

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

S. RAMAN, WHOLE TIME MEMBER

ORDER

Under Sections 11(1), 11(2)(j), 11(4) and 11B of the Securities and Exchange Board of India Act, 1992 read with Section 12A of the Securities Contracts (Regulation) Act, 1956 in the matter of non-compliance with the requirement of minimum public shareholding by listed companies

In respect of Kesar Petro Products Limited.

1. The Hon'ble Securities Appellate Tribunal ("**SAT**") vide Order dated June 14, 2017 *inter alia* directed: "*Kesar Petro Product Ltd. to make a representation to SEBI within one week for the date of the order, setting out in detail the mode and manner in which Minimum Public Shareholding (MPS) norms has been achieved. If such a representation is made within one week from the date of order, then SEBI shall consider the same and pass appropriate order there on as it deems fit and proper as expeditiously as possible and in the event within 3 months from the date of receiving the representation from the appellant*".

Brief Background of the Case-

2.1 Securities and Exchange Board of India ("**SEBI**") had passed an interim Order dated June 04, 2013 ("**the interim order** ") with respect to 105 listed companies including Kesar Petro Products Limited. (hereinafter referred to as "**Kesar Petro**"), who did not comply with the Minimum Public Shareholding ("**MPS**") norms as stipulated under Rules 19(2)(b) and 19A of the Securities Contracts (Regulation) Rules, 1957 ("**SCRR**") within the due date i.e., June 03, 2013. Vide the said Order, SEBI *inter alia* directed as under:

- *Prohibit the promoters/promoter group and directors of these non-compliant companies from buying selling or otherwise dealing in securities of their respective companies, either directly or indirectly, in any manner whatsoever,*

except for the purpose of complying with minimum public shareholding requirement till such time these companies comply with the minimum public shareholding requirement,

- *Restrain the shareholders forming part of the promoter/promoter group in the non-compliant companies from holding new position as a director in any listed company, till such time these companies comply with the minimum public shareholding requirement,*
- *Restrain the directors of non-compliant companies from holding new position as a director in any listed company, till such time these companies comply with the minimum public shareholding requirement.*

2.2 The public shareholding of Kesar Petro on the date of the *interim order* was 3.65%. The shares of the Company are listed on the Bombay Stock Exchange Limited ('**BSE**').

2.3 Subsequently, an opportunity for personal hearing was granted to Kesar Petro on July 02, 2015 by SEBI. Kesar Petro submitted its reply vide letter dated August 6, 2015, wherein they contended that they had complied with the MPS requirement as a result of the transfer of 35 lakh shares (48.16 %) of Kesar Petro by one of the promoters of Kesar Petro, *viz.* Shreyas Intermediates Ltd. (**SIL**) to Mr. Shreyas Sharma and Ms. Shruti Sharma respectively, (17.50 lakh shares (24.08%) each) who, according to Kesar Petro were public shareholders.

2.4 After considering the submissions made by Kesar Petro and other material available on record, SEBI vide Order dated January 11, 2016 confirmed the aforementioned directions issued vide the earlier interim order as Kesar Petro had failed to comply with the MPS requirement. Vide the said Confirmatory Order, it was *inter alia* concluded that Dinesh Sharma being the Karta of the Dinesh Sharma, HUF would also be a part of the promoter group of Kesar Petro and his children, Mr. Shreyas Sharma and Ms. Shruti Sharma, being his immediate relatives, were deemed to be PACs with the persons within the same category, *i.e.* promoter and promoter group. Thus, the effective promoter and promoter groups' shareholding in Kesar Petro was at 93.81% (including the shareholding of Mr. Shreyas Sharma and Ms. Shruti Sharma).

2.5 Thereafter, Kesar Petro filed an appeal before the Hon'ble SAT in 2016 challenging the aforementioned directions issued by SEBI vide interim order dated June 04, 2013 and

confirmatory order dated January 11, 2016, *inter alia* seeking directions of the Hon'ble SAT for vacating the directions issued by SEBI (vide the aforesaid Interim Order and Confirmatory Order). Kesar Petro also submitted before the Hon'ble SAT that they had complied with the MPS norms.

