ADJUDICATING OFFICER

Through SPAD

SEBI/EAD/SM/AD/21678/1 /2021
August 31, 2021

Mr. Prashant Boorugu
(PAN: AAOPB7558E)

Plot No.18 Sagar Soceity,
Street No.1, Road No.2,
Bangjara Hills,
Hyderabad, Telangana-500034

Notice under Rule 4(1) of SEBI (Procedure for Holding Inquiry and imposing penalties) Rules, 2005 in the matter of the scrip "Metkore Alloys and Industries Ltd."

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') had conducted an examination with respect to trading in the scrip of Metkore Alloys and Industries Ltd. (hereinafter referred to as **'Metkore/Company'**). Pursuant to aforementioned examination, SEBI found that Mr. Prashant Boorgu (hereinafter referred to as '**Noticee**') had allegedly violated the provisions of Regulation 3(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as **'SAST Regulations'**) in respect of trading in the scrip of Metkore. Thereafter, SEBI has initiated adjudication proceedings under Section 15H(ii) of SEBI Act, 1992 (hereinafter referred to as '**SEBI Act**') against Noticee for aforesaid alleged violation.

2. Vide order dated April 30, 2021, SEBI appointed the undersigned as the Adjudicating Officer under Section 15I of SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005

सेबी भवन, प्लॉट स. सी 4-ए, "जी" ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051.
दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर. एस.), 26449000 / 40459000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.
Tel.: 2644 9950 / 4045 9950 (IVRS), 26449000 / 40459000 Fax : 2644 9019 to 2644 9022 Web : www.sebi.gov.in

(hereinafter referred to as '**Adjudication Rules**') to inquire into and adjudge under the provisions of Section 15H(ii) of the SEBI Act, the alleged violation of provisions of Regulation 3(3) of SAST Regulations by Noticee. A copy of the communique dated May 3, 2021, appointing the undersigned as the Adjudicating Officer is enclosed herewith as (**Annexure-I)**

3. Metkore is a company engaged in manufacture of ferro alloys. The shares of the company are listed on BSE Ltd. (hereinafter referred to as "**BSE")** and National Stock Exchange of India Ltd (hereinafter referred to as "**NSE"**).

4. It was observed by SEBI during examination that, on July 02, 2015, Noticee, who was a promoter entity of Metkore, received 1,62,60,304 shares of Metkore from Cronimet Mercon Invest Limited, another promoter entity through market. Disclosure regarding the same dated July 04, 2015 (**Annexure-II)** was also made by Metkore to BSE and the same was made available on BSE website.

5. It was further observed that pursuant to the said transaction, the shareholding of Noticee in Metkore increased from 4.26% to 27.35%. In this regard, BSE, vide email dated December 20, 2017 (**Annexure-III)** stated that Noticee was not a promoter of Metkore for 3 years prior to the aforesaid transaction. Although the transfer of shares happened between promoters of Metkore, it was noted that the Noticee was not eligible for exemption under Regulation 10 of SAST Regulations for the said acquisition from the requirement of making Open Offer under Regulation 3(3) of SAST Regulations as he was not a promoter of Metkore for 3 years prior to the aforesaid share transfer. It was therefore noted that to become eligible for the said exemption, Noticee was required to be disclosed as promoter for at least from the quarter ending September 2012. However, the Noticee had been disclosed as promoter only from the quarter ending December 2012.

6. Hence, it was observed that Noticee was required to make Open Offer under Regulation 3(1) of SAST Regulations. However, it was observed that there was no open offer made by Noticee for aforesaid acquisition of shares of Metkore. In this regard, SEBI, vide email dated December 11, 2020 had sought clarification from Noticee. However, no reply/communication was received by SEBI. It was also observed that vide Adjudication Order dated February 08, 2018, penalty of Rs. 4,00,000/- was imposed on Noticee for violation of Regulation29 (1) read with Regulation 29 (3) of SAST Regulations with respect to the same transaction.

7. In the light of above findings, it is alleged that Noticee has violated provisions of Regulation 3(3) of SAST Regulations.

8. The text of the aforementioned provisions of SAST Regulations read as under:

Substantial acquisition of shares or voting rights.

Regulation 3.(1): *No acquirer shall acquire shares or voting rights in a target company which taken together with shares or voting rights, if any, held by him and by persons acting in concert with him in such target company, entitle them to exercise twenty-five per cent or more of the voting rights in such target company unless the acquirer makes a public announcement of an open offer for acquiring shares of such target company in accordance with these regulations.*

Regulation 3.(3): *For the purposes of sub-regulation (1) and sub-regulation (2), acquisition of shares by any person, such that the individual shareholding of such person acquiring shares exceeds the stipulated thresholds, shall also be attracting the obligation to make an open offer for acquiring shares of the target company irrespective of*

whether there is a change in the aggregate shareholding with persons acting in concert.

9. The aforesaid alleged violation, if established, makes Noticee liable for monetary penalties under 15H(ii) of SEBI Act. The provisions of Sections 15H (ii) of SEBI Act are reproduced hereunder.

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,—*

(i) disclose the aggregate of his shareholding in the body corporate before he acquires any
shares of that body corporate; or

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

(iii) make a public offer by sending letter of offer to the shareholders of the concerned company; or

(iv) make payment of consideration to the shareholders who sold their shares pursuant to letter of offer,] he shall be liable to a penalty 100[which shall not be less than ten lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such failure, whichever is higher].

