

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

In respect of

Mr. S.K. Bhargava, Mr. C. Prabhakar, Mr. R. Jagannath, Mr. Ashok Malhotra, Mr. L.

Lakshman & Mr. L. Ganesh

In the matter of Kar Mobiles Ltd.

CO/CFD-DCR/646/AO/PG/17/2009

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**'), vide order dated November 19, 2007, initiated adjudication proceedings against Mr. S.K. Bhargava, Mr. C. Prabhakar, Mr. R. Jagannath, Mr. Ashok Malhotra, Mr. L. Lakshman & Mr. L. Ganesh (hereinafter referred to as '**Noticee**') for allegedly violating the provisions of regulation 16(xix) and 22(19) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as '**SAST Regulations**') which attracts penalty under sub-regulations 5 and 6 of regulation 45 of the SAST Regulations and section 15HB of SEBI Act, 1992. A show cause notice dated February 28, 2008 was issued under rule 4(1) of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as "**Adjudication Rules**") read with section 15 I of the SEBI Act, 1992 by Mr. V.S. Sundaresan, Adjudicating Officer.
2. The shares of Kar Mobiles Ltd (**KML**) were listed on Madras Stock Exchange Ltd. (hereinafter referred to as '**MSE**') and Bangalore Stock Exchange Ltd. (hereinafter referred to as '**BgSE**'). It is observed that the Noticee were the directors of REVL during the period when the open offer for acquisition of 6,25,000 equity shares (27.90%) of KML was made by Rane Engine Valves Ltd (**REVL**) pursuant to regulation 11(1) of SAST Regulations. The public offer for acquisition of 27.90% of the equity share capital of KML by REVL opened on December 02, 2005 and closed on December 21, 2005. The price offered by the acquirer was Rs.145/- per fully paid-up equity share of KML.

3. SEBI received complaints from investors alleging non-disclosure of vital information in the aforesaid offer. The complainants alleged that the Noticee concealed material information required to be disclosed to the shareholders. Therefore, adjudication proceedings were initiated against the Noticee to inquire into and adjudge under section 15 I of SEBI Act, 1992 the alleged violation of the provisions of SAST Regulations as stated above.
4. Pursuant to the transfer of Shri V.S. Sundaresan, the undersigned has been appointed as Adjudicating Officer vide order dated November 12, 2009.
5. While the Adjudication Proceedings were in progress, the Noticee submitted an application dated April 23, 2008 and the Undertaking / Waivers in terms of SEBI Circular No. EFD/ Cir.-1/2007 dated 20th April, 2007 for Consent Orders in respect of the aforesaid proceedings before SEBI. Subsequently, the Noticee, vide letter dated October 29, 2008, proposed to pay a sum of Rs.5,00,000/- (Rupees five lakh only) towards settlement charges as revised consent terms.
6. The revised consent terms as proposed by the Noticee were placed before the High Powered Advisory Committee (hereinafter referred to as '**HPAC**'). The HPAC, after considering the facts and circumstances of the case, consent terms offered by the Noticee & the material brought before it by SEBI, recommended that the case may be settled on payment of Rs.5,00,000/- (Rupees five lakh only) towards settlement charges. Thereafter, SEBI, vide letter dated November 10, 2009, communicated to the Noticee its acceptance of the revised consent terms and advised it to pay the amount accordingly. The Noticee has remitted a sum of Rs.5,00,000/- (Rupees five lakh only), vide Demand Draft No.781398 dated November 17, 2009 drawn on HDFC Bank Ltd., Mumbai towards the terms of consent in the matter.
7. In view of above, it is hereby ordered that,

- i) This consent order disposes of the said proceedings pending against the Noticee under Securities and Exchange Board of India Act, 1992 and
- ii) 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 Noticee, if SEBI finds that
 - a. any representation made by the Noticee in the consent proceedings is subsequently discovered to be untrue.
 - b. the Noticee has breached any of the clauses / conditions of undertakings / waivers filed during the current consent proceedings.

7. This consent order is passed on December 08, 2009 and shall come into force with immediate effect.

8. In terms of rule 6 of the Adjudication Rules, copies of this order are being sent to the noticee and to Securities and Exchange Board of India.

Date : December 08, 2009
Place: Mumbai

Piyoosh Gupta
Adjudicating Officer