2.6 The Hon'ble SAT vide Order dated June 14, 2017, (mentioned in Paragraph No. 1 above), *inter alia* directed Kesar Petro to make a representation before SEBI in respect of their compliance with MPS norms and further directed SEBI to consider the representation filed by Kesar Petro and pass appropriate order.

3.1 As per the directions issued by the Hon'ble SAT, Kesar Petro vide letter dated June 20, 2017 filed their representation before SEBI. Subsequent to this, an opportunity for personal hearing was granted to Kesar Petro on August 07, 2017 before me. Mr. Joby Mathew, Advocate, Mr. Ramesh Gogawat, Advocate and Mr. Dinesh Sharma, Authorized Person appeared and made their submissions. Kesar Petro was granted time till August 14, 2017 to file additional written submissions, if any.

3.2 The company vide letter dated August 14, 2017 filed its written submissions.

3.3 The summary of the submissions made by Kesar Petro in representation vide letter dated June 20, 2017 and written submissions vide letter dated August 14, 2017, *inter-alia*, is as follows:

- a. *"The company was incorporated in the year 1990 and was a manufacturer of specialty chemical. Due to various reasons, the company's net worth turned negative and as a result, it was referred to the Board of Industrial and Financial Reconstruction ("BIFR"). The BIFR declared the company as sick in September 2005 and ordered it's winding up in April 2006.*
- b. *Shreyas Intermediates Limited ("SIL") and Mr. Dinesh Sharma took over the company as per the scheme for rehabilitation approved by BIFR in August 2007. Accordingly, SIL acquired 35 Lakh shares (51.72%) and its promoter Dinesh Sharma HUF acquired 30 Lakh shares (44.33%) i.e. a total of 96.05% in April 2008.*
- c. *The shares of the company were suspended from trading on BSE from September 2007 owing to defaults on*

the part of the erstwhile management of the company. Furthermore, although the rehabilitation scheme was approved by the BIFR, the erstwhile promoters of the company not only did not cooperate for a smooth transition of the management but also created hurdles including non-payment of Income Tax dues (Leading to penalties),to sabotage the scheme of Rehabilitations. It was only with the assistance of Police Authorities that the incoming promotes could take possession of the assets of the company. The matter related to ECBs was finally settled in the review petition in the court only in 2013.

- d. With the efforts of the new promoters, the company became profitable in 2013 and has remained so thereafter.....*
- e. The SCRR was amended in 2010 and mandated the manner in which public shareholding was to be brought up to 25% within 3 years and marinated at that level. Since the new promoters could not have raised fresh capital and since the shares could not be sold on stock exchange because of suspension (which the BSE was not willing to lift because of failure to meet MPS requirements), the promoters were not able to sell their shares on BSE and thus reduce their shareholding.*
- f. Therefore, in and around November 09, 2012, SIL transferred a total of 48.16 % (24.08% shares each) to Mr. Shreyas Sharma and Ms. Shruti Sharma who were coparceners of Dinesh Sharma HUF. On April 2013, Mr. Shreyas Sharma and Ms. Shruti Sharma retired as coparceners of Dinesh Sharma HUF and thus, ceased to be part of the promoter group from that date. In the manner, the company has complied with the MPS requirements well before due date of June 03, 2013.*
- g. However, the Interim order erroneously held that the company is not in compliance with MPS norms. The order erroneously assumed that Mr. Shreyas Sharma and Ms. Shruti Sharma were Mr. Dinesh Sharma's children, they would be part of the HUF and therefore, considered their shareholding as promoter's shareholding and not public shareholding; however, in fact Mr. Shreyas Sharma and Ms. Shruti Sharma had resigned as coparceners from the HUF on April 15, 2013.*
- h. The company's representatives appeared for personal bearing on December 03, 2014 and explained the shareholding pattern of the company and also provided details of the transfer of shares to Mr. Shreyas Sharma and Ms. Shruti Sharma vide an email dated December 08, 2014. Since no further details were sought by SEBI, the company assumed that the explanation provided by it was satisfactory to SEBI.*
- i. In February 2015, after having settled all matters related to the BIFR etc.; and in order to raise the capital, the company issued 24 Lakh convertible share warrants at a premium of around Rs. 49/- after obtained necessary prior approvals from BSE on February 2, 2015. These warrants were issued to non-promoters. A*

list of allottees of share warrants is annexed.

