

SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

UNDER SECTIONS 11(4), 11A AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992, IN THE MATTER OF LOKMANGAL AGRO INDUSTRIES LIMITED –

	NOTICEES	DIN/CIN	PAN
COMPANY –			
1.	LOKMANGAL AGRO INDUSTRIES LIMITED	U01122PN1998PLC012974	AAACL7933N
DIRECTORS –			
2.	SUBHASH SURESHCHANDRA DESHMUKH	–	ABEPD7883R
3.	SMITA SUBHASH DESHMUKH	–	ABGPD4907Q
4.	VAIJNATH NAGAPPA LATURE	–	AAIPL4725B
5.	AUDUMBER SANDIPAN DESHMUKH	–	ABFPD6320A
6.	ANIL VASANTRAO PANDHE	–	ABBPP7745D
7.	SHAHAJI GULCHAND PAWAR	–	ANGPP9753N
8.	GURRANA APPARAO TELI	–	AKMPT5879J
9.	MAHESH SATISHCHANDRA DESHMUKH	1184179	AGXPD4794K
10.	PARAG SURESH PATIL	2943511	AMZPP5693B

IN CONTINUATION OF THE AD–INTERIM EX PARTE ORDER CUM SHOW CAUSE NOTICE DATED AUGUST 1, 2016 –

- 1.1 Securities and Exchange Board of India (“SEBI”) vide an *Ex Parte Interim Order cum Show Cause Notice* dated August 1, 2016 (“**Interim Order**”), issued the following directions against Lokmangal Agro Industries Limited (“**Lokmangal Agro**”) and its Directors as they were *prima facie* found to have been responsible for the offer and allotment of equity shares in contravention of the *first proviso* to Section 67(3) of the Companies Act, 1956 (“**Companies Act**”) and consequently in breach of Sections 73, 60 and 56 of the Companies Act and the SEBI (Disclosure and Investor Protection) Guidelines, 2000 (“**DIP Guidelines**”) read with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“**ICDR Regulations**”) –

7. “... I, in exercise of the powers conferred under Sections 11(1), 11(4), 11A(1)(b) and 11B of the Securities and Exchange Board of India Act, 1992 (“**SEBI Act**”) read with Section 19 thereof and Regulation 107 read with Regulation 111 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, hereby issue the following directions:

- a. Lokmangal Agro Industries Limited [PAN: AAACL7933N] and its Promoters and Directors including Mr. Subhash Satishchandra Deshmukh [PAN: ABEPD7883R],

Ms. Smita Subhash Deshmukh [PAN: ABGPD4907Q], Mr. Mahesh Satishchandra Deshmukh [PAN: AGXPD4794K], Mr. Vajinath Nagappa Lature [PAN: AAIPL4725B], Mr. Anil Vasantrao Pandhe [PAN: ABBPP7745D], Mr. Parag Suresh Patil [PAN: AMZPP5693B], Mr. Audumber Sandipan Deshmukh [PAN: ABFPD6320A], Mr. Shabaji Gulchand Pawar [PAN: ANGPP9753N] and Mr. Gurrana Apparao Teli [PAN: AKMPT5879J], are restrained from mobilizing funds through the issue of equity shares or through any other form of securities, to the public and/ or invite subscription, in any manner whatsoever, either directly or indirectly till further directions.

