

BEFORE THE ADJUDICATING OFFICER
THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI
SETTLEMENT ORDER NO. EAD-7/BJD/NJMR/6/2018-19

SETTLEMENT ORDER

In respect of application no., 3423/2017

Submitted by S M Sheti Seva Private Ltd., in the matter of Dalal Street Investments Ltd.,

1. SEBI conducted an investigation into the alleged irregularity in the dealing in the shares of Dalal Street Investments Ltd., (hereinafter referred to as "DSIL"/ "Company") during the period September 1, 2008 to July 24, 2009 ("Investigation Period") and into the possible violation of the provisions of the SEBI Act, 1992, other allied Acts, various Rules and Regulations made thereunder.
2. During the course of investigation, it was observed by SEBI that S M Sheti Seva Private Ltd., (hereinafter referred to as "Applicant") and D S Agro Farms Private Ltd., were holding 42,300 and 45,200 shares of DSIL, which was equivalent to 18.80% and 20.08% of the total shareholding of DSIL respectively. Consequent upon merger of D S Agro Farms Private Ltd., with S M Sheti Seva Private Ltd., with effect from August 17, 2009, the shareholding of S M Sheti Seva Private Ltd., increased to 87,500 shares, which was equivalent to 38.88% of the shareholding of DSIL. The increase in the shareholding of S M Sheti Seva Private Ltd., triggered disclosure requirements under Regulation 7 (1A) read with Regulation 7 (2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as "SAST" Regulations) and Regulation 13 (3) read with Regulation 13 (5) of SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as "PIT" Regulations). However, it was observed that the Applicant failed to make the necessary disclosures in this regard, under SEBI (SAST) & SEBI (PIT) Regulations to the Company and The Bombay Stock Exchange (BSE).



3. Since, the applicant failed to comply with the disclosure requirements under SEBI (SAST) and SEBI (PIT) Regulations as mentioned in para 2 above, SEBI initiated Adjudication proceedings against the Applicant and appointed Shri Jayanta Jash as the Adjudicating Officer vide order dated June 2, 2015 under Section 19 of the SEBI Act, 1992 read with Section 15I of the SEBI Act and Rule 3 of (SEBI Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (*hereinafter referred to "Adjudication Rules"*) to inquire into and adjudge the alleged violations of the provisions of SEBI (SAST) and SEBI (PIT) Regulations, committed by the Applicant, under Section 15 A (b) of SEBI Act. Pursuant to internal restructuring, the undersigned was appointed as Adjudicating Officer vide order dated May 18, 2017 in the matter.
4. Accordingly, in terms of Rule 4 of SEBI Adjudication Rules, a Show Cause Notice reference no. EAD/BJD/NJMR/24448/2017 dated October 6, 2017 (*hereinafter referred to as 'SCN'*) was served upon the Applicant, seeking its reply as to why an Inquiry should not be held against it for the alleged violation of the provisions of SEBI (SAST) and SEBI (PIT) Regulations.
5. While the Adjudication proceedings were in progress, the Applicant submitted an application on December 11, 2017 for settlement of the Adjudication proceedings, in terms of SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 (*hereinafter referred to as "Settlement Regulations"*).
5. It is noted from the application filed by the Applicant that vide an undertaking dated December 8, 2017, the applicant had inter-alia submitted that *"We neither admit nor deny the findings of fact and conclusions law which may be part of the settlement order and agree to abide by the settlement order as may be passed for the purpose of settlement of the specified proceedings in accordance with the SEBI Settlement Regulations and guidelines and circulars issued by the Board in that regard. It is also noted that the Applicant had made the requisite disclosures to the Company and BSE on December 7, 2017 under SEBI (SAST) & SEBI (PIT) Regulations.*



6. The Applicant vide its letter dated September 17, 2018 had proposed the revised settlement terms of ₹ 19,28,804/- (Rupees Nineteen Lakhs Twenty Eight thousand Eight hundred and Four only), which was considered by an Internal Committee (IC) of SEBI in its meeting held on September 17, 2018.
7. The settlement terms as proposed by the Applicant were placed before the High Powered Advisory Committee (HPAC) in its meeting held on October 8, 2018. After considering the facts / circumstances of the case, material brought before it, the HPAC recommended that the aforesaid violations, in the facts of the case, may be settled on payment of ₹ 19,28,804/- (Rupees Nineteen Lakhs Twenty Eight thousand Eight hundred and Four only) towards settlement terms as proposed by the Applicant.
8. The recommendation of HPAC were approved by a Panel of the Whole Time Members of SEBI on November 14, 2018, which was communicated to the Applicant through email on November 27, 2018. The Applicant vide letter dated December 10, 2018 had submitted a demand draft bearing no. 241051 dated December 8, 2018 drawn on Kotak Mahindra Bank for an amount of ₹ 19,28,804/- (Rupees Nineteen Lakhs Twenty Eight thousand Eight hundred and Four only) towards the settlement of actions in the instant matter.
9. Therefore, in view of acceptance of the settlement terms as proposed by the Applicant and upon receipt of settlement amount by SEBI, the pending Adjudication Proceedings initiated against the Applicant under the aforesaid SCN dated October 6, 2017, are hereby disposed of in terms of Regulation 15(1) of the Settlement Regulations.
9. This Order is without prejudice to the right of SEBI to initiate Enforcement actions including commencing / reopening of the pending proceedings against the Applicant/Noticee, if SEBI finds that:



- i. any representations made by the Applicant in the present settlement proceedings are subsequently discovered to be untrue.
- ii. the Applicant has breached any of the clauses / conditions of undertakings / waivers filed during the present settlement proceedings.

10. This settlement order passed on 21 January 2019 shall come into force with immediate effect.

11. In terms of Regulation 17 of Settlement Regulations, a copy of this order is being sent to the Applicant and for publication on the website of SEBI.

Date: 21 January 2019
Place: Mumbai




B J DILIP
Adjudicating Officer