- j. The company attended the hearing before WTM on July 2, 2015 and thereafter, it filed its written submissions on August 6, 2015. In the personal hearing and in the written submissions, the company reiterated that Mr. Shreyas Sharma and Ms. Shruti Sharma were not part of promoter group and therefore, the company had met the MPS norms. However, the submissions of the company were not accepted by SEBI and interim order were confirmed by Order dated January 11, 2016.*
- k. Aggrieved by the confirmatory order, the company filed an appeal before SAT. The shares warrants were converted into equity shares in April 2016 and thus, the total authorized and paid up capital of the company increased to Rs.9,66,73,170; consequently, the shareholding of the promoters reduced to 36.20% resulting into increase of public shareholding to 63.80%. In this regard, BSE on May 26 and 30, 2016 issued notices permitting listing of the shares so allotted.*
- l. The aforesaid public shareholding of 63.80% included the shareholding of Mr. Shreyas Sharma and Ms. Shruti Sharma; even if the same is excluded (assuming but not admitting that they are not public shareholders), the public shareholding of the company was 30.98% as on April 07, 2016. Thus, the company complied with MPS norms as on that date. As of June 30, 2017, the shareholding of public in the company is 68.97%; (32.82% of the shareholding of Mr. Shreyas Sharma and Ms. Shruti Sharma is included in promoter shareholding).*
- m. The facts relating to the issue of Convertible Share Warrants, their conversion and the sale of shares by Mr. Shreyas Sharma were brought to the notice of SAT and it was submitted before the SAT that the company had achieved and maintained MPS requirements. By its order dated June 14, 2017, SAT remanded the matter back to SEBI with a direction to the company to provide in detail, the mode and manner in which the MPS requirement had been achieved. This was done by the company vide their letters dated June 20 & 22, 2017.*
- n. The sale of shares by Mr. Shreyas Sharma during period April 2015 to January 2016 on the BSE indicates that the BSE approved and permitted the same and therefore, the said sale was in substantial compliance with the requirements of the clause (c) of the amended Clause 40A of Listing Agreement; if at all, the company may have omitted to take prior approval of stock exchange.*
- o. In this regard, the company also submits that it is also pertinent to note that vide the interim order dated June 4, 2013, SEBI had prohibited promoters/ promoter group from buying, selling or otherwise dealing in securities of their respective companies, directly or indirectly, in any manner whatsoever, except for the purpose of complying*

with MPS norms. BSE would not have permitted Mr. Shreyas Sharma which was identified as one of the promoters in the interim order, to sell his shares except for the purposed of achieving MPS, which is what actually happened. Furthermore, the details of sale i.e. change in shareholding was disclosed by Mr. Shreyas Sharma to the BSE and the same were disclosed on BSE's website.

- p. In view of above and considering that the company achieved MPS on April 07, 2016 and has been maintain the same till date, it is most respectfully prayed that the company may be discharged from the present proceedings, it is also prayed that the restrictions imposed on the company and its promoters and directors may be lifted and an order may be passed accordingly.”.*

- 3.4 From the shareholding pattern filed by Kesar Petro with BSE as on quarter ended June 2017, it was observed that, Kesar Petro (based on its declaration) has a public shareholding of 68.97%, i.e. more than 25% (after considering the shareholdings of Shreyas Sharma, Shruti Sharma & Raj Kumar under the public category) and promoter shareholding was shown as only 31.03%. The following tables indicate the same:

Shareholding Pattern for quarter ended June 2017 (as per Disclosure made on BSE website)

