



BARNALI MUKHERJEE

CHIEF GENERAL MANAGER &
ADJUDICATING OFFICER

By Registered Post Ack. Due/Digitally Signed Email

SEBI/HO/EAD/EAD3/P/OW/2024/000000 /8248/5 /1

February 29, 2024

Noticee Nos.	Noticee Name and Address	Noticee Nos.	Noticee Name and Address
1	Alka India Limited (PAN: AABCA6702F) Address: Unit No.102, First Floor, Morya Landmark II, Off New Link Road, Andheri West, Mumbai, Maharashtra, 400053 Email Id: alkaindia@gmail.com ; alkainaia@gmail.com	2	Ashok R Panchariya (PAN: AEVPP6124P) Address: 7-Nandan Baugh Society, Civil Sujata Road, Shahibag, Ahmedabad Email Id: panchariyaashok@yahoo.co.in ; shailendra1974@gmail.com
3	Satish R Panchariya (PAN: ADRPP1806H) Address: 7-Nandan Baugh Society, Civil Sujata Road, Shahibag, Ahmedabad Email Id- shailendra1974@gmail.com	4	Arun Ramswaroopji Panchariya (PAN: AEVPP6125N) Address: 7-Nandan Baugh Society, Civil Sujata Road, Shahibag, Ahmedabad Email Id: arun@ad1.vsnl.net.in arun.panchariya@me.com

5	✓ Shantadevi R Panchariya (PAN: AQNPP3367Q) Address: 7-Nandan Baugh Society, Civil Sujata Road, Shahibag, Ahmedabad	6	Radhadevi S Panchariya (PAN: AHWPP6235D) Address: 7-Nandan Baugh Society, Civil Sujata Road, Shahibag, Ahmedabad
7	Ramswaroop B Panchariya (PAN: AQNPR3366R) Address: 7-Nandan Baugh Society Civil Sujata Road Shahibag Ahmedabad	8	Madhudevi Panchariya (PAN: AHWPP6223H) Address: 7-Nandan Baugh Society, Civil Sujata Road, Shahibag, Ahmedabad Email Id: madhupanchariya@gmail.com ; mapanchariya@icloud.com
9	Saritadevi Panchariya (PAN: AHWPP8962H) Address: 7-Nandan Baugh Society, Civil Sujata Road, Shahibag, Ahmedabad	10	Cavalier Securities Ltd PAN: AAACC6370Q Address: 34 Kamdhenu Complex, Panjrapole, Ambawadi, Ahmedabad Gujarat panchariyaashok@yahoo.co.in ; shailendra1974@gmail.com

Sub: Notice under Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 read with Section 15-I of Securities and Exchange Board of India Act, 1995 and Rule 4 of Securities Contracts (Regulation) (Procedure for Holding Inquire and Imposing Penalties) Rules, 2005 read with Section 23-I of Securities Contract Regulation Act, 1956 in the matter of "Alka India Limited"

1. Securities and Exchange Board of India ("SEBI") conducted an examination in the matter of Alka India Limited (hereinafter referred to as the "Alka/Noticee No1/Company"), a company listed on Bombay Stock Exchange Limited ("BSE").The

examination was to ascertain whether there was any violation of the provisions of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, (hereinafter referred to as the “**LODR Regulations**”), SEBI (Substantial Acquisition Of Shares And Takeovers) Regulations, 1997 (hereinafter referred to as “**SAST Regulations**”) and clauses of the Listing Agreement by **Noticee No1**, Mr Ashok R Panchariya (**Noticee No2**), Mr Satish R Panchariya (**Noticee No3**), Mr Arun Ramswaroopji Panchariya (**Noticee No4**), Ms Shantadevi R Panchariya (**Noticee No5**), Ms Radhadevi S Panchariya (**Noticee No6**), Mr Ramswaroop B Panchariya (**Noticee No7**), Ms Madhudevi Panchariya (**Noticee No8**), Ms Saritadevi Panchariya (**Noticee No9**) and Cavalier Securities Ltd (**Noticee No10**) (hereinafter all of them together referred to as the **Noticees/You**). During the examination, it was observed that the Noticee No1 allegedly filed incorrect shareholding pattern and also failed to ensure 100% shareholding of its promoters in demat form and Noticee Nos 2-10 allegedly failed to make open offer.

