BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
MUMBAI

CONSENT ORDER/ADJUDICATION ORDER
ON THE APPLICATION SUBMITTED BY
M/s CLASSIC CREDIT LTD.
IN THE MATTER OF
PADMINI TECHNOLOGIES

Consent Order No. CO/NRO/1047

1. SEBI had initiated adjudication proceedings vide Order dated February 13, 2004 against the M/s Classic Credit Ltd (hereinafter referred to as "**Applicant**") for alleged violation of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. The Adjudicating Officer vide Adjudication Order dated August 23, 2004 had held that the applicant had violated Regulation 7 of SEBI Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and had accordingly imposed a penalty of Rs. 5 Lakhs on the applicant.

2. The said Order dated August 23, 2004 was appealed against before the Hon'ble Securities Appellate Tribunal (SAT) by the applicant vide Appeal No. 375 of 2004. The Hon'ble SAT vide its order dated November 15, 2005 remanded the matter back to the adjudicating officer for a fresh decision in accordance with law.

3. Pursuant to the same, a hearing was given to the applicant by the Adjudicating Officer on December 12, 2006 which was attended by the advocate of the applicant. The advocate for the applicant made a request for a fresh show cause notice to be issued alongwith a copy of the documents relied on in support of the charges made in the earlier show cause notice. Considering the request of the applicant, a fresh show cause notice (hereinafter referred to as "**SCN**") dated February 27, 2007was issued to the applicant advising it to submit its reply to the

SCN within 14 days from the date of receipt of the said SCN. The applicant did not submit reply to the said SCN.

4. The applicant vide its letter dated March 12, 2007 while acknowledging the receipt of the said SCN, sought to inspect the documents referred to and relied upon by SEBI in the SCN for the purpose of enabling them to file their reply. The applicant, vide notice dated March 23, 2007 was accordingly given an opportunity of inspection of the said documents on April 13, 2007. The applicant did not file reply to the SCN even after conducting inspection and through their advocates vide letter dated April 23, 2007 ("**Representation**") made a request for an opportunity for cross-examination of: -

   (a) Shri Arun Goenka

   (b) Krishna Goenka

   (c) Sanjay Kumar Gupta &

   (d) Other persons upon whose statement the SEBI may place reliance.

5. The representation of applicant was forwarded to SEBI, NRO vide letter dated April 26, 2007 for their reply. SEBI – NRO vide their letter dated April 31, 2007 *inter alia* stated that there is no merit in the representation of applicant and requested that the representation of the applicant be rejected. Adjudicating Officer, vide Interim Order dated June 6, 2007 rejected the applicant's request. The applicant filed an appeal before the Hon'ble SAT (Appeal No. 150 of 2007) against the said Interim Order dated June 6, 2007.

6. During the pendency of the said Appeal No. 150 of 2007, the advocate for the applicant made a consent application in Form A dated July 23, 2007 to DRA-III, Enforcement Department (EFD) and an affidavit of "Undertakings and Waivers" requesting it to place the consent application before the High Powered Action Committee (HPAC) in terms of SEBI Circular No. EFD/Cir.-1/2007 dated 20th April, 2007. DRA-III, EFD on July 27, 2007 informed Adjudicating Officer to keep

SCN within 14 days from the date of receipt of the said SCN. The applicant did not submit reply to the said SCN.

4. The applicant vide its letter dated March 12, 2007 while acknowledging the receipt of the said SCN, sought to inspect the documents referred to and relied upon by SEBI in the SCN for the purpose of enabling them to file their reply. The applicant, vide notice dated March 23, 2007 was accordingly given an opportunity of inspection of the said documents on April 13, 2007. The applicant did not file reply to the SCN even after conducting inspection and through their advocates vide letter dated April 23, 2007 ("**Representation**") made a request for an opportunity for cross-examination of: -

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6. During the pendency of the said Appeal No. 150 of 2007, the advocate for the applicant made a consent application in Form A dated July 23, 2007 to DRA–III, Enforcement Department (EFD) and an affidavit of "Undertakings and Waivers" requesting it to place the consent application before the High Powered Action Committee (HPAC) in terms of SEBI Circular No. EFD/Cir.-1/2007 dated 20th April, 2007. DRA–III, EFD on July 27, 2007 informed Adjudicating Officer to keep

the Adjudication Proceedings in abeyance till further communication is received in this regard from DRA-III, EFD on conclusion of the consent proceedings.

7. Pursuant to the said application, advocate for the applicant vide letter dated October 16, 2007 to DRA-III, EFD proposed revised consent terms submitting that *"We propose to pay up an amount of Rs. 125000/- (Rupees One Lakh Twenty Five Thousand only) as consent fee and additional sum of Rs. 25000 (Rupees Twenty Five Thousand only) towards legal charges "*. The applicant also made an application before the Hon'ble SAT for withdrawal of Appeal No. 150 of 2007. The Hon'ble SAT vide Order dated October 22, 2007 dismissed the said appeal as withdrawn. The revised terms as proposed by the applicant was placed before the HPAC by DRA-III, EFD and HPAC after deliberation on October 20, 2007 recommended the case for settlement on the consent terms proposed by the applicant. DRA-III, EFD vide its letter no. EFD/DRAIII/VRP/SS/109291/2007 dated November 26, 2007 conveyed to the applicant acceptance of consent proposal.

8. In terms of the applicant's proposal, for the sole purpose of settling the matter on hand and without admission or denial of guilt on the part of the applicant to the finding of fact or conclusion of law, the advocate for applicant vide its letter dated December 5, 2007 to DRA-III, EFD has remitted a sum of Rs. 125000 (Rupees One Lakh Twenty Five Thousand only), vide Demand Draft No.202885 dated December 3, 2007 drawn on HDFC Bank, Fort Branch, Mumbai towards the terms of consent in the matter and Rs. 25000 (Rupees Twenty Five Thousand only), vide Demand Draft No. 202886 dated December 3, 2007 drawn on HDFC Bank, Fort Branch, Mumbai towards legal expenses.

9. DRA-III, EFD on December 6, 2007 forwarded the consent file and requested the Adjudicating Officer to conclude the adjudication proceedings in terms of the consent arrived at and in terms of Circular No. 1/2007 dated April 20, 2007 to IVD - NRO for taking necessary consequential actions including realization of DD and remittance of consent amount of Rs. 125000 (Rupees One Lakh Twenty

Five Thousand) to the Consolidated Fund of India and retain the legal expenses of Rs. 25000 (Rupees Twenty Five Thousand) with SEBI in the matter.

10. In view of the above, it is hereby ordered that: -

I. This consent order disposes of the said adjudication proceedings pending before Adjudicating Officer against the applicant M/s Classic Credit Ltd in the matter of Padmini Technologies, and

II. Passing of this order by Adjudicating Officer 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: -

(a) Any representations made by the applicant in the consent proceedings are subsequently discovered to be untrue.

(b) The applicant has breached any of the clauses/conditions of undertakings/waivers filed during the current consent proceedings with SEBI.

III. NRO, SEBI may take necessary action for realization of DD and remittance of consent amount of Rs. 125000 (Rupees One Lakh Twenty Five Thousand) to the Consolidated Fund of India and for retaining the legal expenses of Rs. 25000 (Rupees Twenty Five Thousand) with SEBI.

IV. NRO, SEBI may also serve a Certified Copy of this Order to the applicant.

11. This consent order/adjudication order is passed on this the 11th of December, 2007 and shall come into force with immediate effect.

11.12.2007

ANANTA BARUA

ADJUDICATING OFFICER