

BEFORE THE ADJUDICATING OFFICER
THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI
SETTLEMENT ORDER NO.RA/DPS/26-39/2016

SETTLEMENT ORDER

On the Application No. 2943 of 2015 submitted by

Hubtown Limited and its promoters namely, Hemant M Shah, Vyomesh M Shah, Mahipatray V Shah HUF, Hemant M Shah HUF, Vyomesh M Shah HUF, Kunjal H Shah, Falguni V Shah, Rushank V Shah, Khilen V Shah, Kushal H Shah, Lata M Shah, Ukay Valves and Founders Pvt Ltd and Vishwajeet Consultancy Pvt. Ltd.

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') has initiated adjudicating proceeding against Hubtown Limited and its promoters namely, Hemant M Shah, Vyomesh M Shah, Mahipatray V Shah HUF, Hemant M Shah HUF, Vyomesh M Shah HUF, Kunjal H Shah, Falguni V Shah, Rushank V Shah, Khilen V Shah, Kushal H Shah, Lata M Shah, Ukay Valves and Founders Pvt Ltd and Vishwajeet Consultancy Pvt. Ltd (hereinafter referred to as the Applicants) vide Order WTM/PS/21/CFD/JULY/2014 dated July 22, 2014 for delayed compliance with the requirement of minimum public shareholding ('MPS').

2. I was appointed as the Adjudicating Officer vide order dated January 22, 2015, to inquire into and adjudge under section 23E and 23H of the Securities Contracts (Regulations) Act, 1956 (hereinafter referred to as '**SCRA**') for the alleged violation of Clause 40A of the Listing Agreement, provisions of Section 21 of SCRA and provisions of Rule 19A(1) of the Securities Contracts (Regulation) Rules, 1957 (hereinafter referred to as '**SCRR**'). Thereafter, a common show cause notice dated April 27, 2015 (EAO/RA/DPS/ 11652 / 2015) was issued to the Applicants for delayed compliance with the requirement of

MPS under Rule 4 of the SEBI (Procedure for holding inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as the 'Adjudication Rules'). It was observed that the amended provisions of Rules 19 and 19A of the SCRR came into force with effect from June 04, 2010, offering a time period of three years (i.e., on or before June 03, 2013) for a listed company to maintain public shareholding of atleast 25%. However, in the extant case, a concrete step was taken towards the compliance was only during June 2014.

3. Pending the adjudication proceedings, the Applicants vide their letter dated June 17, 2015 filed an application for settlement and an affidavit of 'Undertakings and Waivers' under the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 (hereinafter referred to as Settlement Regulations) by proposing to pay the settlement amount in terms of the Settlement Regulations in the matter. The Applicants, vide letter dated October 9, 2015, submitted their revised settlement terms of ₹12,85,625/- (Rupees Twelve Lakh Eighty Five Thousand Six Hundred and Twenty Five Only) towards the settlement of the alleged violations. Accordingly, the revised settlement terms as proposed by the Applicants were placed before the High Powered Advisory Committee (HPAC) in its meeting held on October 21, 2015. After considering the facts and circumstances of the case, the HPAC recommended that the case may be settled on payment of ₹12,85,625/- (Rupees Twelve Lakh Eighty Five Thousand Six Hundred and Twenty Five Only) towards settlement charges which were approved by the panel of the Whole Time Members, SEBI on December 9, 2015. Thereafter, vide e-mail dated December 18, 2015, the acceptance of the said proposal was communicated to the Applicants by SEBI.
4. Accordingly, the Applicants have remitted a sum of ₹12,85,625/- (Rupees Twelve Lakh Eighty Five Thousand Six Hundred and Twenty Five Only), vide

demand draft bearing No. 368885 dated January 01, 2016, drawn on Canara Bank, payable at Mumbai, towards the terms of settlement in the matter.

5. 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 Applicants vide the common show cause notice dated April 27, 2015.
6. 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:
 - i. any representations made by the Applicants in the settlement proceedings are subsequently discovered to be untrue.
 - ii. the Applicants have breached any of the clauses/conditions of undertakings/waivers filed during the current settlement proceedings.
7. In terms of Regulation 17 of Settlement Regulations, a copy of this order is being sent to the Applicants and is published on the website of SEBI.

Date: January 19, 2016

Place: Mumbai

RACHNA ANAND

ADJUDICATING OFFICER