- b. Lokmangal Agro Industries Limited and its aforementioned Promoters and Directors are prohibited from issuing prospectus or any offer document or issue advertisement for soliciting money from the public for the issue of securities, in any manner whatsoever, either directly or indirectly, till further orders.*
- c. Lokmangal Agro Industries Limited and its aforementioned Promoters and Directors are restrained from accessing the securities market and are further prohibited from buying, selling or otherwise dealing in securities in any manner whatsoever, either directly or indirectly, till further directions.*
- d. Lokmangal Agro Industries Limited and its aforementioned Promoters and Directors shall not divert any funds raised from public at large through the issuance of equity shares, kept in its bank accounts and/ or in the custody of the Company without prior permission of SEBI until further orders.*
- e. Lokmangal Agro Industries Limited and its abovementioned Directors shall not dispose of any of the properties or alienate or encumber any of the assets owned/acquired by that company through the Offer of equity shares, without prior permission from SEBI;*
- f. Lokmangal Agro Industries Limited and its Directors and Promoters shall provide a full inventory of all its assets and properties and details of all their bank accounts, demat accounts and holdings of shares/ securities, if held in physical form.*
- g. Lokmangal Agro Industries Limited and its Promoter and Directors shall co-operate with SEBI and shall furnish all the documents in respect of the offer of equity shares.*

8. The above directions shall come into force with immediate effect.

9. The prima facie observations contained in this Order are made on the basis of the material available on record i.e. correspondence exchanged between SEBI and Lokmangal Agro Industries Limited and information obtained from the MCA 21 Portal. Lokmangal Agro Industries Limited and its Promoters and Directors including Mr. Subhash Satishchandra Deshmukh, Ms. Smita Subhash Deshmukh, Mr. Mahesh Satishchandra Deshmukh, Mr. Vajinath Nagappa Lature, Mr. Anil Vasantrao Pandhe, Mr. Parag Suresh Patil, Mr. Audumber Sandipan Deshmukh, Mr. Shabaji Gulchand Pawar and Mr. Gurrana Apparao Teli are advised to show cause as to why suitable

directions/prohibitions, under the Sections 11(1), 11(4), 11A and 11B of the SEBI Act read with the ICDR Regulations, including the following, should not be taken/imposed against them :

- a. Directing them jointly and severally to refund the money collected through the issue of equity shares that are impugned in this Order, along with interest that is promised to the investors ;*
- b. Directing them not to issue prospectus or any offer document or issue advertisement for soliciting money from the public for the issue of securities, in any manner whatsoever, either directly or indirectly, for an appropriate period;*
- c. Directions restraining them from accessing the securities market and prohibiting them from buying, selling or otherwise dealing in securities for an appropriate period.*

10. *Lokmangal Agro Industries Limited and its aforementioned Promoters and Directors may file their replies/ submissions within a period of 21 days from the date of receipt of this Order and may also indicate whether they desire to avail an opportunity of personal hearing in the matter.*

11. *This Interim Order cum Show Cause Notice is without prejudice to the right of SEBI to take any other action including prosecution proceedings under Section 24 of the SEBI Act and Section 621 of the Companies Act read with the relevant provisions of the Companies Act, 2013 and adjudication proceedings under the SEBI Act, against Lokmangal Agro Industries Limited and its promoters and directors including Mr. Subhash Satishchandra Deshmukh, Ms. Smita Subhash Deshmukh, Mr. Mahesh Satishchandra Deshmukh, Mr. Vajjnath Nagappa Lature, Mr. Anil Vasandrao Pandbe, Mr. Parag Suresh Patil, Mr. Audumber Sandipan Deshmukh, Mr. Shahaji Gulchand Pawar and Mr. Gurrana Apparao Teli, in accordance with law.”*

1.2 The Interim Order was sent to Lokmangal Agro and its Directors vide SEBI letter dated August 2, 2016, at the relevant Registered Office address as obtained from the Ministry of Corporate Affairs website i.e. MCA21 Portal.

