

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER

On the Application No. **2754of 2013**

filed by

M/s Welspun Fintrade Private Limited

(PAN no. AAACW2877J)

Consent Order No: CFD/EAD-6/AO/AK/82/2015

1. A letter of offer was made by M/s Krishiraj Trading Limited (**Acquirer**) to acquire upto 2,33,35,525 (Two crore, thirty three lakh thirty five thousand, five hundred and twenty five) fully paid-up equity shares of face value of Rs. 10/- each representing 26% of the expanded share capital at a price of Rs. 54 (Rupees fifty four) per fully paid up equity share of Welspun India Limited (**Target Company**). The public announcement for the same was made on May 24, 2012. The shares of the company were listed on Bombay Stock Exchange (**BSE**) and National Stock Exchange (**NSE**).
2. On perusal of the letter of offer, SEBI observed that M/s Welspun Fintrade Limited (**company/ applicant**) (formerly known as Welspun Trading Limited) was a part of the promoter group of the company and had failed to comply with the provisions of Regulation 7(1A) read with Regulation 7(2) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 (**Takeover Regulations**) with respect to transactions in the years 2006 and 2010. Hence, adjudication proceedings were initiated against M/s Welspun Fintrade Limited having its registered office at Welspun City, Village Versamedi, Taluka Anjar, Gujarat-370110, to inquire into and adjudge under section 15A(b) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **SEBI Act**), and Ms. Barnali Mukherjee was appointed as Adjudicating Officer on May 20, 2013. Consequent upon the transfer of Ms. Barnali Mukherjee, the undersigned was appointed as the Adjudicating Officer vide Order dated August 08, 2013 under section 15-I of the SEBI Act.
3. A Show Cause Notice bearing no. EAD-6/BM/VRP/18298/2013 dated July 25, 2013 was issued to the company under Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, as to why an inquiry should not be held in respect of the violations alleged to have been committed by the company, for the alleged violation/contravention of the provisions of Regulation 7(1A) read with Regulation 7(2) of Takeover Regulations, the details of which are as given below:

Regulation	Transaction Date	No. of Shares Acquired	Change in % Shareholding	Due Date of compliance	Date of compliance	Delay - in no. of days
7(1A)	31.07.2006	1632330	2.23%	02.08.2006	03.08.2006	1
7(1A)	05.03.2010	1615561	2.21%	07.03.2010	08.03.2010	1
7(1A)	07.04.2010	1654317	2.26%	09.04.2010	15.04.2010	6

4. While the adjudication proceedings pursuant to the said SCN were in progress, the applicant vide its application dated September 16, 2013 and applications for amendment dated April 02, 2014, May 28, 2014 and December 24, 2014 in terms of the SEBI circular no. EFD/ED/Cir-1/2007 dated April 20, 2007 read with circular dated May 25, 2012 and subsequently replaced with the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 proposed to settle, through a consent order, the aforementioned adjudication proceedings for the delayed compliance of the provisions of Regulation 7(1A) read with regulation 7(2) of the Takeover Regulations, 1997.
5. The application for settlement also proposed to settle the delayed compliance of Regulation 7(1A) read with regulation 7(2) of the Takeover Regulations, 1997 and Regulation 13(1) of SEBI (Prohibition of Insider Trading) Regulations (hereinafter referred to as '**PIT Regulations**') with respect to the transactions executed on June 28, 2005 pursuant to a scheme of arrangement in the nature of merger between Gloflame Cotspin Industries Ltd and Welspun Industries Ltd. In the matter, a separate Settlement Order has been passed vide Order Ref. No: CO/CFD-DCR-1/84/Sept/2015 dated September 11, 2015 in terms of Regulation 15(2) of SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014.
6. The representatives of the applicant appeared before the Internal Committee of SEBI where the terms of settlement were deliberated upon. Thereafter, the applicant vide its letter dated April 09, 2015 proposed the revised consent terms to settle the aforesaid adjudication proceedings by offering to pay a sum of Rs. 2,00,000/- (Rupees Two Lakhs only) towards settlement charges.
7. The High Powered Advisory Committee (hereinafter referred to as "**HPAC**") considered the settlement terms proposed by the applicant, viz, **M/s. Welspun Fintrade Pvt. Ltd.** and recommended for settlement of the aforesaid adjudication proceedings upon payment of **Rs. 2,00,000/- (Rupees Two Lakhs only)** towards settlement charges. The Panel of Whole Time Members of SEBI accepted the said recommendations of the HPAC and the same was communicated to the applicant vide an e-mail dated August 13, 2015. Accordingly, the applicant has forwarded a demand draft No. '869223' dated

August 14, 2015 drawn on State Bank of Bikaner and Jaipur and payable at Mumbai, for a sum of Rs. 2,00,000/- (Rupees Two Lakhs only) towards the settlement charges.

8. In view of the above, in terms of Regulation 15 (1) of SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 it is hereby ordered that:
 - i. this Consent Order disposes of the said Adjudication Proceedings pending in respect of the Applicant as mentioned above 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 Applicant, if SEBI finds that:
 - a. any representations made by the Applicant in the consent proceedings are subsequently discovered to be untrue;
 - b. the Applicant has breached any of the clauses / conditions of undertakings / waivers filed during the current consent proceedings.
9. This consent order is passed on this Twenty fourth day of September, 2015 and shall come into force with immediate effect.
10. In terms of Regulation 17 of SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014, copies of this order are being sent to the Applicant and also to Securities and Exchange Board of India, Mumbai.

Place: Mumbai

**Anita Kenkare
Adjudicating Officer**