Category of shareholder	Total nos. shares held	Shareholding as a % of total no. of shares
(A) Promoter & Promoter Group		
Dinesh Shankarlal Sharma	3,00,00,000	31.03%
Shankarlal Sharma	10	0.00%
Sub Total Promoter	3,00,00,010	31.03%
(B) Public		
Sharma Shruti	1,75,00,000	18.10%
Shreyas Dinesh Sharma	1,42,25,803	14.72%
Raj Kumar	50,00,000	5.17%
Others	2,99,47,357	30.98%
Sub Total Public	6,66,73,160	68.97%
Grand Total	9,66,73,170	100.00%

- 3.5 Thereafter, SEBI vide e-mail dated August 21, 2017 advised Kesar Petro to submit documents in support of their claim that Shreyas Sharma and Shruti Sharma retired as coparceners of Dinesh Sharma- HUF and thus ceased to be part of the promoter group from April 2013. Thereafter, Kesar Petro vide email dated August 22, 2017, submitted *Partition Deed* dated April 15, 2013, whereby Shreyas Sharma and Shruti Sharma retired from Dinesh Sharma- HUF. The company

also submitted that Dinesh Sharma is the Karta of Dinesh Sharma- HUF from 1992 till date.

3.6 Kesar Petro was also advised vide letter dated August 28, 2017 to furnish the reasons for change in shareholder category of Mr. Raj Kumar from Promoter category to Public category, since the quarter ended March 31, 2017 (He was shown under the promoter category till the quarter ended with December 2016 with 5.17% shareholding in Kesar Petro). Kesar Petro vide e-mail dated August 28, 2017 submitted that they ceased to consider Raj Kumar as a promoter since he does not fall under definition of a promoter and since the shares are under litigation. Kesar Petro vide e-mail dated August 29, 2017 further stated that it has disclosed (by way of note in the shareholding pattern filed with BSE), that Raj Kumar claims to hold 50, 00, 000 equity shares (amounting to 5.17% of the total shareholding), in respect of which the rights, title and interest are disputed, are categorized in the public shareholding with effect from quarter ending March 31, 2017. Kesar Petro also stated that the matter is sub-judice.

4.1 I have considered the representation and written submissions filed by Kesar Petro and other correspondence exchanges between SEBI and Kesar Petro.

4.2 The issues arise for consideration in the matter are as under:

- i. *Whether Mr. Shreyas Sharma and Ms. Shruti Sharma are part of promoter group or not?*
- ii. *Whether the sale of shares by the promoter, Mr. Shreyas Sharma during the period when the SEBI's order was in accordance with the provisions of relevant SEBI Circular?*
- iii. *Whether the re-classification of Raj Kumar from promoter to public shareholder from quarter ended March 2017 was in accordance with the relevant SEBI Regulations.*
- iv. *Whether, Kesar Petro has complied with MPS requirement as stipulated by the the provisions of Rule 19(2) (b) and Rule 19A of the SCRR and Clause 40A of the Listing Agreement read with Section 21 of the SCRA, If yes, whether they have adopted the method prescribed by SEBI through relevant provisions of SEBI Regulation and various circulars for complying with the MPS requirement?.*