10. Noticee is, therefore, called upon to show cause as to why an inquiry should not be held against him in terms of Rule 3 of Adjudication Rules read with Sections 15I of the SEBI Act, and penalty, if any, be not imposed under Section 15H (ii) of the SEBI Act for the aforesaid violations of provisions of SAST Regulations as alleged against Noticee.

11. Noticee shall submit the reply to the Show Cause Notice supported by such documentary evidence, which he may like to adduce in support of the reply within fifteen days from the date of receipt of this notice by him. Further, a soft

copy of the reply may also be sent via email at somam@sebi.gov.in and anjalid@sebi.gov.in. In case no reply is received from Noticee within the prescribed time mentioned above, it would be presumed that Noticee has no submissions to make and the matter shall be proceeded with on the basis of material/ facts on record. A copy of PAN Card, contact details (contact person, phone number, email details, fax etc.) of Noticee may also be submitted along with the reply.

12. Noticee may also note that a settlement mechanism is provided under the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018. If he wishes to avail the benefit of the settlement process, he may apply for the same in the manner provided in the said regulations under intimation to the undersigned.

13. Further, Noticee may note that if there is any change in his addresses during the period of the current Adjudication proceedings, he is required to inform the same to the undersigned, immediately.

S Majumder

Soma Majumder

Annexure I- Copy of communique dated May 03, 2021
Annexure II- Copy of disclosure dated July 04, 2015 available on BSE website
Annexure III - ,Copy of BSE email dated December 20, 2017

Annexure - I

SECURITIES AND EXCHANGE BOARD OF INDIA
Order communicating appointment of Adjudicating Officer

1. Whereas, Securities and Exchange Board of India (SEBI) has conducted examination/inspection/investigation in respect of Metkore Alloys and Industries Limited.

2. Whereas, the Competent Authority is *prima facie* of the view that there are grounds to adjudicate upon the alleged violations by the following entity and under the following provisions of law:

S. No.	Name of Entity	PAN	Address	Alleged Violation	Adjudication approved under Provisions
1	Prashant Boorgu	AAOPB7558E	Plot No. 18, Sagar society, street No. 1, Road No. 2, Bangjara Hills, Hyderabad, Telangana - 500034	Regulation 3(3) of SEBI (Substantial Acquisition of Shares and Takovers) Regulations, 2011	Section 15H(ii) of SEBI Act, 1992

3. The Competent Authority has, therefore, in exercise of the powers conferred upon him under Section 15 I of the SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred as the SEBI Rules) read with section 19 of the SEBI Act, 1992, **Ms. Soma Majumder, General Manager** as Adjudicating Officer vide Order dated **April 30, 2021** to enquire into and adjudge under Section 15H(ii) of SEBI Act, 1992 for the alleged violations by the entity above.

4. The said proceedings of appointment are hereby communicated **Ms. Soma Majumder, General Manager** who shall conduct the Adjudication Proceedings in the manner specified under Rule 4 of the SEBI Rules read with sub-sections (1) and (2) of section 15 I of the SEBI Act.

Dated at Mumbai, this 3rd day of May 2021.

Ashutosh

ASHUTOSH ARUN
DEPUTY GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA

Annexure - II

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04 Jul 2015

Pledge of Shares of Metkore Alloys & Industries Limited	Company Update

Exchange Disseminated Time

Metkore Alloys & Industries Ltd has informed BSE that one of the Promoters, M/s. Cronimet Mercon Invest Limited, have transferred 16260304 shares to another Promoter, Mr. Prashant Boorugu for creating pledge favouring M/s. Reliance Capital Limited for raising working capital.

Annexure - III

From: Abhijit Pai [mailto:abhijit.pai@bseindia.com]
Sent: 20/12/2017 12:14 PM
To: DIVYA HAMIRBASIA
Cc: DEEPTI AGRAWAL; ashish.chauhan; Nehal Vora; Khushro Bulsara; Regulatory Correspondence
Subject: FW: Promoter details for Metkore Alloys Industries Limited

Madam

This is with reference to the trailing mails.

As per Shareholding pattern submitted by the company, Prashant Boorugu (AAOPB7558E) has been disclosed as a promoter of the Company, Metkore Alloys Industries Limited, during the period March 31, 2013 to December 31, 2015. The details of the shareholding of Prashant Boorugu in the Company during the aforementioned period enclosed herewith.

Regards,

Abhijit Pai
Deputy General Manager
Listing Compliance

BSE Limited, P J Towers, Dalal Street, Mumbai -400001, India
T:22 22728745,F:, M:9833548167 , www.bseindia.com

From: DIVYA HAMIRBASIA
Sent: 20/12/2017 11:39 AM
To: 'Abhijit Pai'
Cc: DEEPTI AGRAWAL
Subject: RE: Promoter details for Metkore Alloys Industries Limited

We are yet to receive reply to the trailing email. Kindly expedite the same.

From: DIVYA HAMIRBASIA
Sent: 20 December 2017 11:39:09 (UTC+05:30) Chennai, Kolkata, Mumbai, New Delhi
To: Abhijit Pai
Cc: DEEPTI AGRAWAL
Subject: RE: Promoter details for Metkore Alloys Industries Limited

We are yet to receive reply to the trailing email. Kindly expedite the same.

From: DIVYA HAMIRBASIA
Sent: 18/12/2017 5:15 PM
To: 'Abhijit Pai'
Cc: DEEPTI AGRAWAL
Subject: Promoter details for Metkore Alloys Industries Limited
Importance: High