1.3 Lokmangal Agro responded to the Interim Order vide letters dated August 27, 2016 and August 30, 2016, *inter alia* stating –

*“The Order relies on a number of material/ documents including but not limited to (i) Technical Scrutiny Report by the Register of Companies, Pune (“**ROC**”); (ii) Letters dated August 8, 2014 and September 4, 2014, from the ROC to SEBI; (iii) Letter dated August 27, 2014 from SEBI to ROC and (iv) Copy of the SEBI Investigation Report, if any. In order to respond to the Order in detail, we would necessarily require ... copies of all material/ documents relied upon by SEBI in the Order or that are relevant to the issues in the Order.”*

1.4 Vide letter dated November 21, 2016, SEBI provided the aforementioned documents as sought by Lokmangal Agro.

HEARING –

1.5 Thereafter, an opportunity of personal hearing was granted to Lokmangal Agro and all its Directors on **July 17, 2017** –

I. Following entities appeared for the hearing and were represented by their authorised legal representative –

- a. Lokmangal Agro;
- b. Subhash Sureshchandra Deshmukh;
- c. Smita Subhash Deshmukh;
- d. Vaijnath Nagappa Lature;
- e. Audumber Sandipan Deshmukh;
- f. Anil Vasantrao Pandhe;
- g. Shahaji Gulchand Pawar;
- h. Gurrana Apparao Teli;
- i. Mahesh Satishchandra Deshmukh and
- j. Parag Suresh Patil.

II. During the hearing, the authorised legal representative for the abovementioned entities *inter alia* submitted –

“Regarding Noticee Company and other Noticees (i.e. Lokmangal Agro and the abovementioned Directors), Advocate submitted that they were ready to refund the money to all allottees (basically sugarcane farmers who used to provide sugarcane to their sugar mill) who were allotted shares and bring down the same within permissible limit. Advocate requested three weeks’ time to submit a plan/proposal for payment. Advocate further undertook time to submit the list of allottees and amount received from them along with their plan/proposal.”

III. Subsequent to the hearing, written submissions in respect of the Interim Order vide letter dated August 23, 2017 and May 5, 2018, were filed by the abovementioned entities.

ISSUES FOR DETERMINATION, RELEVANT PROVISIONS OF LAW AND FINDINGS –

- 2.1 I have considered the Interim Order, the replies dated August 27, 2016; August 30, 2016, August 23, 2017 and May 5, 2018 along with all the relevant material available on record.
- 2.2 I shall now proceed with the determination of issues involved in the instant proceedings.
- 2.3 ***Whether the offer and allotment of equity shares by Lokmangal Agro was a private placement as per Section 81(1A) of the Companies Act read with the Unlisted Public Companies (Preferential Allotment) Rules, 2003? If not, then whether such offer and allotment of equity shares was in contravention of the first proviso to Section 67(3) of the Companies Act and consequently in breach of Sections 73, 60 and 56 of the Companies Act and the DIP Guidelines read with the ICDR Regulations?***
- 2.4 During the hearing held on July 17, 2017 and vide written submissions dated August 23, 2017, Lokmangal Agro and its Directors [entities at paragraph 1.5(I)(b)–(j)] *inter alia* submitted –

- A. “... Company denies that it has violated any provisions of any law as mentioned in the Ex-parte Order. Company further denies all the allegations against the Company and its Directors/ Promoters.
- B. The Company submits that during the period between October 2009 and December 2011 the sugarcane farmers in the surrounding area had deposited certain amounts towards shares subscription against which shares were allotted by us after complying with all the provisions of Companies Act prevalent at that time more particularly Section 81(1A). The Company filed requisite papers/ returns with the Registrar of Companies on time.
- C. Details of amount received from the farmers, allotments made, number of allottees and shares allotted during FY2009-10, FY2010-11 & FY2011-12 is as follows:

FINANCIAL YEAR	NO OF ALLOTMENTS	NO OF SHAREHOLDERS	NO OF SHARES	AMOUNT INR
FY0910	25	1042	310100	31010000
FY1011	6	132	18100	1810000
FY1112	73	3565	6943800	694380000
GRAND TOTAL	104	4739	7272000	727200000

- D. It is submitted that the amounts so raised during FY09-10 & FY10-11 was utilized for working capital. Majority of the funds raised during FY11-12 was utilized for working capital & partially for acquisition of fixed assets.
- E. Company submits that it is one of the trusted & well performing sugar manufacturing unit in the area and were honouring all its commitments on time without fail. However, the region got affected

by drought which was so acute that there was problem of drinking water which was to be supplied by special trains.

