

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER

On Application No. 3499/2018

filed by Mr. Gopal Krishna Gupta (PAN: AANPG8437E)

In the matter of Alfa Transformers Ltd.

1. Mr. Gopal Krishna Gupta (hereinafter referred to as 'applicant') filed a *suo moto* settlement application in terms of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 which is repealed and replaced with SEBI (Settlement Proceedings) Regulations, 2018 with effect from January 01, 2019 (hereinafter referred to as 'Settlement Regulations'). The applicant, in his application, without admitting or denying the findings of fact and conclusions of law, proposed to settle, through a settlement order, any proceedings that may be initiated against him for the alleged violation of Regulation 78(6) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as 'ICDR Regulations') in the matter of Alfa Transformers Ltd. The Regulation 78(6) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 reads as follows:

"Lock in of specified securities.

78 (6) The entire pre-preferential allotment shareholding of the allottees, if any, shall be locked -in from the relevant date upto a period of six months from the date of trading approval."

2. The applicant, an Executive Director in Alfa Transformers Ltd. since the year 2016, was allotted 6,30,588 equity shares and 3,15,294 fully convertible warrants of Alfa Transformers Ltd. on 17.10.2016 on a preferential basis. The equity shares so allotted were placed under lock-in from 24.11.2016 (relevant date) to 31.12.2017 as per Regulation 78(2) of ICDR Regulations. Subsequently, the company issued a further 4,40,000 warrants on 04.09.2017 on a preferential basis to the applicant in the non-promoter category. Upon the issuance of these 4,40,000 warrants, the entire pre-preferential holding of the applicant was to be locked-in from the relevant date upto a period of six months from the date of trading approval. The relevant date for the aforesaid preferential allotment made on 04.09.2017 was 07.07.2017. Hence, with effect from 07.07.2017 the entire holding of the applicant was to be locked in from the relevant date till the period of six months from the date of trading approval to be received from BSE on conversion of last tranche of warrants. Upon the expiry of lock-in on 6,30,588 equity shares on 31.12.2017 (allotted to the applicant on 17.10.2016), the applicant inadvertently and in ignorance sold 13,000 equity shares (comprising 0.18% of total share capital of the company) at a consideration of

4,08,322/- between the period 29.01.2018 to 16.02.2018. Upon the knowledge of lock-in, the applicant took corrective measures and got the lock-in extended on the remaining shares and initiated the present settlement proposal with SEBI.

3. Pursuant to the application, the authorized representative of the applicant had a meeting with the Internal Committee of SEBI on December 28, 2018, wherein the settlement terms were deliberated. Thereafter, the applicant, vide letter dated January 09, 2019, proposed the revised settlement terms to settle the defaults mentioned above.
4. The High Powered Advisory Committee ('HPAC') in its meeting held on January 30, 2019 considered the settlement terms proposed and recommended the application for settlement upon payment of ₹5,20,000/- (Rupees Five Lakh Twenty Thousand only). The Panel of Whole Time Members of SEBI accepted the said recommendation of the HPAC on March 11, 2019. The applicant vide Demand Draft No. 503945 dated January 09, 2019 drawn on ICICI Bank had remitted the settlement amount.
5. 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 and 28 read with Regulation 34 of the Settlement Regulations, it is hereby ordered that:
 - i. Any proceedings that may be initiated for the alleged default as discussed in paragraph 1 above, are settled *qua* the applicant as per the above terms,
 - ii. SEBI shall not initiate any enforcement action against the applicant for the said default,
 - iii. this order disposes of the said the proceedings that may be initiated for the alleged default in respect of the applicants as mentioned above and;
 - iv. passing of this order is without prejudice to the right of SEBI to take enforcement actions including commencing proceedings against the applicant, if SEBI finds that:
 - a. any representation made by the applicant in the present settlement proceedings is subsequently discovered to be untrue;
 - b. the applicant has breached any of the clauses/ conditions of undertakings/ waivers filed during the present settlement proceedings.
6. This settlement order is passed on this 15th day of March, 2019 and shall come into force with immediate effect.
7. In terms of Regulation 25 of the Settlement Regulations, a copy of this order shall be sent to the

applicant and shall also be published on the website of SEBI.

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S.K. MOHANTY

ANANTA BARUA

WHOLE TIME MEMBER

WHOLE TIME MEMBER