Appointment of Adjudicating Officer

2. Accordingly, vide order dated January 10, 2024, communicated vide communiqué dated February 14, 2024, the undersigned has been appointed as the Adjudicating Officer under Section 15-I of the SEBI, 1992 (hereinafter referred to as “**SEBI Act**”) read with Rule 3 of the SEBI (Procedure for Holding Inquire and Imposing Penalties) Rules, 1995 (hereinafter referred to as “**Adjudication Rules, 1995**”) and Section 23-I of the Securities Contract Regulation Act, 1956 (hereinafter referred to as “**SCRA**”) read with Rule 3 of the Securities Contract (Regulation) (Procedure for Holding Inquire and Imposing Penalties) Rules, 2005 to inquire into and adjudge under Section 15HB, 15H(ii) and 15A(b) of the SEBI Act and Section 23A(a) of the SCRA for the alleged violations by the Noticees. A copy of communicate conveying the appointment of Adjudicating Officer is enclosed as (**Annexure A**).

Alleged Violation 1: Filing of Incorrect shareholding pattern and failure to ensure Promoters' shareholding in demat form

3. It is observed that the equity shareholders of the Noticee No1 vide resolution dated December 31, 2003 granted approval to the issues of 25,00,000 Non-Convertible Redeemable 6% Preference Shares ("NCRPS") of Rs.100 each to promoters and public shareholders. The NCRPS were allotted on March 31, 2004. Subsequently, Board of Director of Noticee No1 vide resolution dated May 01, 2004 changed the terms of NCRPS and made them optionally convertible into equity shares in the ratio of 1:100 of Rs 1 each. Thereafter, Noticee No1 issued 25,00,00,000 (25 crores) equity shares to promoters and public on June 30, 2004. It is observed that Noticee No.1 however, had not taken approval of equity shareholders for making NCRPS optionally convertible under Section 81(1A) of the Companies Act, 1956 and also did not obtain in-principal approval from BSE under Clause 24(a) of Listing Agreement owing to which, 25 Crore shares issued pursuant to conversion of NCRPS were not listed by the BSE.

- 3.1 Further, it is observed that in the Annual Report of Noticee No1 for FY 2013-14, it provided the detail of Notice of 21st AGM held on March 16, 2015 wherein one of the agenda item was on ratification of NCRPS conversion into equity shares done on June 30, 2004 and the shareholding of Noticee No1 pursuant to conversion of NCRPS disclosed in AGM Notice is as under in Table 1:

Table 1

Sr. no.	Category	Pre Issue		Post Issue	
		No. of shares held	%	No. of shares held	%
1	Promoters	16,59,389	0.66	7,16,59,389	14.33
2	Public	24,83,40,611	99.32	42,82,93,611	85.67
TOTAL		25,00,00,000	100	50,00,00,000	100

3.2 In this regard, BSE vide email (**Annexure B**) dated July 11, 2022, *inter-alia*, informed SEBI that the Noticee No1 had issued 8,00,00,000 equity shares to the promoters of the Company on June 30, 2004 pursuant to the conversion of NCRPS. After the issuance, shareholding of promoters was increased from 0.66% to 16.33% of the paid up capital of the Company. This increase was beyond the threshold of 15% provided in Reg. 10 of SAST Regulations, which reads as mentioned below:

No acquirer shall acquire shares or voting rights which (taken together with shares or voting rights, if any, held by him or by persons acting in concert with him), entitle such acquirer to exercise fifteen percent or more of the voting rights in a company, unless such acquirer makes a public announcement to acquire shares of such company in accordance with the Regulations.

3.3 Further, BSE vide email dated 02.12.2022 (**Annexure C**) provided a copy of document of the Noticee No1 containing details of equity shares allotted to entities pursuant to the conversion of NCRPS on June 30, 2004. Details of shares allotted to promoters is given in table 2 below:

Table 2

Sl. No.	Name of Allottees promoters	Pre-issue holding		New Shares allotted	Post issue holding	
		No. of shares	%		No. of shares	%
1.	Arun Panchariya	4,42,360	0.177	1,00,00,000	1,04,42,360	2.088
2.	Shantadevi Panchariya	3,95,000	0.158	1,00,00,000	1,03,95,000	2.079
3.	Radhadevi Panchariya	47,000	0.019	1,00,00,000	1,00,47,000	2.009
4.	Ramswaroop Panchariya	1,44,000	0.058	1,00,00,000	1,01,44,000	2.029
5.	Madhudevi Panchariya	0	0	1,00,00,000	1,00,00,000	2.000
6.	Saritadevi Panchariya	0	0	1,00,00,000	1,00,00,000	2.000
7.	Satish Panchariya	1,17,029	0.047	1,00,00,000	1,01,17,029	2.023

3.4 It is further observed that on June 30, 2004, 1,00,00,000 (2.00%) shares were also issued to a public shareholder i.e. Noticee No10 and the said shares issued to it were held by the Noticee No2 on behalf of Noticee No10. In view of the same, Noticee No.10 ought to have been shown under promoter category.