- F. *Such situation, which is beyond the control of management, requires your sympathetic, practical and pragmatic approach for deciding the scheme for refund of equity shares raised post April 2009. Any disruptive order would put the factory & its dependent employees & farmers in jeopardy.”*

2.5 I note that paragraph 8.1(c) at page 4 of the Interim Order states –

“As per data obtained from the MCA21 website, it is observed that the company has filed Balance Sheets till March 31, 2014. It is further observed that the Company has received share application monies during the year 2011, from about 3626 farmers who supplied sugarcane to the Company’s sugar factory. The company raised Rs 72.52 Crores from them during the period October 1, 2011 to December 13, 2011. Further, on perusal of the list containing the details of allotment of shares furnished by the company vide letter dated March 7, 2015, it is observed that the company itself had admitted that it had collected an amount of ₹74.82 Crores from 4751 investors during the period 2009–2011.”

2.6 In the aforementioned letter dated March 7, 2015, Lokmangal Agro *inter alia* submitted: *“Our shareholders are sugarcane cultivators from the surrounding areas with whom the Company is associated and deals with on a regular basis and who benefit tremendously from and out of the operations of the Company. They have been issued and allotted equity shares in the company on a preferential basis in accordance with the provisions of the Companies Act against payments received by the Company from them in cheque.”*

2.7 In their written submissions subsequent to the Interim Order, Lokmangal Agro and its Directors have further contended: *“... during the period between October 2009 and December 2011, the sugarcane farmers in the surrounding area deposited certain amounts towards shares subscription against which shares were allotted after complying with all the provisions of Companies Act prevalent at that time more particularly Section 81(1A). The Company filed requisite papers/returns with the Registrar of Companies on time.”*

2.8 Sections 67 and 81(1A) of the Companies Act, state –

SECTION 67 – CONSTRUCTION OF REFERENCE TO OFFERING SHARES OR DEBENTURES TO THE PUBLIC, ETC.

- (1) *Any reference in this Act or in the articles of a company to offering shares or debentures to the public shall, subject to any provision to the contrary contained in this Act and subject also to the provisions of sub-sections (3) and (4), be construed as including a reference to offering them to any section of the public, whether selected as members or debenture holders of the company concerned or as clients of the person issuing the prospectus or in any other manner.*

- (2) *Any reference in this Act or in the articles of a company to invitations to the public to subscribe for shares or debentures shall, subject as aforesaid, be construed as including a reference to invitations to subscribe for them extended to any section of the public, whether selected as members or debenture holders of the company concerned or as clients of the person issuing the prospectus or in any other manner.*
- (3) *No offer or invitation shall be treated as made to the public by virtue of sub-section (1) or sub-section (2), as the case may be, if the offer or invitation can properly be regarded, in all the circumstances –*
- As not being calculated to result, directly or indirectly, in the shares or debentures becoming available for subscription or purchase by persons other than those receiving the offer or invitation; or*
 - Otherwise as being a domestic concern of the persons making and receiving the offer or invitation.*

Provided that nothing contained in this sub-section shall apply in a case where the offer or invitation to subscribe for shares or debentures is made to fifty persons or more:

Provided further that nothing contained in the first proviso shall apply to non-banking financial companies or public financial institutions specified in Section 4A of the Companies Act (1 of 1956).

SECTION 81(1A) – FURTHER ISSUE OF CAPITAL.