4.2.1 Whether or not Shreyas Sharma and Shruti Sharma are part of Promoter Group-

- i. Kesar Petro continues to maintain that Mr. Shreyas Sharma and Ms. Shruti Sharma are not part of promoter group, since they have retired as coparceners of Dinesh Sharma, HUF. In this regard, I note that:
 - a. For the quarter ended on September 2015 (as available in the BSE website) the promoter and promoter group comprising of Dinesh Sharma HUF, Rajkumar and Shankarlal Sharma held 48.16%. As per the submissions made by Kesar Petro, Shreyas Sharma and Shruti Sharma retired as coparceners of Dinesh Sharma HUF (one of the promoters of Kesar Petro), hence their names were put under the category of public.
 - b. As per regulation 2(1)(q)(v) of the SEBI (Substantial Acquisition and Takeovers) Regulations, 2011, '*immediate relatives*' shall be deemed to be persons acting in concert with other persons within the same category. Dinesh Sharma HUF (holding 41.28%) is a declared promoter group entity even as per Kesar Petro. Accordingly, Dinesh Sharma being the Karta of this HUF would also be a part of the promoter group of the Company and his children (Shreyas Sharma and Shruti Sharma), being his immediate relatives, are deemed to be PACs with the persons within the same category, *i.e.* promoter and promoter group. At this juncture, it also becomes relevant to reiterate that Dinesh Sharma HUF (41.28%), Shruti Sharma (holding 24.08%) and Shreyas Sharma (21.57%) are the major shareholders in the Company.
 - c. It is therefore concluded that the effective promoter and promoter groups' shareholding of Kesar Petro include shareholding of Dinesh Sharma, HUF, Shreyas Sharma and Shruti Sharma, which is at 69.02% as on quarter ended June 2017.
- ii. Under the facts and circumstances mentioned above, I find that Shreyas Sharma and Shruti Sharma are part of promoter group.

4.2.2 Sale of shares of the promoter, Shreyas Sharma when SEBI's order was in force-

- iii. I note that Shreyas Sharma sold shares multiple times since April 2015. The details of the same are as under(*Source: Shareholding pattern filed with BSE*):

Quarter ending	Mar-13	June- 13 to march 15	Jun-15	Sep-15	Dec-15	Mar-16	June-16 to Sept 16	Dec-16 to June 17
Shreyas Dinesh Sharma	17,50,000	17,50,000	16,25,900	15,67,601	1,42,77,603	1,42,27,603	1,42,27,603	1,42,25,803

- iv. On account of this, shareholding of Shreyas Sharma has decreased from 24.08% for quarter ending March 2015 to 14.71% for quarter ending June 2017.
- v. SEBI, vide Interim Order dated June 4, 2013 and confirmatory order dated January 11, 2016, prohibited the promoters of the company (including Mr. Shreyas Sharma) from buying, selling or otherwise dealing in securities of the company, directly or indirectly, in any manner whatsoever, except for the purpose of complying with MPS requirement.
- vi. Kesar Petro, in their representation claims that sale of shares by Shreyas Sharma was for the purpose of meeting MPS requirement and is in substantial compliance with the requirements of the clause (c) of the amended Clause 40A of Listing Agreement which permits meeting MPS requirement by sale of shares held by promoters through the secondary market. In this regard, I note that the clause (c) of the amended Clause 40A of Listing Agreement states that sale of shares held by promoters through the secondary market should be in terms of SEBI circular CIR/MRD/DP/05/2012 dated February 1, 2012. The said SEBI circular dated February 1, 2012 *inter alia* states that the sale of shares held by promoters through the secondary market has to be made only through a separate window provided by the stock exchange(s). In the instant case, it may be noted that while Shreyas Sharma has sold his shares through the secondary market, the same was not in terms of SEBI circular CIR/MRD/DP/05/2012 dated February 1, 2012. Kesar Petro conveniently ignored the procedure to be followed by the promoters while selling shares in the secondary market for compliance of MPS requirement.

- vii. In view of what is stated above, Kesar Petro has not complied with the provisions of the Clause 40A of SEBI Listing Agreement and SEBI circular CIR/MRD/DP/05/2012 dated February 1, 2012 read with SEBI circular No. CIR/CFD/CMD/14/2015 dated November 30, 2015 and Regulation 38 of the SEBI LODR Regulations thereby violating the directions issued by Interim Order dated June 4, 2013 and confirmatory order dated January 11, 2016.