3.5 Further, it is observed that BSE had also informed that open offer trigger was observed by it at the time of considering the listing application of shares of Noticee No1 by its committee in 2014. As per the Minutes of Internal Listing Committee meeting (**Annexure D**) held on July 01, 2014, BSE informed the representative of the Noticee No1 that shareholding of promoters had increased from 0.66% to 16.33% and hence open offer was triggered in terms of Reg. 10 of Takeover Regulations. In reply, representative of the Noticee No1 submitted the following (as per minutes):

"Mr. Prashant Saran, Whole Time Member of SEBI in his order dated September 29, 2009 at Para 20 inter-alia, recorded that shares allotted on conversion of NCRPS to Cavalier Securities P Ltd. were held by Mr. Ashok Panchariya on behalf of Cavalier Securities P Ltd. and since then, there is no communication from SEBI side in this regard. Therefore, were (the company) are of the view that according to SEBI there is no violations of SEBI(SAST) Regulations, 1997.*

3.6 With regard to the aforesaid submission by the Noticee No1, it is observed that September 29, 2009 was hearing date and actual date of WTM order (**Annexure E**) was February 25, 2010 wherein the SEBI WTM in paragraph 20 had noted following:

"I, however, note that the shares allotted on conversion of preference shares to Cavalier Securities Ltd were held in the name of Shri Ashok Panchariya on behalf of Cavalier Securities Ltd. All these facts indicate that all these major sellers in the market and entities involved in the off-market were connected to the promoters."

3.7 With regard to the aforesaid, it is observed that SEBI Adjudicating Officer (AO) also passed an order (**Annexure F**) dated October 29, 2010 against the Noticee No10 for violation of provision of PIT and PFUTP Regulations in the scrip of Noticee No1 during the period August 14, 2003 to March 26, 2004. In the said order, AO noted that Noticee No10 received 58,70,700 shares in off market transactions from the various promoters of Noticee No1 during the month of May –June 2004. It was also mentioned as under:

- a) *Ashok Panchariya who was a Director of the Noticee was also one of the promoters of AIL. It can thus be said that the Noticee is also a promoter group company.*
- b) *In view of the forgoing, I am of the view that the Noticee had acted as a conduit for the promoters/ related entities/PACs in order to enable them to indirectly offload shares of AIL in market and take advantage of the misleading announcement made by AIL. Had the promoters/PACs themselves offloaded such substantial quantity of shares of AIL in the market, the same would have adversely impacted the price of the shares. Hence, I find that the Noticee had aided and abetted the promoters/its related entities/PACs in the aforesaid fraudulent act by transferring shares of AIL in off market to some of the front entities/ promoter related entities*

3.8 In view of the above, it is observed that Noticee No10 was connected with the promoters of the Noticee No1.

3.9 In this regard, in terms of Reg. 2(1)(e) of Takeover Regulations 1997, person acting in concert comprises, -

“persons who, for a common objective or purpose of substantial acquisition of shares or voting rights or gaining control over the target company, pursuant to an agreement or understanding (formal or informal), directly or indirectly co-operate by acquiring or agreeing to acquire shares or voting rights in the target company or control over the target company”.

With regard to the aforesaid, the following are observed:

- a) SEBI AO at para no. 20 of order dated October 29, 2010 against Noticee No10, in the matter of Noticee No1, mentioned that Noticee No 2 who is the promoter of Noticee No1 was also a Director of the Noticee No10.
- b) SEBI WTM at para no. 32 of order dated February 25, 2010 against Noticee No1, mentioned that *"the shares allotted on conversion of preference shares to Cavalier Securities Ltd. were held in the name of Shri Ashok Panchariya on on behalf of Cavalier Securities Ltd. All these facts indicate that all the major sellers in the market involved in the off-market were connected to the promoters"*.
- c) BSE vide email dated January 05, 2023 (**Annexure G**) informed that Noticee No10 was shown as public shareholder in the shareholding pattern for December 2018 and that it was not included under public category in March 2019 Share Holding Pattern (SHP) and that 1 Crore shares have been shown in the name of Noticee No2 under the second folio. Thus, holding of Noticee No2 was showing under two separate folio in March 2019 SHP. Further, in June 2019 revised SHP following was disclosed along with filing of SHP:

"There are two folios of Shri Ashok R Panchariya which was merged into one folio. So the total no. of promoters are 11 in the June quarter 2019 as compare to March quarter 2019 the total no. of promoter was 12".