- (1) *Notwithstanding anything contained in sub-section (1), the further shares aforesaid may be offered to any persons whether or not those persons include the persons referred to in clause (a) of sub-section (1) in any manner whatsoever –*
- if a special resolution to that effect is passed by the company in general meeting, or*
 - where no such special resolution is passed, if the votes cast (whether on a show of hands, or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board of directors in this behalf, that the proposal is most beneficial to the company.*

2.9 The observations of the Hon'ble Securities Appellate Tribunal (“SAT”) in the matter of *SRM Energy Limited vs. SEBI (Appeal No. 34 of 2011)*, in respect of Section 81 of the Companies Act, are reproduced as under –

“A bare reading of Section 81(1) (of the Companies Act) makes it clear that when it is proposed to increase the subscribed capital of a company by allotment of further shares, the normal rule referred to therein needs to be followed. This normal rule is that further shares must be offered to the existing body of shareholders

of the company in the same proportion in which they already hold shares of the company. The underlying object of this normal rule is to maintain the balance of voting rights and control in the company. It is for this reason that Section 81(1) mandatorily requires that further shares shall be offered to the existing shareholders in the same proportion to the capital paid up on those shares on the date of offer. Section 81(1A) enables a company to offer further shares to a chosen few who may or may not be its shareholders. When offer is made to this select group of persons, the section requires, as a condition precedent, that the general body of shareholders must pass a special resolution in a general meeting authorizing and permitting the said allotment. A special resolution is one which is passed by a majority of three fourth shareholders. The underlying object of this requirement is that the shareholders who are going to waive their right and entitlement to such further shares must agree to do so and if three fourth of them agree, that decision would bind the entire body of shareholders. It is pertinent to note that when the normal rule as aforesaid is resorted to, there is no requirement for the shareholders to pass any resolution, special or otherwise, because none of them is going to be deprived of the further allotment. It is only when the company decides to deprive them of the further allotment that a resolution from them is required.

2.10 The argument advanced by Lokmangal Agro is that the equity shares offered and allotted during the Financial Years 2009–2010 to 2011–2012 i.e. effectively from October 26, 2009 to December 13, 2011, were in pursuance of Section 81(1A) of the Companies Act and the same were authorised by its shareholders. In this context, I note the following –

- I. Any ‘*Preferential Allotment*’ of equity shares by an unlisted public company is subject to the conditions prescribed under the Unlisted Public Companies (Preferential Allotment) Rules, 2003 (“**Preferential Allotment Rules**”).
- II. ‘*Preferential Allotment*’ has been defined therein to include “*issue of shares on preferential basis and/or through private placement made by a company in pursuance of a resolution passed under Sub-section (1A) of Section 81 of the Companies Act ...*”

2.11 In the instant proceedings, Lokmangal Agro admittedly offered and allotted equity shares (amounting to ₹74.82 Crores) to 4751 investors during the Financial Years 2009–2010 to 2011–2012. The question of whether the impugned offer and allotment of equity shares by Lokmangal Agro was a private placement in accordance with the aforementioned Preferential Allotment Rules does not arise when such offer and allotment is admittedly made to more than 49 persons. In this context, the observations of the Hon’ble SAT in *Manoj Agarwal vs. SEBI* (Appeal No. 66 of 2016 – Order dated July 14, 2017) are relied upon –

10. “*In the present case, even though the intention of Bharatiya Real Estate Development Limited (**BREDL**) was to collect ₹40 lac by issuance of redeemable preference shares through private placement and not by the general public, admittedly allotments were made to more than 50 entities*

and therefore BREDL was obliged to follow the public issue norms specified under the Companies Act, 1956. Since the said norms were not followed, under Section 73(2) of the Companies Act, 1956 it was obligatory on part of BREDL to refund the amount collected within the time stipulated therein.”

