

BEFORE THE ADJUDICATING OFFICER
THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

SETTLEMENT ORDER

On the Application Nos. **2916-2917/2015** and **2951-2980/2015**

Filed on behalf of;

M/s. ABT Finance Limited., M/s. Sakthi Financial Services Ltd., Dr. N Manickam, Mr. M Balasubramaniam, Mr. M Srinivaasan, Mr. A Shanmugasundaram, Mr. M. Mariammal, Mr. Karunambal Vanavarayar, M/s. ABT Ltd., M/s. ABT Industries Ltd., M/s. Sakthi Financial Services Cochin Pvt. Ltd., M/s. Sakthi Logistic Services Ltd (Now known as M/s. Shakti Finance Holdings Limited.), M/s. Sakthi Sugars Ltd., M/s. Sri Chamundeswari Sugars Ltd., M/s. Sri Sakthi Textiles Ltd. and M/s. Gounder & Company Auto Ltd.

Consent Order No: CFD/EAD-6/AO/AK/32-47/2016

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') had initiated adjudication proceedings against Promoter viz., M/s ABT Finance Limited. along with persons acting in concert (hereinafter referred to as '**PACs**') viz. M/s. Sakthi Financial Services Limited, Dr. N Manickam, Mr. M Balasubramaniam, Mr. M Srinivaasan, Mr. A Shanmugasundaram, late Mr. N Mahalingam, Mr. M. Mariammal, Mr. Karunambal Vanavarayar, M/s. ABT Ltd., M/s. ABT Industries Ltd., M/s. Sakthi Financial Services Cochin Pvt. Ltd., M/s. Sakthi Logistic Services Ltd (Now known as M/s. Shakti Finance Holdings Limited.), M/s. Sakthi Sugars Ltd., M/s. Sri Chamundeswari Sugars Ltd., M/s. Sri Sakthi Textiles Ltd. and M/s. Gounder & Company Auto Ltd. (hereinafter referred to as '**Noticees PAC Group-I**') and Promoter viz., M/s. Sakthi Financial Services Limited., along with the Persons acting in concert (PACs) viz., M/s ABT Finance Limited, Dr. N Manickam, Mr. M Balasubramaniam, Mr. M Srinivaasan, Mr. A Shanmugasundaram, late Mr. N Mahalingam, Mr. M. Mariammal, Mr. Karunambal Vanavarayar, M/s. ABT Ltd., M/s. ABT Industries Ltd., M/s. Sakthi Financial Services Cochin Pvt. Ltd., M/s. Sakthi Logistic Services Ltd (Now known as M/s. Shakti Finance Holdings Limited.), M/s. Sakthi Sugars Ltd., M/s. Sri Chamundeswari Sugars Ltd., M/s. Sri Sakthi Textiles Ltd. and M/s. Gounder & Company Auto Ltd. (hereinafter referred to as '**Noticees PAC Group-II**') (hereinafter collectively referred to as the '**Noticees**') in the matter of M/s. Sakthi Finance Ltd. (hereinafter referred to as the **target company**), to inquire into and adjudge under Sections 15H (ii) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**') for the

Settlement order in the matter of M/s. Sakthi Finance Ltd.

alleged violation/contravention of the provisions of Regulation 11(2) read with Regulation 14 (1) of SEBI (Substantial Acquisition of Shares and Takeover) Regulations 1997 (hereinafter referred to as 'Takeover Regulation'). The undersigned was appointed as Adjudicating Officer vide Order dated May 06, 2014 under section 15 I of the SEBI Act.

2. A Show Cause Notice (**SCN**) dated October 08, 2014 was issued to the Noticees under rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 seeking their submission as to why an inquiry should not be held in respect of the violations alleged in the SCN against the Noticees. The SCN *inter alia* alleged that the promoter of the target company i.e. M/s ABT Finance Limited together with PAC Group-I and the promoter of the target company i.e. M/s. Sakthi Financial Services Limited together with PAC Group-II had acquired by way of off-market transactions 85,000 shares on May 15, 2009 and 1,750 shares on December 21, 2009 respectively, but, had failed to comply with provisions of Regulation 11(2) read with Regulation 14(1) of the Takeover Regulation. The details of acquisitions made through off market mode are as under:

Name of Acquirer	Date of Acquisition	Number of Shares Acquired	% of shareholding Acquired	Total Promoters Shareholding and (%)	
				Pre-acquisition	Post-acquisition
M/s ABT Finance Limited along with the PAC Group-I	15-05-2009	85,000	0.282%	1,77,58,439 (58.98%)	1,78,43,439 (59.27%)
M/s Sakthi Financial Services Ltd. along with the PAC Group - II	21-12-2009	1,750	0.006%	1,78,43,439 (59.27%)	1,78,45,189 (59.27%)

Noticees PAC Group -I - M/s. Sakthi Financial Services Limited, N. Manickam, M. Balasubramaniam, M. Srinivaasan, A. Shanmugasundaram, Late N Mahalingam, M. Mariammal, Karunambal Vanavarayar, ABT Ltd., ABT Industries Ltd., Sakthi Financial Services Cochin Pvt. Ltd., Sakthi Logistic Services Ltd., Sakthi Sugars Ltd., Sri Chamundeswari Sugars Ltd., Sri Sakthi Textiles Ltd. and Gounder & Company Auto Ltd.

