

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

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SETTLEMENT ORDER

On Settlement Application Nos.

1. 3947/2019- filed by Mr. Prakash Kumar Mohta [PAN: AGUPM2260N]
2. 3948/2019- filed by Mr. Prakash Kumar Mohta (HUF) [PAN: AADHP6057K]

in the matter of trading in the scrip of ECE Industries Limited

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1. Mr. Prakash Kumar Mohta and Prakash Kumar Mohta (HUF) (hereinafter referred to as the “applicants”) had filed settlement applications in terms of the SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as the “Settlement Regulations”) proposing to settle, without admitting or denying the findings of fact and conclusions of law, through a settlement order, the pending enforcement proceedings initiated vide Show Cause Notice bearing No. EFD/DRA3/OW/NB/9086/2019 dated April 05, 2019 for the alleged violation of the provisions of Sections 12A (a), (b) and (c) of the SEBI Act, 1992 read with Regulations 3(a), (b), (c), (d), 4(1) & 4(2) (a) and (e) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 and Regulations 4 (5) (a), (b), (c) of the SEBI (Delisting of Equity Shares) Regulations, 2009.
2. SEBI conducted an investigation in the matter of trading in the scrip of ECE Industries Ltd. ((hereinafter referred to as “ECE”). ECE came out with buyback and delisting offers for its shares during the year 2016. It was observed from the Investigation Report that the entities connected to the promoters of ECE funded the purchase of shares of ECE, a bulk of which was subsequently sold under the buyback offer of ECE and thus contributed

towards making the buyback offer successful. It was observed that the Mr. Prakash Kumar Mohta was a promoter and director of ECE. He was karta of Prakash Kumar Mohta (HUF) as well. It was alleged that one entity who was funded by companies related to Prakash Kumar Mohta for purchase of shares of ECE had contributed to scrip price fall by manipulative trades and placed bid under the delisting process at a price lower than prevailing market price. It was also alleged that the entity was seen to have transferred funds received from its broker pursuant to delisting process to the same companies related to Mr. Mohta.

3. Pursuant to the applications, during the meeting with the Internal Committee of SEBI on September 20, 2019, the authorized representatives of the applicants deliberated upon the settlement terms. Thereafter, the applicants vide letter dated September 23, 2019 proposed the revised settlement terms to settle the proceedings mentioned above.
4. The High Powered Advisory Committee (hereinafter referred to as the “HPAC”) in its meeting held on March 02, 2020 considered the settlement terms proposed by the applicants and recommended the case for settlement upon payment of Rs. 25,50,000/- (Rupees Twenty Five Lakh Fifty Thousand only) for each applicant towards the settlement terms.
5. The applicants vide UTR No. HDFCR52020041777199231 and HDFCR52020041777192811 dated April 17, 2020 remitted a total of Rs. 51,00,000/- (Rupees Fifty One Lakh only) [25,50,000/- (Rupees Twenty Five Lakh Fifty Thousand only) for each applicant] towards the settlement terms for the settlement of the aforesaid proceedings and intimated the same to SEBI vide their e-mail dated April 17, 2020. The receipt of the same was also confirmed upon verification.

6. In view of the above, in exercise of the powers conferred under Section 15JB of the Securities and Exchange Board of India Act, 1992 and in terms of Regulations 23 read with Regulation 28 of the Settlement Regulations, it is hereby ordered that the enforcement proceedings for the alleged defaults as discussed in paragraph 1 above are settled qua the applicant and as per the following terms:
- i. SEBI shall not initiate enforcement action against the applicant for the said defaults;
  - ii. this order disposes of the enforcement proceedings in respect of the applicant as mentioned above; and
  - iii. passing of this Order is without prejudice to the right of SEBI to take enforcement actions including commencing proceedings against the applicants, if SEBI finds that:
    - a. any representation made by the applicant in the present settlement proceedings is subsequently found to be untrue;
    - b. the applicant has breached any of the clauses/conditions of undertakings/ waivers filed during the present settlement proceedings.
7. This settlement order is passed on this 28<sup>th</sup> day of April, 2020 and shall come into force with immediate effect.
8. In terms of Regulation 25 of the Settlement Regulations, a copy of this order shall be sent to the applicant and also be published on the website of SEBI.

Sd/-

**S.K. MOHANTY**  
**WHOLE TIME MEMBER**

Sd/-

**ANANTA BARUA**  
**WHOLE TIME MEMBER**