2.12 Further, from the information provided by Lokmangal Agro vide letter dated March 7, 2015, it is noted that the Company admittedly offered and allotted equity shares *in tranches* to not more than 49 persons on any day during the Financial Years 2009–2010 to 2011–2012. In this context, the observations of the Hon’ble SAT in *Neesa Technologies Limited vs. SEBI (Appeal No. 311 of 2016 – Order dated April 28, 2017)* are relied upon –

4. *“The argument of the Counsel for the appellant is that the NCD issue was a private placement issued to only less than 50 persons at a time. The total number of subscribers come to 341 since they have issued multiple (8) tranches of NCDs. Being a private placement the respondent SEBI had no jurisdiction on the matter as Registrar of Companies (‘RoC’) and Company Law Board are the authorities having jurisdiction in the matter. The RoC had declared that the NCD issue was deposits under Section 58 A of the Companies Act and therefore having the jurisdiction of RoC only. ...*
5. *We note that the impugned order has considered all these contentions made by the appellant before the Ld. WTM of SEBI. It is held in the impugned order that various Sections of Companies Act is violated because the company issued the securities to more than 49 persons and hence it is a public issue and the provisions of Section 56 were not followed. In terms of Section 67(3) of the Companies Act any issue to “50 persons or more” is a public issue and all public issues have to comply with the provisions of Section 56 of Companies Act and ILDS Regulations. Accordingly, in the instant matter the appellant have violated these provisions and their argument that they have issued the NCDs in multiple tranches and no tranche has exceeded 49 people has no meaning.”*

2.13 In view of the above, it cannot be said that the offer and allotment of equity shares by Lokmangal Agro during the Financial Years 2009–2010 to 2011–2012, was a private placement as per Section 81(1A) of the Companies Act read with the Preferential Allotment Rules.

2.14 Section 67 of the Companies Act provides for the following –

- I. In accordance with the *first proviso* to Section 67(3) read with the *second proviso*, any offer of shares/debentures to more than 49 persons would be deemed to be a public offer, provided that the shares/debentures are not issued by a Non-Banking Financial Company (“NBFC”) or Public Financial Institution (“PFI”).

- II. Where the shares/debentures are offered and allotted by a company which is not an NBFC or PFI, even though the number of allottees may be less than 49, whether such offer is a public offer or not, still needs to be checked with reference to clauses (a) and (b) of Section 67(3) of the Companies Act.
- 2.15 In the instant proceedings, the offer and allotment of equity shares during the Financial Years 2009–2010 to 2011–2012, by Lokmangal Agro was also not in conformity with the criteria for private placement as laid down in Section 67(3)(a) and (b) of the Companies Act. Lokmangal Agro admittedly offered and allotted equity shares to 4751 investors during the said period. Considering the aforementioned, I do not find any reason to differ with the *prima facie* conclusion contained in the Interim Order. The legal provisions and case law cited in the Interim Order clearly render the matter within the jurisdiction of the Board. I, therefore, find myself in agreement with the *prima facie* conclusion arrived at in Interim Order to the extent that the offer and allotment of equity shares by Lokmangal Agro during the aforesaid period qualifies to be construed as an ‘offer made to the public’ in terms of Section 67(3) of the Companies Act.
- 2.16 From the above, it will follow that such ‘offer made to the public’ requires compliance by Lokmangal Agro with the mandate of Sections 73, 60 and 56 of the Companies Act.
- 2.17 In addition, Lokmangal Agro was also required to comply with the following Clauses of the DIP Guidelines as regards the ‘offer made to the public’ -
1. Clause 2.1.1 (Filing of offer document)
 2. Clause 2.1.4 (Application for listing)
 3. Clause 2.1.5 (Issue of securities in dematerialized form)
 4. Clause 2.8. (Means of finance)
 5. Clause 4.1 (Promoters contribution in a public issue by unlisted companies)
 6. Clause 4.11 (Lock-in of minimum specified promoters contribution in public issues)
 7. Clause 4.14 (Lock-in of pre-issue share capital of an unlisted company)
 8. Clause 5.3.1 (Memorandum of understanding)
 9. Clause 5.3.3 (Due diligence certificate)
 10. Clause 5.3.5 (Undertaking)
 11. Clause 5.3.6 (List of promoters group and other details)
 12. Clause 5.4 (Appointment of intermediaries)
 13. Clause 5.6 (Offer document to be made public)
 14. Clause 5.6A (Pre-issue Advertisement)
 15. Clause 5.7 (Despatch of issue material)
 16. Clause 5.8 (No complaints certificate)