Noticees PAC Group -II - M/s ABT Finance Limited, N. Manickam, M. Balasubramaniam, M. Srinivaasan, A. Shanmugasundaram, Late N Mahalingam, M. Mariammal, Karunambal Vanavarayar, ABT Ltd., ABT Industries Ltd., Sakthi Financial Services Cochin Pvt. Ltd., Sakthi Logistic Services Ltd., Sakthi Sugars Ltd., Sri Chamundeswari Sugars Ltd., Sri Sakthi Textiles Ltd. and Gounder & Company Auto Ltd.

3. While the adjudication proceedings pursuant to the said SCN were in progress, the Noticee Promoters M/s ABT Finance Limited, M/s. Sakthi Financial Services Limited, Dr. N Manickam, Mr. M

Balasubramaniam, Mr. M Srinivaasan, Mr. A Shanmugasundaram, Mr. M. Mariammal, Mr. Karunambal Vanavarayar, M/s. ABT Ltd., M/s. ABT Industries Ltd., M/s. Sakthi Financial Services Cochin Pvt. Ltd., M/s. Sakthi Logistic Services Ltd (Now known as M/s. Shakti Finance Holdings Limited.), M/s. Sakthi Sugars Ltd., M/s. Sri Chamundeswari Sugars Ltd., M/s. Sri Sakthi Textiles Ltd. and M/s. Gounder & Company Auto Ltd. (hereinafter collectively referred to as '**Applicants**') filed consent application Nos. 2916/2015, 2951/2015 to 2965/2015, 2917/2015 and 2966/2015 to 2980/2015 for settlement of the adjudication proceedings and simultaneously also provided an attested copy of the death certificate of the Noticee, viz. Late Mr. N Mahalingam. Vide Adjudication Order Ref: AK/AO-31/2016 dated September 14, 2016, the adjudication proceeding against Late Mr. N Mahalingam was disposed of in the matter.

4. Further, vide letter dated February 26, 2015 and May 26, 2015, the Applicants were *inter alia* advised to file a revised consent application jointly accompanying the application fees of Rs. 10,000/- (for each applicant). The Applicants in June, 2015 again made fresh applications in the format prescribed by SEBI for settlement in the matter in terms of Regulations 3 (1) and 3 (2) of SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014. Thereafter the Applicants vide letter dated April 26, 2016 proposed Rs. 27,62,500/- (Rupees Twenty seven lakh sixty two thousand five hundred only) as revised consent terms towards settlement charges in respect of the aforesaid proceedings before SEBI.
5. The revised consent terms as proposed by the Applicants were placed before the High Powered Advisory Committee (**HPAC**) on May 30, 2016 and HPAC after deliberation recommended the case for settlement on payment of Rs. 27,62,500/- (Rupees Twenty seven lakh sixty two thousand five hundred only) towards settlement charges. Thereafter, SEBI vide email dated August 19, 2016 conveyed to the Applicants that in view of the recommendations of HPAC, SEBI has in principle agreed to accept the terms of the consent proposed by the Applicants. Accordingly, the applicants vide demand draft No. '147652' dated August 23, 2016 drawn on 'The Karur Vysya Bank Limited' and payable at Mumbai, remitted a sum Rs. 27,62,500/- (Rupees Twenty seven lakh sixty two thousand five hundred only) towards the settlement charges.

6. In view of the above, in terms of Regulation 15 (1) of SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 it is hereby ordered that:
- A) this Consent Order disposes of the said Adjudication Proceedings pending in respect of the Applicants as mentioned in para (3) above and;
- B) passing of this Order is without prejudice to the right of SEBI to take enforcement actions including commencing / reopening of the pending proceedings against the Applicants, if SEBI finds that:
- a. any representations made by the Applicants in the consent proceedings are subsequently discovered to be untrue.
- b. the Applicants have breached any of the clauses / conditions of undertakings / waivers filed during the current consent proceedings.
7. This consent order is passed on the **14th day of September, 2016** and shall come into force with immediate effect.
8. In terms of Regulation 17 of SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014, copies of this order are being sent to the Applicants and also to Securities and Exchange Board of India, Mumbai.

Place: Mumbai

**Anita Kenkare
Adjudicating Officer**