4.2.3 Re-classification of Raj Kumar from promoter to public shareholder from quarter ended March 2017-

- viii. I note that Raj Kumar (who was shown as part of promoter of Kesar Petro till quarter ended December 2016) was classified as part of 'public' during the quarter ended March 2017. On seeking clarification on the matter, Kesar Petro, vide email and letter dated August 29, 2017 stated that the shares of Kesar Petro held by Rajkumar are under litigation. Kesar Petro also submitted documents, *inter-alia*, related to dispute among the Raj Kumar, Dinesh Sharma and Kesar Petro with respect to non-receipt of share certificate by Raj Kumar for shares held by him. They also stated that they had disclosed by way of a "Note" in the shareholding pattern filed with BSE, that in respect of which the rights, title and interest of shares (50,00,000 shares) held by Raj Kumar, is disputed and the matter is sub-judice.
- ix. Regulation 31A (2) of the SEBI LODR Regulations states: *The stock exchange, specified in sub-regulation (1), shall allow modification or reclassification of the status of the shareholders, only upon receipt of a request from the concerned listed entity or the concerned shareholders along with all relevant evidence and on being satisfied with the compliance of conditions mentioned in this regulation."*
- x. In this regard, I note that Raj Kumar was shown as part of promoter of Kesar Petro till quarter ended December 2016. No specific rationale has been given by Kesar Petro for the sudden reclassification of Rajkumar from promoter to "public" category. As per Regulation 31A(2) of the SEBI LODR Regulations, specific approval has to be sought from the exchange for the modification or reclassification of the status of the shareholders. I however, find that no specific approval for such reclassification was obtained from the stock exchanges in terms of Regulation

31A (2) of SEBI LODR Regulations by Kesar Petro. BSE vide email dated August 31, 2017 also confirmed that Kesar Petro had not made any application under Regulation 31A of SEBI LODR Regulations for reclassification of Raj Kumar into Public category.

- xi. I therefore find that Raj Kumar and Kesar Petro have not complied with the provisions of Regulation 31A (2) of SEBI LODR Regulations.

4.2.4 Use of a non-prescribed method to meet MPS norms *i.e.* Issuance of warrants convertible into equity shares to non-promotes on preferential basis-

- xii. I note that the interim order was issued against Kesar Petro as it failed to maintain the minimum public shareholding of 25% as mandated under rule 19A of the SCRR and Clause 40A of the Listing Agreement read with section 21 of the Securities Contract (Regulation) Act, 1956 ("SCRA"). SEBI had issued Circulars dated December 16, 2010, February 08, 2012 and August 29, 2012, in order to suitably amend Clause 40A of the Listing Agreement by specifying the manner in which public shareholding may be raised to the prescribed minimum level. The amended Clause 40A of the Listing Agreement [presently Regulation 38 of the SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular no. CIR/CFD/CMD/14/2015 dated November 30, 2015, *inter alia*, provides certain methods for complying with the MPS requirements.
- xiii. I note that in February 2015, Kesar Petro issued 24 Lakh convertible share warrants at a premium of around Rs. 59/-. Thereafter, warrants were converted into equity shares during March 2016 & April 2016. On account of the conversion of the warrants, the public shareholding increased from 8.11 % to 28.00% in March 2016 and then to 30.98% in April 2016. Kesar Petro, vide their representation hence stated that they have thus complied with the MPS norms.
- xiv. In respect of the aforesaid issue of warrant conversion, I note the following:

- a. Though the warrants were issued by Kesar Petro prior to the issue of the confirmatory order dated January 11, 2016 by SEBI (*i.e.* in February 2015), they failed to disclose the same to SEBI.
 - b. The said issue of warrants by Kesar Petro came to the notice of SEBI when Kesar Petro in its Rejoinder dated January 18, 2017 filed before SAT (in the Appeal filed by them before the SAT), categorically disclosed that they had obtained *in principle* approval from BSE for issue of 24 lakh convertible warrants.
 - c. BSE vide email dated February 27, 2017 to SEBI has stated that it had provided its *in-principle* approval to the issue of the warrants based on the declaration made by Kesar Petro that they had complied with the MPS norms. In this regard, I note that since the interim order of SEBI was in force at the point of time, Kesar Petro obtained the aforesaid approval for issuance of warrants from BSE by misleading BSE.
- xv. Clause 40A of Listing Agreement read with Regulation 38 of SEBI LODR Regulations and SEBI circular No. CIR/CFD/CMD/14/2015 dated November 30, 2015 read with SEBI Circular CIR/CFD/DIL/11/2012 dated August 29, 2012, *inter alia* state that for adoption of any other method apart from the methods prescribed in the said SEBI Regulations and Circulars, for complying with the requirement of MPS, the company has to obtain prior approval from SEBI. Clause 40A of the Listing Agreement, *inter alia* provided the following methods for complying with the MPS requirement:
- *Issuance of shares to the public through prospectus, or*
 - *Offer for sale of shares held by promoters to public through prospectus, or*
 - *Sale of shares held by promoters through Stock Exchange Mechanism i.e. OFS through Stock Exchange, or in terms of SEBI Circular CIR/MRD/DP/05/2012 dated February 1, 2012 or*
 - *Institutional Placement Programme, or*
 - *Rights Issues to public shareholders, with promoters/ promoter group shareholders forgoing their rights entitlement, or*
 - *Bonus Issues to public shareholders, with promoters/ promoter group shareholders forgoing their bonus entitlement, or*
 - *Any other method as may be approved by SEBI, on a case to case basis.*
- xvi. Under the facts and circumstances mentioned above, I find that the issue of warrants and their

