takeover Regulations, 2011 on one (1) occasion. As promoters of the listed company, the Noticees had a responsibility to comply with the disclosure requirements in accordance with the spirit, intention and purpose of the Takeover Regulations on creation, invocation and release of the pledged shares. They were also required to disclose their

aggregate shareholding and voting rights as of the thirty-first day of March within the time specified under the Takeover Regulations so that the investors could take a decision whether to buy, sell, or hold the securities of the company. Non-compliance/ Delayed compliance with disclosure requirements by the promoters of a listed company undermines the regulatory objectives and jeopardizes the achievement of the underlying policy goals.

### **ORDER**

19. After taking into consideration all the facts and circumstances of the case, I impose a penalty of **Rs. 6,50,000/- (Rupees Six Lakh Fifty Thousand Only)** on Mr. Mahesh Maheshwari and **Rs. 4,50,000/- (Rupees Four Lakh Fifty Thousand Only)** on Ms. Namrata Maheshwari, under Section 15 A(b) on the Noticee which will be commensurate with the violations committed by the Noticee.
20. The Noticee 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 Shri 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.
21. In terms of rule 6 of the Rules, copies of this order are sent to the Noticee and also to the Securities and Exchange Board of India.

**Date: April 28, 2014**

**Place: Mumbai**

**Anita Kenkare**

**Adjudicating Officer**