17. *Clause 5.9 (Mandatory collection centres and Clause 5.9.1 (Minimum number of collection centres)*
18. *Clause 5.10 (Authorised collection agents)*
19. *Clause 5.12.1 (Appointment of Compliance Officer)*
20. *Clause 6.0 (Contents of Offer Documents)*
21. *Clause 6.1 to Clause 6.15 (Contents of Prospectus)*
22. *Clause 6.16 to Clause 6.34 (Contents of Abridged Prospectus) including Clause 6.17.13*
23. *Clause 8.3 [Rule 19(2)(b) of SC(R) Rules, 1957]*
24. *Clause 8.8.1 (Opening & closing date of subscription of securities)*
25. *Clause 9 (Guidelines on advertisements by Issuer Company).*

2.18 As stated in the Interim Order, the ICDR Regulations (which came into effect from August 28, 2009) replaced the DIP Guidelines and accordingly, from such date, Lokmangal Agro was also required to comply with the following clauses of the aforesaid Regulations as regards the ‘offer made to the public’ –

1. *Regulation 4(2)(a) – Application for listing of debt securities*
2. *Regulation 4(2)(b) – In-principle approval for listing of debt securities*
3. *Regulation 4(2)(c) – Credit rating has been obtained*
4. *Regulation 4(2)(d) – Dematerialization of debt securities*
5. *Regulation 4(4) – Appointment of Debenture Trustees*
6. *Regulation 5(2)(b) – Disclosure requirements in the Offer Document*
7. *Regulation 6 – Filing of draft Offer Document*
8. *Regulation 7 – Mode of disclosure of Offer Document*
9. *Regulation 8 – Advertisements for Public Issues*
10. *Regulation 9 – Abridged Prospectus and application forms*
11. *Regulation 12 – Minimum subscription*
12. *Regulation 14 – Prohibition of mis-statements in the Offer Document*
13. *Regulation 15 – Trust Deed*
14. *Regulation 17 – Creation of security*
15. *Regulation 19 – Mandatory Listing*
16. *Regulation 26 – Obligations of the Issuer, etc.*

2.19 From the Interim Order along with the material available on record, it is noted that Lokmangal Agro failed to comply with the aforementioned provisions of law in respect of the offer and allotment of equity shares during the Financial Years 2009–2010 to 2011–2012.

2.20 The issue of non-compliance with the provisions of Sections 73, 60 and 56 of the Companies Act along with the relevant Clauses of the DIP Guidelines, etc. has already been discussed in detail in the Interim Order. It would suffice to state the legal provisions and case law discussed in the Interim Order are applicable to the offer and allotment of equity shares made by Lokmangal Agro during the Financial Years 2009–2010 to 2011–2012, which is deemed to be an ‘offer made to the public’.

2.21 ***Whether Lokmangal Agro and its Directors were responsible for the offer and allotment of equity shares, which was in contravention of the first proviso to Section 67(3) of the Companies Act and consequently in breach of Sections 73, 60 and 56 of the Companies Act and the DIP Guidelines read with the ICDR Regulations?***

2.22 During the hearing held on July 17, 2017 and vide written submissions dated August 23, 2017 and May 5, 2018, Lokmangal Agro and its Directors [entities at paragraph 1.5(I) of page 4] *inter alia* submitted as under –

