

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

SETTLEMENT ORDER

(Application No. 3593/2018)

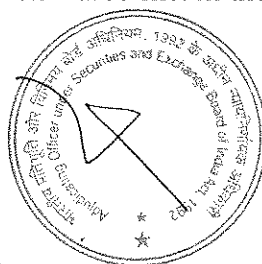
On the application submitted by

National Oilwell Varco Inc.

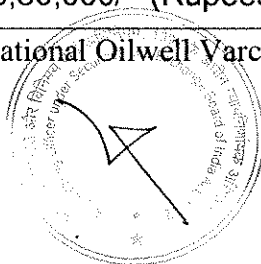
In the matter of GMM Pfaudler Limited

Settlement Order No: EAD/SR/SM/SO/11/2018-2019

1. A department (**OD**) of Securities and Exchange Board of India (hereinafter referred to as **SEBI**) while examining the letter of offer filed by Pfaudler US Inc., Pfaudler Holding S.a.r.l and Pfaudler Inc., in April 2015, to acquire 25% of GMM Pfaudler Limited (hereinafter also referred to as **Target Company**) observed certain non-compliances with regard to SEBI (Substantial Acquisition of shares and takeovers) Regulations, 2011 (hereinafter referred to as **SAST Regulations, 2011**). It was observed by OD that there was delay in compliance of Minimum Public Shareholding (MPS) requirement by National Oilwell Varco Inc (hereinafter referred to as **Noticee/applicant**), along with Persons acting in concert (hereinafter referred to as **PAC**) in open offer during the year 2013. Due to the open offer, the promoters shareholding in the Target Company changed to 76.66%, which indicates that the public shareholding was not atleast 25% as prescribed under the provision of rule 19A of the Securities Contracts (Regulation) Rules, 1957 (hereinafter referred to as SCRR, 1957). To ensure compliance with regulation 7(4) of SAST Regulations, 2011, Pfaudler Inc. made the Offer for Sale of 2,42,472 shares (i.e 1.66% shareholding) to bring down the promoter shareholding to 75% and the said Offer for Sale was completed on December 16, 2014. However, it is alleged that the said shareholding was not brought down within the timeline and hence there was delay in compliance of MPS requirement by the acquirer, PAC and the Target Company.

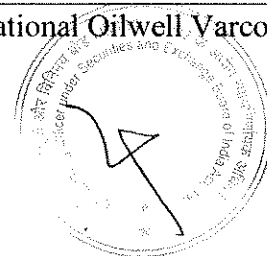


2. SEBI initiated adjudication proceedings against the Noticee to inquire into and adjudge under section 15HB of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **the SEBI Act, 1992**) for the alleged violations of the provisions of regulation 7(4) of SAST Regulations, 2011. The undersigned was appointed as the Adjudicating Officer vide communique dated September 12, 2017 under section 15-I of the SEBI Act, 1992 and rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 for the said alleged violations by the Noticee.
3. In this regard, a Show Cause Notice no. SEBI/HO/EAD/E&AO/SR/VV/OW/2962/2/2018 dated January 30, 2018 (hereinafter referred to as **SCN**) and supplementary show cause notice dated April 24, 2018 were issued to the Noticee by the undersigned. It was alleged in the SCN that the Noticee has delayed in compliance with minimum public shareholding requirement and hence alleged to have violated the provision of regulation 7(4) of SAST Regulations, 2011.
4. While the Adjudication Proceedings were in progress, the applicant submitted a consent application vide letter dated September 12, 2018 and an undertaking in the format prescribed by SEBI for settlement of the matter in terms of SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 (hereinafter referred to as '**Settlement Regulations, 2014**'). It is noted that the Noticee in its undertaking submitted along with settlement application has inter alia stated that "I/We 'neither admit nor deny the findings of fact and conclusions of law' which may be part of settlement of the order".
5. Pursuant to submitting the above mentioned Consent Application, the authorized representative of the applicant attended a meeting with the Internal Committee on Consent on October 25, 2018. During the aforesaid meeting, the settlement terms of Rs. 6,80,000/- (Rupees Six Lakhs Eighty Thousand Only) calculated as per the Settlement Regulations, 2014 were communicated to the the applicant. The applicant vide letter dated October 29, 2018 proposed payment of Rs. Rs. 6,80,000/- (Rupees Six Lakhs Eighty Thousand Only)



towards settlement of regulatory proceedings in relation to the facts contained in the SCN without admitting or denying any violation on the part of the applicant.

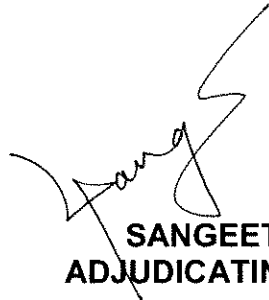
6. The settlement terms were placed before the High Powered Advisory Committee on Consent (hereinafter referred to as 'HPAC') on December 19, 2018. The HPAC, after considering the facts and circumstances of the case, settlement terms offered by the applicant and the materials made available before it by SEBI, recommended that the aforesaid adjudication proceedings initiated against the applicant may be settled on payment of Rs. 6,80,000/- (Rupees Six Lakhs Eighty Thousand Only). The Panel of Whole Time Members of SEBI approved the said recommendation of HPAC on February 08, 2019 and the same was communicated to the applicant vide e-mail dated February 11, 2019.
7. The applicant vide letter dated February 18, 2019 has remitted a sum Rs. 6,80,000/- (Rupees Six Lakhs Eighty Thousand Only) towards the settlement charges through Demand Draft No. 538500 dated February 16, 2019 drawn on State Bank of India.
8. In view of the above, in terms of regulation 15(1) of the Settlement Regulations, 2014, it is hereby ordered that this settlement order disposes off the aforesaid adjudication proceedings initiated against the applicant viz. National Oilwell Varco Inc. vide SCN dated January 30, 2018 and supplementary SCN dated April 24, 2018.
9. This order is without prejudice to the right of SEBI to take enforcement actions including restoring or initiating the proceedings in respect to which the settlement order is passed against the applicant, if :
 - a. any representations made by the applicant in the settlement proceedings is subsequently found to be untrue; or
 - b. the applicant breaches any of the clauses /conditions of undertakings/



waivers filed during the current settlement proceedings.

10. This settlement order is passed on the **22nd day of February, 2019** and shall come into force with immediate effect.
11. In terms of regulation 17 of the Settlement Regulations, 2014, a copy of this order is being sent to the applicant viz. National Oilwell Varco Inc. and also to the Securities and Exchange Board of India.

Place: Mumbai
Date: February 22, 2019


SANGEETA RATHOD
ADJUDICATING OFFICER

