

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER No. EAD/PM/VS/22-23/2017-18

In respect of Application No. 3157 of 2016 submitted by

Rajkumar Kothvale and Shantanu Kothvale

1. Securities and Exchange Board of India (hereinafter referred as 'SEBI') vide order dated May 24, 2016 initiated adjudication proceedings to inquire into and adjudge under section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as 'SEBI Act, 1992') the violation of Regulation 3(3) and Regulation 3(4) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as the 'SAST Regulations') by Rajkumar Kothvale and Shantanu Kothvale (hereinafter referred jointly to as 'Applicants'), promoters in the scrip of Rajkumar Forge Limited (hereinafter referred to as 'RFL/Company') . The shares of RFL are listed on Bombay Stock Exchange Limited (BSE).

2. In this regard, a common Show Cause Notice No. EAD-2/DSR/BKM/22264/1-2/2016 dated August 08, 2016 (hereinafter referred to as 'SCN') was issued to the applicants by then Adjudicating Officer Shri D Sura Reddy. Consequent to transfer of Shri D Sura Reddy, undersigned has been appointed as the Adjudicating Officer vide order dated March 26, 2018 in the present matter.

3. It was alleged in the SCN that the Applicants made inter se transfer among themselves, the details of the changes in the shareholding of the Transferee and Transferor in this regard are as under:

Date of Acquisition	Name of Transferee / Transferor	Shareholding		No. of Shares transferred & (%)	Price at which shares are acquired
		Before	After		
Dec 20,2001	Rajkumar Kothavale	85,800 (0.87%)	48,22,200 (49.11%)	47,36,400 (48.23%)	NIL
	Shantanu Kothavale	48,40,500 (49.30%)	1,04,100 (1.06%)		
Feb 19, 2003	Shantanu Kothavale	1,04,100 (1.06%)	48,40,500 (49.30%)	47,36,400 (48.23%)	
	Rajkumar Kothavale	48,23,000 (49.12%)	86,600 (0.88%)		
Apr 13, 2010	Rajkumar Kothavale	2,18,600 (2.00%)	49,55,500 (45.30%)	47,36,400 (48.33%)	
	Shantanu Kothavale	47,40,500 (43.33%)	4,100 (0.04%)		

4. In the above transactions, as per Regulation 3(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 1997 (hereinafter referred to as 'SAST Regulations'), the acquirers were required to inform about the same to Stock Exchanges at least 4 working days in advance of proposed acquisition in case acquisition exceed 5%. Further, also as per Regulation 3(4) of SAST Regulations, a report along with supporting documents has to be submit by acquirer within 21 days of the date of acquisition. However, the acquirer made delayed compliance to above regulations, the details of the compliance by acquirers to Stock Exchange and to SEBI as under:

Sr. No.	Name of Acquirer	Transaction Date	Status of Compliance of SAST Regulations, 1997
1	Rajkumar Kothavale	Dec 20, 2001	Regulation 3(3) - Not Complied Regulation 3(4) - Delay of 5016 days

2	Shantanu Kothavale	Feb 19, 2003	Regulation 3(3) - Not Complied Regulation 3(4) - Delay of 4590 days
3	Rajkumar Kothavale	Apr 13, 2010	Regulation 3(3) - Delay of 2000 days Regulation 3(4) - Delay of 1980 days

5. From above table, it is observed that Applicants failed to submit information to Stock Exchange and also failed to submit a report of above acquisition to SEBI. It was thus alleged that Applicants have violated the provisions of Regulation 3(3) and Regulation 3(4) of SAST Regulations, 1997.
6. Pending adjudication proceedings, the Applicants submitted an Application for Settlement dated September 16, 2016 and an undertaking in the format prescribed by SEBI in terms of SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 (hereinafter referred to as 'Settlement Regulations').
7. Pursuant to the said settlement application, the Authorized Representative of the Applicant attended a meeting with the Internal Committee (hereinafter referred to as 'IC') on February 09, 2018. The revised settlement terms as proposed by the Applicant were placed before the High Powered Advisory Committee (HPAC) in its meeting held on February 26, 2018. After considering the facts and circumstances of the case, the HPAC recommended that the case may be settled on payment of Rs. 18,51,300/- (Rupees Eighteen Lakh Fifty One Thousand Three Hundred only) towards settlement charges which were approved by the panel of the Whole Time Members, SEBI on March 14, 2018 and the same was communicated to the Applicants vide email dated March 14, 2018.

8. Accordingly, the Applicant has remitted a sum of Rs. 18,51,300/- (Rupees Eighteen Lakh Fifty One Thousand Three Hundred only) vide demand drafts bearing No.s 100746 (for Rs. 9,51,300/-) and 100747(for Rs. 9,00,000/-) both dated March 15, 2018, drawn on Bank of Baroda, payable at Mumbai, towards the terms of settlement in the matter.
9. In view of the above, in terms of Regulation 15(1) of Settlement Regulations, it is hereby ordered that this settlement order disposes of the adjudication proceedings initiated against the Applicant vide the Show Cause Notice dated August 08, 2016.
10. This order is without prejudice to the right of SEBI to take enforcement actions including commencing/ reopening of the pending proceedings against the Applicant, if SEBI finds that:
- i. any representation made by the Applicant in the settlement proceedings are subsequently discovered to be untrue; or
 - ii. the Applicant breaches any of the clauses/conditions of undertakings/waivers filed during the current settlement proceedings.
11. In terms of Regulation 17 of Settlement Regulations, a copy of this order is being sent to the Applicant and is published on the website of SEBI.

Date: March 27, 2018

Place: Mumbai

**PRASANTA MAHAPATRA
ADJUDICATING OFFICER**