

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA**

[ADJUDICATION ORDER NO. EAD-2/DSR/RG/870 - 875/2017]

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:

- 1. Shri Radheyshyam Lahoti (PAN : AAAPL2939E)**
- 2. Lahoti Exports Private Limited (PAN : AAACL1455F)**
- 3. Quality Products Marketing Private Limited (PAN : AAACQ0152C)**
- 4. Shri Ramawtar Lahoti (PAN : AABPL1986B)**
- 5. Focus Investments and Traders Private Limited (PAN : AAACF1256G)**
- 6. Authentic Investment & Finance Limited (now known as Media Savvy (India) Limited (PAN : AAACA7097C)**

In the matter of

SERVOTECH ENGINEERING INDUSTRIES LIMITED

- 1. Securities and Exchange Board of India (hereinafter referred to as the SEBI) had examined the alleged irregularity in the scrip of Servotech Engineering Industries Limited (hereinafter referred to as the target company / SEIL) and into the possible violation of the provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the SEBI Act, 1992) and various Rules and Regulations made there under. While examining the draft letter of offer filed by Shri RadheshyamLahoti (Acquirer) along with Lahoti Exports Private Limited, Quality Products Marketing Private Limited, Shri RamawtarLahoti and Focus Investments & Traders Private Limited (PACs) for acquisition of 13,34,200 equity shares representing 26% of the share capital and 32.98% of the voting capital of SEIL on September 26, 2012 at a price of ₹ 6.90 per share in terms of the SAST Regulations, certain non-compliances with respect to the SAST Regulations by the Promoter and Promoter Group of SEIL were observed.**

2. It was observed that the Promoters namely, RadheshyamLahoti and Quality Products Marketing Pvt. Ltd had transferred 1,00,000 shares (2.47%) by way of inter-se transfer in September 2006. Upon the said inter-se transfer of 2.47% shares, Quality Products Marketing Pvt. Ltd (Acquirer) along with the PACs i.e. Lahoti Exports Private Limited, Shri RamawtarLahoti, Authentic Investment & Finance Limited and Focus Investments & Traders Private Limited (hereinafter individually referred to by their respective names and collectively referred to as the Noticees) were required to make the necessary disclosures as prescribed under Regulation 7(1A) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as the 'SAST Regulations, 1997') read with Regulation 35(2) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as the 'SAST Regulations, 2011'). However, it was observed that the said Noticees had failed to make the said disclosures.
3. Further, it was observed that Lahoti Exports Private Limited had sold 86,000 shares (2.13%) of SEIL in July 2007. Upon the said sale of shares, the Noticees were required to make the necessary disclosures as prescribed under Regulation 7(1A) of the SAST Regulations, 1997 read with Regulation 35(2) of the SAST Regulations, 2011. However, it was observed that the said Noticees had failed to make the said disclosures.
4. It was also observed that the Noticees viz. Focus Investments & Traders Private Limited, Lahoti Exports Private Limited, Quality Products Marketing Pvt. Ltd, RadheshyamLahoti and Ram AwtarLahotihad made the disclosures as prescribed under Regulation 30(2) read with Regulation 30(3) of the SAST Regulations, 2011 belatedly i.e. with delay of 22 days.
5. SEBI, therefore, has initiated adjudication proceedings against the Noticees for the alleged violation of the abovementioned provisions of law.

Appointment of Adjudicating Officer

6. I have been appointed as the Adjudicating Officer, vide order dated September 22, 2016, under Section 15-I of the SEBI Act, 1992 read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer)

Rules, 1995 (hereinafter referred to as the 'Adjudication Rules') to inquire into and adjudge under Section 15A (b) of the SEBI Act, 1992, the alleged violation of the provisions of law by the Noticees.

Show Cause Notice, Reply and Personal Hearing

7. A common Show Cause Notice dated September 11, 2017 (hereinafter referred to as 'SCN') was issued to the Noticees in terms of Rule 4 of the Adjudication Rules requiring them to show cause as to why an inquiry should not be held against them for the alleged violation of provisions of law. The SCN issued to all the Noticees was duly delivered except in case of Quality Product Marketing Limited. In view of the same, the said SCN was affixed at the last known address of Quality Product Marketing Limited and the report thereof is available on record. Further, vide letter dated October 18, 2017, Mr. Radheyshyam Lahoti filed a reply on behalf of himself and 3 other Noticees viz. Lahoti Exports P. Ltd, Quality Product Marketing P. Ltd and Mr. Ramawtar Lahoti in the matter. No reply was received from Authentic Investment & Finance Limited and Focus Investments & Traders Private Limited to the said SCN.
8. Therefore, in the interest of natural justice and in order to conduct an inquiry as per Rule 4(3) of the Adjudication Rules, vide hearing notices dated November 01, 2017, an opportunity of personal hearing was granted to the Noticees viz. Mr. Radheyshyam Lahoti, Lahoti Exports Private Limited, Shri Ramawtar Lahoti, Authentic Investment & Finance Limited and Focus Investments & Traders Private Limited on November 22, 2017 in the matter. With respect to Quality Products Marketing Pvt. Ltd, vide notice dated November 07, 2017, an opportunity of personal hearing was granted to it on November 22, 2017. The said hearing notice was affixed at the last known address of the said Noticee and the report thereof is available on record.
9. On the date of hearing, the Authorized Representative (AR) appeared on behalf Mr. Radheyshyam Lahoti, Lahoti Exports Private Limited, Shri Ramawtar Lahoti and Quality Products Marketing Pvt. Ltd and made oral submissions. The AR reiterated the submissions so made in the reply dated October 18, 2017 and further stated that with respect to the violation of Regulation 30(2) of the SAST

Regulations, 2011, admittedly, there was a delay of 12 working days. With respect to the Noticees viz. Authentic Investment & Finance Limited and Focus Investments & Traders Private Limited, another AR appeared on the scheduled date of hearing and made submissions in the matter.

Consideration of Issues, Evidence and Findings

10. I have carefully perused the charges levelled against the Noticees as per the SCN, replies filed by Mr. Radheyshyam Lahoti, Lahoti Exports Private Limited, Shri Ramawtar Lahoti and Quality Products Marketing Pvt. Ltd and the material as available on record. The issues that arise for consideration in the present case are:

- (a) Whether the Noticees viz. Lahoti Exports Private Limited, Quality Products Marketing Private Limited, Shri Ramawtar Lahoti, Focus Investments & Traders Private Limited and Shri Radheshyam Lahoti have violated the provisions of Regulation 7(1A) of the SAST Regulations, 1997 read with Regulation 35(2) of the SAST Regulations, 2011 and Regulation 30(2) read with Regulation 30(3) of the SAST Regulations, 2011?***
- (b) Whether Authentic Investment & Finance Limited has violated the provisions of Regulation 7(1A) of the SAST Regulations, 1997 read with Regulation 35(2) of the SAST Regulations, 2011?***
- (c) Do the violations, if any, on the part of the Noticees attract any penalty under Section 15A (b) of the SEBI Act, 1992?***
- (d) If yes, what should be the quantum of penalty?***

11. Before proceeding further, it will be appropriate to refer to the relevant provisions of law which read as under:

Provisions of SAST Regulations, 1997

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 percent 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.

Provisions of SAST Regulations, 2011

Continual disclosures.

30(2) *The promoter of every 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.*

Repeal and Savings.

35(2) *Notwithstanding such repeal,-*

(a) anything done or any action taken or purported to have been done or taken including comments on any letter of offer, exemption granted by the Board, fees collected, any adjudication, enquiry or investigation commenced or show-cause notice issued under the repealed regulations, prior to such repeal, shall be deemed to have been done or taken under the corresponding provisions of these regulations;

(b) the previous operation of the repealed regulations or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred under the repealed regulations, any penalty, forfeiture or punishment incurred in respect of any offence committed against the repealed regulations, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid, shall remain unaffected as if the repealed regulations has never been repealed;

(c) any open offer for which a public announcement has been made under the repealed regulations shall be required to be continued and completed under the repealed regulations.