conversion is not a prescribed method for compliance with MPS requirements and no prior approval from SEBI was taken for such issue and conversion of warrants by Kesar Petro. I therefore, find that Kesar Petro has violated the aforementioned provisions of Listing Agreement, SEBI LODR Regulations and SEBI Circulars.

- xvii. The shareholding pattern of Kesar Petro, after considering the shareholding of Shreyas Sharma, Shruti Sharma and Rajkumar under the promoter category are as under:

Shareholding Pattern (Modified)

Shareholding Pattern for quarter ended June 2017 according to SEBI		
Category of shareholder	Total nos. shares held	Shareholding as a % of total no. of shares
(A) Promoter & Promoter Group		
Dinesh Shankarlal Sharma	3,00,00,000	31.03%
Shankarlal Sharma	10	0.00%
Sharma Shruti	1,75,00,000	18.10%
Shreyas Dinesh Sharma	1,42,25,803	14.72%
Raj Kumar	50,00,000	5.17%
Sub Total Promoter	6,67,25,813	69.02%
(B) Public		
others	2,99,47,357	30.98%
Sub Total Public	2,99,47,357	30.98%
Grand Total	9,66,73,170	100.00%

- xviii. All things considered, I note that the public shareholding of Kesar Petro as on quarter ended June 2017 is 30.98%, *i.e.* Kesar Petro increased their public shareholding to more than 25% (even after considering the shareholding of Shreyas Sharma, Shruti Sharma and Rajkumar as promoter holdings), thereby attaining the minimum public shareholding requirement. I however note that Kesar Petro has achieved the same by adopting a method not prescribed by SEBI and without prior approval of SEBI, thereby violating various provisions of Listing Agreement read with SEBI LODR, 2015 and various provisions of SEBI Circulars issued in this respect (as detailed in the paragraph No. 4.2.4 above).

5. In view of the foregoing, I, in exercise of the powers conferred upon me under Section 19 of the Securities and Exchange Board of India Act, 1992 read with Sections 11(1), 11(2)(j), 11(4) and 11B thereof and Section 12A of the Securities Contracts (Regulation) Act, 1956, hereby vacate the

directions issued vide the *interim* order dated June 04, 2013 and confirmed by order dated January 11, 2016 (except the direction mentioned at Paragraph No. 15 of the Confirmatory Order dated January 11, 2016) against Kesar Petro Products Limited., its directors, promoters and promoter group with immediate effect.

6. In respect of the violations mentioned at paragraph No. 4.2.2, 4.2.3 and 4.2.4 above and also for the inordinate delay (almost three years) in complying with the MPS requirements by Kesar Petro, separate adjudication proceedings under the provisions of the SEBI Act, 1992 read with SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 shall be initiated against Kesar Petro Products Ltd, its directors and promoters/promoter group.
7. Copy of this Order shall be served on recognised stock exchanges and depositories for their information and necessary action.

Date: September 05, 2017
Place: MUMBAI

S.RAMAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA