

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
SETTLEMENT ORDER No. EAD-2/DSR/VS/910/2018

In respect of Application No. 3390 of 2017 submitted by

Lokesh Machines Ltd.

1. Securities and Exchange Board of India (hereinafter referred as 'SEBI') vide order dated January 09, 2017 initiated adjudication proceedings to inquire into and adjudge under section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as 'SEBI Act, 1992') the alleged violation of the provisions of Regulation 13(6) SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as the PIT Regulations) by Lokesh Machines Ltd. (hereinafter referred to as 'Applicant/LML/Company') during the period from February 12, 2015 to April 16, 2015.
2. Accordingly, a Show Cause Notice No. SEBI/HO/EAD/EAD-6/OW/P/2017/9491/2/2017 dated April 26, 2017 (hereinafter referred to as 'SCN') was served on the Applicant. In the SCN, it was alleged that, as per shareholding pattern of the company, shareholding of Srinivas Mullapudi, the Promoter and Director of the Company had decreased from 12,35,191 shares as on quarter ended December 2014 to 11,35,191 shares as on quarter ended March 2015. The decrease of 1,00,000 shares in the holding of Srinivas Mullapudi from quarter ended December 2014 to quarter ended March 2015 was due to invocation of pledge for 50,000 shares on February 02, 2015 and 50,000 shares on February 10, 2015. It was observed that the invocation of pledge was intimated to the Company in stipulated time by Srinivas Mullapudi, which required the Applicant to make disclosures under Regulation 13(6) of PIT Regulations to the stock exchange. It was alleged that the Applicant had failed to make the said disclosures.
3. Pending adjudication proceedings, the Applicant submitted an Application for Settlement dated May 10, 2017 and an undertaking in the format prescribed under the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 (hereinafter referred to as 'Settlement Regulations') without admission of facts and conclusion of law.
4. Pursuant to the said settlement application, the Authorized Representative of the Applicant attended a meeting with the Internal Committee (hereinafter referred to as

'IC') on November 22, 2017 wherein the settlement terms were deliberated. The revised settlement terms as proposed by the Applicant were placed before the High Powered Advisory Committee (HPAC) in its meeting held on November 27, 2017. After considering the facts and circumstances of the case, the HPAC recommended that the case may be settled on payment of ₹ 2,10,375/- (Rupees Two Lakh Ten Thousand Three Hundred Seventy Five only) towards settlement charges which were approved by the panel of the Whole Time Members, SEBI on January 03, 2018.

5. Accordingly, the Applicant has remitted a sum of ₹ 2,10,375/- (Rupees Two Lakh Ten Thousand Three Hundred Seventy Five only) vide demand draft No. 261597 dated January 16, 2018, drawn on Punjab National Bank, payable at Mumbai, towards the terms of settlement in the matter.
6. In view of the above, in terms of Regulation 15(1) of Settlement Regulations, it is hereby ordered that this settlement order disposes of the adjudication proceedings initiated against the Applicant vide the Show Cause Notice dated April 26, 2017.
7. 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:
 - i. any representation made by the Applicant in the settlement proceedings are subsequently discovered to be untrue; or
 - ii. the Applicant breaches any of the clauses/conditions of undertakings/waivers filed during the current settlement proceedings.
8. In terms of Regulation 17 of Settlement Regulations, a copy of this order is being sent to the Applicant and is published on the website of SEBI.

Date: January 29, 2018
Place: Mumbai

D.SURA REDDY
GENERAL MANAGER &
ADJUDICATING OFFICER