12. I find from the SCN that SEIL is a public limited company incorporated in October 1994. The subscribed capital of the target company is ₹ 513.14 lakhs, whereas, the paid up capital is ₹ 404.56 lakhs comprising 36,83,689 fully paid up equity shares of ₹ 10 each and 14,47,711 partly paid up equity shares of ₹ 10 each (paid to the extent of ₹ 2.50 per share). The shares of the target company are listed on the Bombay Stock exchange (BSE), Ahmedabad Stock Exchange (ASE)

and Madras Stock Exchange (MSE). It is observed that the shares of SEIL are infrequently traded on BSE.

- 13.I find that the Promoters namely, RadheshyamLahoti and Quality Products Marketing Pvt. Ltd had transferred 1,00,000 shares (2.47%) by way of inter-se transfer in September 2006. Details of the said transaction are as under:

Name of the acquirer promoter	Date of transaction	Pre-transaction holding of acquirer & PACs	Shares purchased	Post transaction holding of acquirer and PACs
Quality Products Marketing Pvt. Ltd	23.09.2006	7,25,400 (17.93%)	1,00,000 (2.47%)	8,25,400 (20.40%)

14. Upon the said inter-se transfer of 2.47% shares, Quality Products Marketing Pvt. Ltd (Acquirer) along with the PACs i.e. Lahoti Exports Private Limited, Shri RamawtarLahoti, Authentic Investment & Finance Limited and Focus Investments & Traders Private Limited were required to make the necessary disclosures as prescribed under Regulation 7(1A) of the SAST Regulations, 1997 read with Regulation 35(2) of the SAST Regulations, 2011. However, it was alleged that the said Noticees had failed to make the said disclosures.

15. Further, another promoter group entity of SEIL viz. Lahoti Exports Private Limited had sold 86,000 shares (2.13%) of SEIL in July 2007. Upon the said sale of shares, Lahoti Exports Private Limited along with the PACs viz. RadheshyamLahoti, Ram AwtarLahoti, Authentic Investment & Finance Limited, Quality Products Marketing Pvt. Ltd and Focus Investments & Traders Private Limited were required to make the necessary disclosures as prescribed under Regulation 7(1A) of the SAST Regulations, 1997 read with Regulation 35(2) of the SAST Regulations, 2011. However, it was alleged that the said Noticees had failed to make the said disclosures. Details of the said transaction are as under:

Name of the acquirer promoter	Date of transaction	Pre-transaction holding of acquirer & PACs	Shares sold	Post transaction holding of acquirer and PACs
Lahoti Exports Private Limited	18.07.2007	9,44,700 (23.35%)	86,000 (2.13%)	8,58,700 (21.23%)

16. I also find from the SCN that the promoter group entities of SEIL i.e. Focus Investments & Traders Private Limited, Lahoti Exports Private Limited, Quality Products Marketing Pvt. Ltd, RadheshyamLahoti and Ram AwtarLahotihad made the disclosures as prescribed under Regulation 30(2) read with Regulation 30(3) of the SAST Regulations, 2011 belatedly i.e. with delay of 22 days. The details of the delayed disclosure are as under:

Due date of compliance	Actual date of compliance	Delay (no. of days)
13.04.2015	05.05.2015	22

17. It was, therefore, alleged in the SCN that Lahoti Exports Private Limited, Quality Products Marketing Private Limited, Shri RamawtarLahoti, Focus Investments & Traders Private Limited and Shri RadheshyamLahoti have violated the provisions of Regulation 7(1A) of the SAST Regulations, 1997 read with Regulation 35(2) of the SAST Regulations, 2011 and Regulation 30(2) read with Regulation 30(3) of the SAST Regulations, 2011. Further, it was also alleged that Authentic Investment & Finance Limited has violated the provisions of Regulation 7(1A) of the SAST Regulations, 1997 read with Regulation 35(2) of the SAST Regulations, 2011.

18. Vide letter dated October 18, 2017, the Noticees viz. RadheyshyamLahoti, Lahoti Exports P. Ltd, Quality Products Marketing P. Ltd and Shri RamawtarLahoti submitted their reply in the matter. The Noticees stated that at the relevant time the total issued capital of the company was 51,31,400 equity shares of ₹ 10/- each, out of which 36,83,689 equity shares were fully paid up and remaining 14,47,711 equity shares were partly paid up to the extent of ₹ 2.50 per share (₹ 7.50/- per share continued to be unpaid). Since an amount of ₹ 1,08,57,833/- remained due and payable from the shareholders, total paid up capital of SEIL was ₹ 4,04,56,617/-. With regard to the allegation of acquisition of 1,00,000 shares on September 23, 2006 by Quality Products Marketing P. Ltd by way of inter-se transfer between the promoters, the Noticees submitted that as per the shareholding pattern submitted by SEIL to BSE for the quarters ending June 30, 2006 and September 30, 2006, the change in percentage of

