

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

**ON THE APPLICATION SUBMITTED BY
VINAYA TRADING COMPANY PVT. LTD. & ORS.
IN THE MATTER OF
VINADITYA TRADING COMPANY LIMITED
(CONSENT APPLICATION NO. 2211/2011)**

1. Vinaya Trading Company Pvt. Ltd., Harinagar Holdings & Trading Company Private Limited, Dawn Threads Private Limited, Evergreen Stud & Agricultural Farms Pvt. Ltd., Vinaditya Trading Company Limited, N.R. Ruia (HUF) and V.N. Ruia (hereinafter referred to as 'the applicants') have filed application vide letter dated January 27, 2011, in terms of the SEBI Circular No. EFD/ED/Cir-1/2007 dated April 20, 2007.
2. The applicants have voluntarily proposed to settle through a consent order the following defaults in respect of their shareholding in Vinaditya Trading Company Limited (Target Company):-
 - a. the delayed compliance of the provisions of regulations 6(2), 6(4) and 8(3) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (the Takeover Regulations);
 - b. the delayed compliance of the provisions of regulation 7(1) by Harinagar Holdings & Trading Company Private Limited and Vinaya Trading Company Pvt. Ltd.;
 - c. the delayed compliance of the provisions of regulation 7(1A) of the Takeover Regulations by Dawn Threads Private Limited, Evergreen Stud & Agricultural Farms Pvt. Ltd., N.R. Ruia (HUF) and V.N. Ruia;

- d. failure to make open offer in terms of regulation 11(2) of the Takeover Regulations by Harinagar Holdings & Trading Company Private Limited in respect of the acquisition of shares by it on February 28, 2003;
 - e. failure to make open offer in terms of regulation 11(1) of the Takeover Regulations by N.R. Ruia (HUF) in respect of acquisition of 20,155 shares (13.44%) on February 06, 2006;
 - f. failure to make open offer in terms of regulation 10 of the Takeover Regulations by Vinaya Trading Company Pvt. Ltd. in respect of acquisition of 32,350 shares (21.57%) on June 13, 2006; and
 - g. failure to make open offer in terms of regulation 11(1) of the Takeover Regulations by Dawn Threads Private Limited and Evergreen Stud & Agricultural Farms Pvt. Ltd. in respect of the acquisition of 7601 shares (5.07%) on September 01, 2006.
3. Harinagar Holdings & Trading Company Private Limited, Vinaya Trading Company Pvt. Ltd., Dawn Threads Private Limited, Evergreen Stud & Agricultural Farms Pvt. Ltd. and N.R. Ruia (HUF) have, *inter alia*, further submitted that:
- a. at the time of above acquisition, the promoter's holding in the Target Company was more than 55% and the said acquisition triggered open offer obligation of the respective applicants under regulations 10, 11(1) and 11(2) of the Takeover Regulations as enumerated above at para 2;
 - b. subsequently, M/s Clarus Advisors (India) Pvt. Ltd. and M/s Manas Strategic Consultants Pvt. Ltd. (acquirers), proposed to acquire 64,192 shares (42.8%) of the Target Company through a share purchase agreement (SPA) with the promoters (including the applicants) of the Target Company and made open offer in accordance with regulation 10 and 12 of the Takeover Regulations at the offer price of Rs. 604 per share and the applicants have now completely exited from the Target Company pursuant to above stated SPA;
 - c. the shares of the Target Company are infrequently traded and the offer price of Rs. 604 per share by the acquirers is much higher than the sum of offer

price calculated as per regulation 20(5) of the Takeover Regulations during February, 2003 or February, 2006 or June, 2006 or September, 2006 (when the applicants were required to make open offer) and applicable interest thereon;

- d. even if applicants are now obligated to make open offer with respect to the acquisitions of February 28, 2003 or February 06, 2006 or June 13, 2006 or September 01, 2006, the offer price (including 10% interest thereon for delayed period) would be much less than the present offer price of Rs. 604 per share and making another open offer with respect to the aforementioned earlier acquisitions of the years 2003 and 2006 will not serve the interests of the investors.
4. Vide letter dated July 04, 2011, the applicants have proposed the revised consent terms to settle the alleged non-compliances/violations on payment of Rs. 25,00,000/- (Rupees Twenty Five Lakhs Only) towards settlement charges.
5. The High Powered Advisory Committee, constituted by SEBI, considered the consent application filed by the applicants. The Committee also considered the consent terms proposed by the applicants and recommended the case for settlement on payment of Rs. 25,00,000/- (Rupees Twenty Five Lakhs Only) towards settlement charges. SEBI accepted the said recommendations of the Committee and communicated the same to the applicants vide letter dated August 25, 2011.
6. Accordingly, the applicants have, vide demand draft no. “558778” dated September 09, 2011 drawn on HDFC Bank, Mumbai and payable at Mumbai, remitted a sum of Rs. 25,00,000/- (Rupees Twenty Five Lakh Only) towards the settlement charges.
7. In view of the peculiar facts and circumstances of this case, the alleged non-compliance/violations of the provisions of regulations 6(2), 6(4), 7(1), 7(1A), 8(3), 10, 11(1) and 11(2) of the Takeover Regulations, as enumerated in the aforementioned consent application, are settled as per above consent terms and SEBI shall not initiate any enforcement action against the applicants for the same.

8. This order is without prejudice to the right of SEBI to initiate enforcement actions against the applicants for the abovementioned delay in compliance, if:
- a. any representation made by the applicants in this consent proceeding is subsequently discovered to be untrue; or
 - b. the applicants breach any of the consent terms or undertakings filed in this consent proceeding.
9. This consent order is passed on this the 14th day of February 02, 2012 and shall come into force with immediate effect.

PRASHANT SARAN
WHOLE TIME MEMBER

RAJEEV KUMAR AGARWAL
WHOLE TIME MEMBER