

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

[ADJUDICATION ORDER NO. EAD-2/DSR/RG/ 863 /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:

Shri Karan Malhotra (PAN: AADPM6006D)

In the matter of

EMPIRE INDUSTRIES LIMITED

1. Securities and Exchange Board of India (hereinafter referred to as the 'SEBI') had examined the trading in the scrip of Empire Industries Limited (hereinafter referred to as the 'target company' / 'EIL') 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 for the period from June 02, 2014 to September 30, 2015.
2. During the examination period, it was observed that shareholding of eight promoters of EIL viz. Shri Dileep Malhotra, Shri Karan Malhotra, Arjun Transport Co. Pvt. Ltd, Ms Anjali Malhotra, Shri Kabir Malhotra, Shri Satish Chandra Malhotra, Shri Ranjit Malhotra and Ms. Uma Malhotra (hereinafter individually referred by their respective names and collectively referred to as the Noticees) had changed while the total promoter shareholding had increased by 3.29%. Upon the changes in their shareholding in the shares of EIL, they were required to make certain disclosures as prescribed under the SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as the PIT Regulations). However, it was observed that the said promoter entities had failed to make the said disclosures.

3. SEBI, therefore, had initiated adjudication proceedings against the Noticees for the following alleged violation of the provisions of law:

- (a) against Shri Dileep Malhotra and Shri Ranjit Malhotra for the alleged violation of Regulation 13(3), 13(4) and 13(4A) of the PIT Regulations,
- (b) against Shri Karan Malhotra, Arjun Transport Co. Pvt. Ltd, Ms Anjali Malhotra and Shri Kabir Malhotra for the alleged violation of Regulation 13(4A) of the PIT Regulations,
- (c) against Shri Satish Chandra Malhotra and Ms. Uma Malhotra for the alleged violation of the provisions of Regulation 13(4) and 13(4A) of the PIT Regulations.

Appointment of Adjudicating Officer

4. I have been appointed as the Adjudicating Officer, vide order dated December 15, 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 abovementioned provisions of law by the Noticees.

Show Cause Notice, Reply and Personal Hearing

5. A common show cause notice dated March 03, 2017 (hereinafter referred to as the '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. Thereafter, the Noticees viz. Shri Dileep Malhotra, Arjun Transport Co. Pvt. Ltd, Ms Anjali Malhotra, Shri Kabir Malhotra, Shri Satish Chandra Malhotra, Shri Ranjit Malhotra and Ms. Uma Malhotra submitted separate Settlement Applications all dated May 03, 2017 and an undertaking in the format prescribed under the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 (hereinafter referred to as the Settlement Regulations) without admission of facts and conclusions of law in the matter.

6. Further, with respect to the SCN issued to Shri Karan Malhotra, vide letter dated July 31, 2017, Shri Ranjith Malhotra, father of Shri Karan Malhotra submitted that Shri Karan Malhotra passed away on September 05, 2014 and the entire shareholding of Shri Karan Malhotra has been transferred to Shri Ranjith Malhotra on November 19, 2014. In support of the said submission, Shri Ranjith Malhotra has submitted a copy of the Death Certificate dated November 19, 2014 issued by the Health Department, Municipal Corporation of Greater Mumbai, Government of Maharashtra in this regard. In view of the same, the adjudication proceedings initiated against Shri Karan Malhotra stand abated.

ORDER

7. 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 read with Rule 5 of the Rules, I conclude that the adjudication proceedings initiated against Shri Karan Malhotra vide show cause notice dated March 03, 2017 stand abated and the matter is, accordingly, disposed of.
8. In terms of Rule 6 of the Rules, copy of this order is sent to Shri Ranjith Malhotra and also to the Securities and Exchange Board of India.

Date: November 20, 2017
Place: Mumbai

D.SURA REDDY
GENERAL MANAGER &
ADJUDICATING OFFICER