shareholding of Quality Products Marketing P. Ltd was actually 1.95% on account of acquisition of 1,00,000 shares and not 2.47% as mentioned in the SCN. Thus, it is the case of the Noticees that as the change in the shareholding of the promoters was less than 2%, the disclosure requirement under Regulation 7(1A) of the SAST Regulations, 1997 was not attracted and thus, not made by the Noticees.

19. With respect to the sale of shares by Lahoti Exports P. Ltd on July 18, 2007, the Noticees submitted that on the said date the Noticee i.e. Lahoti Exports P. Ltd had sold 86,000 shares of SEIL amounting to 1.68% of the total share capital of the company. It is the case of the Noticee that the sale of shares is not covered under the ambit of Regulation 7(1A) as the disclosures in terms of Regulation 7(2) of the SAST Regulations state the time line for disclosures under Regulation 7(1A) of the SAST Regulations only for acquisition of shares or voting rights which is not the case here. As Lahoti Exports P. Ltd had only sold the shares, the Noticees submitted that the said transaction does not attract the provisions of Regulation 7(1A) of the SAST Regulations and therefore, the charge does not hold good.

20. With respect to the allegation of delayed disclosures under Regulation 30(2) of the SAST Regulations, 2011, the Noticees submitted that the said disclosures were made by them on April 30, 2015 itself and not on May 05, 2015 as alleged in the SCN. The proof of disclosures made on April 30, 2015 has been submitted by the Noticees in support of their submissions. The Noticees submitted that the said information was in the public domain albeit a little delay of only couple of days. Further, during the personal hearing, it was admitted by the Noticees that there was a delay of 12 working days in making the necessary disclosures under the relevant provisions of the SAST Regulations. Further, the Noticees stated in their reply that they did not have any intention to violate the said provisions of law and no unfair gain or advantage was made by the promoters nor any investor suffered any loss by not making the prescribed disclosures within stipulated time.

21. I have carefully perused the charges levelled against the Noticees in the SCN and the submissions made by them. I find from the submissions of the Noticees

with respect to the acquisition of 1,00,000 shares by way of inter se transfer by Quality Products Marketing P. Ltd on September 23, 2006, admittedly, the Noticees have stated that the voting capital of the promoters has to be computed based on the paid up capital of the company. Further, the Noticees have, themselves in their reply, stated that the paid up capital of the company was ₹ 4,04,56,617/- i.e. 40,45,662 shares of ₹ 10 each at the relevant period. Thus, I find that the voting capital of the Noticees is to be computed on the basis of 40,45,662 shares which was the total paid up capital of SEIL and not on 51,31,400 shares which is the issued capital of SEIL. I find that Quality Products Marketing P. Ltd had acquired 1,00,000 shares (i.e. $1,00,000 * ₹ 10 = ₹ 10,00,000/-$) of SEIL on September 23, 2006 by way of inter se transfer. The said fact has not been disputed by the Noticees. Upon calculating the said acquisition based on the total paid up capital of SEIL, I find that the said Noticee viz. Quality Products Marketing P. Ltd had indeed acquired 2.47% of the share capital of SEIL $\{1,00,000 \text{ shares} / 40,45,662 \text{ shares (which is the paid up capital)} * 100\}$ and not 1.95% of the share capital as submitted by the Noticees. I note that despite making the submission that the voting capital acquired has to be calculated based on the paid up capital, the Noticees have erroneously calculated the same on the basis of the total issued capital of SEIL i.e. 51,31,400 equity shares (i.e. $1,00,000 / 51,31,400 * 100 = 1.95\%$).