3.10 It is alleged that the above facts demonstrate common understanding between Noticee No10 and promoters of Noticee No1, hence they all have been person action in concert (PACs) for acquisition of shares on June 30, 2004. In this regard, the shareholding detail of promoters of Noticee No1 and their PAC (Noticee No10) pursuant to allotment of shares on conversion of NCRPS on June 30, 2004 is as under in Table 3:

Table 1

Sr. no.	Category	Pre Issue (Total no. shares - 25 crore)		Post Issue (Total no. shares - 50 crore)	
		No. of shares held	%	No. of shares held	%
1	Promoters	16,59,389	0.66	7,16,59,389	14.33
2	Cavalier Securities Ltd. (PAC)	0	0	1,00,00,000	02.00

TOTAL	16,59,389	0.66	8,16,59,389	16.33
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3.11 From the above, it is observed that the shareholding of promoters of Noticee No1 together with Noticee No10, increased from 0.66% to 16.33% pursuant to the allotment of equity shares on conversion of NCRPS on June 30, 2004. This required open offer by promoters of Noticee No1 under Reg. 10 of Takeover Regulations, 1997, however, no open offer has been made till date.

3.12 It is further observed that as per December 2022 SHP, shareholding of promoters in Noticee No1 was 8,13,74,551(16.27%) while the number of equity shares held by promoters in demat form is 9,88,551(0.198%) only. Thus, almost entire shareholding is in physical form. In this regard, Regulation 31(2) of LODR Regulations reads as mentioned below:

"listed companies are required to ensure that hundred percent of promoters and promoter group is in dematerialized form and same is maintained on continuous basis...."

3.13 Accordingly, in view of the above, it is alleged that

- Noticee No1 has violated Clause 35 of Listing Agreement and Regulation 31(1) of SEBI (LODR) Regulation, 2015 by filing incorrect shareholding pattern and Regulation 31(4) r/w 4(1)(e) of SEBI (LODR) Regulation, 2015 w.r.t filing in December 2018 SHP, which came into effect for SHP filed by listed companies from December 2018 onwards and mandated separate disclosure of promoters and promoter group due to disclosure of Noticee No10 as public shareholder and also violated Regulation 31(2) r/w Regulation 4(1)(e) of SEBI LODR Regulations by not ensuring 100% promoters' shareholding in demat form.
- Noticee Nos 2-10 have violated Section 12A(f) of SEBI Act, 1992 r/w Reg. 10 r/w Reg. 14(1) of SAST Regulations by not making open offer as detailed above.

4 The relevant provisions of law are reproduced below:

SEBI Act, 1992

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

12A. No person shall directly or indirectly—

(f) acquire control of any company or securities more than the percentage of equity share capital of a company whose securities are listed or proposed to be listed on a recognised stock exchange in contravention of the regulations made under this Act.

SEBI (SAST) Regulations, 1997

Acquisition of [fifteen] or more of the shares or voting rights of any company

10. No acquirer shall acquire shares or voting rights which (taken together with shares or voting rights, if any, held by him or by persons acting in concert with him), entitle such acquirer to exercise fifteen percent or more of the voting rights in a company, unless such acquirer makes a public announcement to acquire shares of such company in accordance with the Regulations.

Timing of the Public Announcement of Offer

14. (1) The public announcement referred to in Regulation 10 or Regulation 11 shall be made by the merchant banker not later than four working days of entering into an agreement for acquisition of shares or voting rights or deciding to acquire shares or voting rights exceeding the respective percentage specified therein:

Provided that in case of disinvestment of a Public Sector Undertaking, the public announcement shall be made by the merchant banker not later than 4 working days of the acquirer executing the Share Purchase Agreement or Shareholders Agreement with the Central Government or the State Government as the case may be for the acquisition of shares or voting rights exceeding the percentage of share holding referred to in Regulation 10 or Regulation 11 or the transfer of control over a target Public Sector Undertaking.

SEBI (LODR) Regulations, 2015

Principles governing disclosures and obligations

4. (1) The listed entity which has listed securities shall make disclosures and abide by its obligations under these regulations, in accordance with the following principles:

(e) The listed entity shall ensure that disseminations made under provisions of these regulations and circulars made thereunder, are adequate, accurate, explicit, timely and presented in a simple language.

Holding of specified securities and shareholding pattern

31. (1) The listed entity shall submit to the stock exchange(s) a statement showing holding of securities and shareholding pattern separately for each class of securities, in the format specified by the Board from time to time within the following timelines –

(a) one day prior to listing of its securities on the stock exchange(s);
(b) on a quarterly basis, within twenty one days from the end of each quarter; and,
(c) within ten days of any capital restructuring of the listed entity resulting in a change exceeding two per cent of the total paid-up share capital: Provided that in case of listed entities which have listed their specified securities on SME Exchange, the above statements shall be submitted on a half yearly basis within twenty one days from the end of each half year.

(2) The listed entity shall ensure that hundred percent of shareholding of promoter(s) and promoter group is in dematerialized form and the same is maintained on a continuous basis in the manner as specified by the Board.

(4) All entities falling under promoter and promoter group shall be disclosed separately in the shareholding pattern appearing on the website of all stock exchanges having nationwide trading terminals where the specified securities of the entity are listed, in accordance with the formats specified by the Board.]

5 The above allegations, if established make Noticees liable for penalty. You are therefore called upon to show cause as to why an inquiry should not be held against you in terms of Rule 4 of the Adjudication Rules and penalty be not imposed under Section 23 A(a) of SCRA, Section 15HB and 15A(b) of the SEBI Act upon Noticee No1 and Section 15H(ii) of the SEBI Act above upon Noticee Nos 2-10. The relevant provisions are mentioned as under;

SCRA, 1956

Penalty for failure to furnish information, return, etc.

23A. Any person, who is required under this Act or any rules made thereunder,—

(a) to furnish any information, document, books, returns or report to the recognised stock exchange or to the Board, fails to furnish the same within the time specified

therefor in the listing agreement or conditions or bye-laws of the recognised stock exchange or the Act or rules made thereunder, or who furnishes false, incorrect or incomplete information, document, books, return or report], shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees for each such failure;

SEBI Act, 1992

Penalty for contravention where no separate penalty has been provided

15HB Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be 104[liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.]

Penalty for failure to furnish information, return, etc.

15A Any person, who is required under this Act or any rules made thereunder, —

(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents, he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees;

Penalty for non-disclosure of acquisition of shares and takeovers

15H. If any person, who is required under this Act or any rules or regulations made thereunder, fails to,—

(ii) make a public announcement to acquire shares at a minimum price; or

- 6 The reply, if any, of the Noticees should reach the undersigned, at the address given below in the letterhead and also in softcopy (in MSWORD format) by email at barnalim@sebi.gov.in , and ramnishk@sebi.gov.in within 21 days from the date of receipt of this notice. **The Noticees may also indicate in their reply, whether they desire a personal hearing in the matter.** In case, a reply to this notice is not received within the stipulated timeline, it shall be presumed that the Noticees have no reply to

submit and the matter shall be proceeded on the basis of the material available on record.

- 7 The Noticees are also advised to submit a photocopy of their Income Tax Permanent Account Number Card (PAN Card) for our records. Please also keep the undersigned informed about the change in your correspondence address/ e-mail id, if any, till the proceedings are concluded.
- 8 You may also note that a settlement mechanism is provided under the SEBI (Settlement Proceedings) Regulations, 2018. If you wish to opt for the settlement process, you may apply for the same in the manner given in the aforesaid regulations under intimation to the undersigned.



BARNALI
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Digitally signed
by BARNALI
MUKHERJEE
Date: 2024.03.01
17:31:22 +05'30'

Barnali Mukherjee
Adjudicating Officer

Encls: As above

List of Annexures

S. No.	Particular	Annexure
1	Communique dated February 14, 2024 appointing Adjudicating Officer	A
2	BSE email dated July 11, 2022	B
3	BSE email dated December 02, 2022	C
4	Minutes of Internal Listing Committee meeting held on July 01, 2014	D
5	SEBI WTM order dated February 25, 2010	E
6	SEBI AO order dated October 29, 2010	F
7	BSE email dated January 05, 2023	G