22. Similarly, I find that Lahoti Exports P. Ltd had sold 86,000 shares of SEIL on July 18, 2007. The said sale of shares, if calculated on the basis of the total paid up capital of SEIL accounts for 2.13% $(86,000 \text{ shares} / 40,45,662 \text{ shares} * 100)$ of the paid up share capital of SEIL and not 1.68% $(86,000 \text{ shares} / 51,31,400 \text{ shares} * 100)$ as submitted by the Noticees. I further find from the perusal of the shareholding pattern of SEIL as disclosed and disseminated on the BSE website that the company has made the said disclosures on the basis of the issued capital and not on the basis of the paid up capital of the company.

23. I note that the Noticees have relied upon the decision of the Hon'ble Securities Appellate Tribunal (SAT) in the case of Mr. Ravi Mohan & Ors Vs. SEBI (Appeal No. 97 of 2014 - dated December 16, 2015) wherein it was held as under:

“Disclosure obligation under regulation 7(1A) has to be discharged in accordance with regulation 7(1A) read with regulation 7(2). Since, regulation 7(2) does not contemplate for disclosure relating to sale of shares in excess of the limits set out under regulation 7(1A), appellants herein cannot be said to have failed to comply with regulation 7(1A) within the time stipulated under regulation 7(1A) read with regulation 7(2). Consequently penalty imposed on the appellants cannot be sustained.”

24. Further, the Noticees have also relied upon the decision of the Hon’ble SAT in the case of *M/s Anarcon Resources Pvt. Ltd &Ors Vs. SEBI (Appeal No. 337 of 2015 decision dated November 16, 2016)*. In this case, the Hon’ble SAT partly allowed the said appeal by quashing the impugned order to the extent of the penalty imposed for violating Regulation 7(1A) of the SAST Regulations, 1997 while relying on the decision in the case of *Mr. Ravi Mohan &Ors Vs. SEBI (Appeal No. 97 of 2014 - dated December 16, 2015)*

25. In view of the above, I find that as the facts in the present matter are the same as in the case of *Ravi Mohan &Ors Vs. SEBI* decided by Hon’ble SAT, I conclude that the sale of shares did not require the Noticees to make disclosures under Regulation 7(1A) of the SAST Regulations and thus, the allegation levelled against the Noticees viz., *Shri Radheshyam Lahoti (Acquirer)* along with *Lahoti Exports Private Limited, Quality Products Marketing Private Limited, Shri Ramawtar Lahoti, Focus Investments & Traders Private Limited and Authentic Investment & Finance Limited* do not stand established.

26. Further, with respect to allegation of delayed disclosures made by the Noticees as required under Regulation 30(2) of the SAST Regulations, 2011, I find that the Noticees have, admittedly, submitted that there was a delay of 12 working days in making the said disclosures. I also find from the material available on record and the documentary evidence submitted by the Noticees that the Noticees had actually made the disclosures belatedly i.e. on April 30, 2015 with a delay of 12 working days instead of making it on April 13, 2015 and not on May 05, 2015 as alleged in the SCN. Further, I do not find any merit in the submissions of the Noticees that they did not have any intention to violate the said provisions of law

and no unfair gain or advantage was made by the promoters nor any investor suffered any loss by not making the prescribed disclosures within stipulated time. In this context, I note that ***the Hon'ble Securities Appellate Tribunal in the matter of Komal Nahata Vs. SEBI vide order dated 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.” Further, I also note that in ***Appeal No. 78 of 2014 in the case of Akriti Global Traders Ltd. Vs. SEBI, the Hon'ble Securities Appellate Tribunal vide order dated September 30, 2014*** has observed that: “... Argument of appellant that the delay was unintentional and that the appellant has not gained from such delay and therefore penalty ought not to have been imposed is without any merit, because, firstly, penal liability arises as soon as provisions under the regulations are violated and that penal liability is neither dependent upon intention of parties nor gains accrued from such delay”.

27. Therefore, I conclude that the Noticees, by making the necessary disclosures with a delay of 12 working days, have violated the provisions of Regulation 30(2) of the SAST Regulations, 2011 warranting imposition of monetary penalty as prescribed under Section 15A(b) of the SEBI Act, 1992 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,—*

(a)

(b) *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 which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees.*

28. The Hon'ble SAT, in ***Appeal No.66 of 2003 order dated April 15, 2005 - Milan Mahendra Securities Pvt. Ltd. Vs SEBI***, has also observed that, “the purpose of

these disclosures is to bring about transparency in the transactions and assist the Regulator to effectively monitor the transactions in the market. We cannot therefore subscribe to the view that the violation was technical in nature”.

29. The Hon'ble Supreme Court of India in the matter of **SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC)** has 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...”*.

30. While determining the quantum of penalty under Section 15A(b) of the SEBI Act, 1992, it is important to consider the factors stipulated in Section 15J of the SEBI Act, 1992 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.*

Explanation: *For removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under Sections 15A to 15E, Clauses (b) and (c) of Section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.*

I observe that, from the material available on record, any quantifiable gain or unfair advantage accrued to the Noticees or the extent of loss suffered by the investors as a result of the default cannot be computed. I note that the defaults of the Noticees are not repetitive in nature. I note that correct and timely disclosures play an essential role in the proper functioning of the securities market and failure to do so results in depriving the investors from taking well informed investment decisions. I, therefore, conclude that the Noticees, by making the disclosures under SAST

Regulations, 2011 with a delay of 12 working days, are liable for monetary penalties under the SEBI Act, 1992. I note that Hon'ble SAT in Gopalakrishnan Raman and Ors Vs SEBI (vide order dated 20.11.2015) inter-alia, observed as under:

"To sum up, the obligation to make yearly disclosure under regulation 8(2) and regulation 30(2) of the Takeover Regulations framed by SEBI in the year 1997 & 2011 respectively is on the promoter/ promoter group. If the promoters of a listed company are individual promoters then the obligation is on the individual promoters and in case there is a 'promoter group' then the promoter group is required to make yearly disclosure. If the promoter group fails to disclose the shares or 39 voting rights held by the promoters in the promoter group as also their PAC's within the time stipulated under the Takeover Regulations, then, penalty is imposable on the promoter group and the said penalty would be recoverable jointly and severally from the promoters in the promoter group who held shares or voting rights in the Target Company with their PAC's"

ORDER

31. In view of the above, after considering all the facts and circumstances of the case and exercising the powers conferred upon me under Section 15-I (2) of the SEBI Act, 1992 read with Rule 5 of the Adjudication Rules, I hereby impose the following monetary penalty on the Noticees viz. Radheshyam Lahoti, Quality Products Marketing Pvt. Ltd, Lahoti Exports Private Limited, Shri Ramawtar Lahoti and Focus Investments & Traders Private Limited for the violation of provisions of law as stated below:

Sr. No.	Name of the Noticee	Provisions of law violated	Penal Provisions	Penalty Amount (in ₹)
1.	RadheshyamLahoti	Regulation 30(2) read with 30(3) of the SAST Regulations, 2011	Section 15A(b) of the SEBI Act, 1992	₹1,00,000/- (Rupees One Lakh Only) payable jointly and severally
2.	Quality Products Marketing Pvt. Ltd			
3.	Lahoti Exports Private Limited			
4.	Shri RamawtarLahoti			
5.	Focus Investments & Traders Private Limited			

In my view, the penalty is commensurate with the default committed by the Noticees.

- 32.** The amount of penalties shall be paid either by way of demand draft/s in favor of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, or by e-payment in the account of "SEBI - Penalties Remittable to Government of India", A/c No. 31465271959, State Bank of India, BandraKurla Complex Branch, RTGS Code SBIN0004380 within 45 days of receipt of this order. The said demand draft/s or forwarding details and confirmation of e-payment made in the format as given in table below should be forwarded to "The Division Chief (Enforcement Department - DRA-III), Securities and Exchange Board of India, SEBI Bhavan, Plot no. C- 4 A, "G" Block, BandraKurla Complex, Bandra (E), Mumbai - 400 052."

1.	Case Name :	
2.	Name of Payee:	
3.	Date of Payment:	
4.	Amount Paid:	
5.	Transaction No:	
6.	Bank details in which payments is made :	
7.	Payment is made for: (like penalties/ disgorgement / recovery/ settlement amount and legal charges along with order details)	

- 33.** In terms of the Rule 6 of the Adjudication Rules, copies of this order are sent to the Noticees and also to Securities and Exchange Board of India.

Date: December 11, 2017
Place: Mumbai

D.SURA REDDY
GENERAL MANAGER &
ADJUDICATING OFFICER