- A. “... Company submits that Mr. Subhash Deshmukh (PAN: ABEPD7883R), though was a promoter of the Company, had resigned from the Directorship of the Company vide his letter dated 25th March 2009 with effect from 31st March 2009 and he was never participating in the day-to-day affairs of the Company thereafter. A copy of the resignation letter and necessary ROC filings to that effect are enclosed. Mr. Subhash Deshmukh never participated in the day-to-day management of the Company even prior to that since he was only a non-executive Director during the entire period. In view of the fact that Mr. Subhash Deshmukh resigned from the Board way back in the year 2009, it is humbly submitted that his name may be removed from the Order and consequently the restraints and prohibitions imposed on him may be lifted.
- B. Company submits that Shri. Anil Vasantrao Pandhe had passed away in the year 2013. A copy of the death certificate is enclosed. It is humbly submitted that any proceedings as against him should stand abated.”

2.23 Sections 5(g) and 73 of the Companies Act, state –

SECTION 5(g) – MEANING OF “OFFICER WHO IS IN DEFAULT”

For the purpose of any provision in this Act which enacts that an officer of the company who is in default shall be liable to any punishment or penalty, whether by way of imprisonment, fine or otherwise, the expression “officer who is in default” means all the following officers of the company, namely –

- a. *the managing director or managing directors;*
- b. *the whole- time director or whole- time directors;*
- c. *the manager; ...*

- g. *Where any company does not have any of the officers specified in clauses (a) to (c), any director or directors who may be specified by the Board in this behalf or where no director is so specified, all the directors:*

Provided that where the Board exercises any power under clause (f) or clause (g), it shall, within thirty days of the exercise of such powers, file with the Registrar a return in the prescribed form.

SECTION 73 – ALLOTMENT OF SHARES AND DEBENTURES TO BE DEALT IN ON STOCK EXCHANGE.

- (1) *Every company intending to offer shares or debentures to the public for subscription by the issue of a prospectus shall, before such issue, make an application to one or more recognised stock exchanges for permission for the shares or debentures intending to be so offered to be dealt with in the stock exchange or each such stock exchange.*
- (2) *Where the permission has not been applied under subsection (1) or such permission having been applied for, has not been granted as aforesaid, the company shall forthwith repay without interest all moneys received from applicants in pursuance of the prospectus, and, if any such money is not repaid within eight days after the company becomes liable to repay it, **the company and every director of the company who is an officer in default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at such rate, not less than four per cent and not more than fifteen per cent, as may be prescribed, having regard to the length of the period of delay in making the repayment of such money.***

COMPANIES (CENTRAL GOVERNMENT'S) GENERAL RULES AND FORMS, 1956

4D. Section 73 –

The rates of interest, for the purposes of sub-sections (2) and (2A) of section 73, shall be 15 per cent per annum.

- 2.24 In terms of Section 73(2) of the Companies Act, the Company and every Director who is an 'officer in default' is jointly and severally liable for repayment of the money raised in breach of the provisions of Section 73(1) of that Act.

2.25 As per information available on the *MCA21 Portal*, the details of the past and present Directors of Lokmangal Agro, including the dates of appointment/cessation as Directors, are as under:

TABLE I – DETAILS OF BOARD OF DIRECTORS OF LOKMANGAL AGRO

	NAME OF THE PERSON	CAPACITY	PAN	RESIDENTIAL ADDRESS	DATE OF APPT.	DATE OF CESSATION
1.	SUBHASH SURESHCHANDRA DESHMUKH	DIRECTOR	ABEPD7883R	13 A, SAHAYDRI NAGAR, HOTGI ROAD, SOLAPUR-413003	16.10.1998	31.03.2009
2.	SMITA SUBHASH DESHMUKH	DIRECTOR	ABGPD4907Q	13 A, SAHAYDRI NAGAR, HOTGI ROAD, SOLAPUR-413003	16.10.1998	31.03.2013
3.	VAIJNATH NAGAPPA LATURE	DIRECTOR	AAIPL4725B	72-73, CO-OP., INDUSTRIAL ESTATE, SIGNAL CAMP, LATUR-413512	16.10.1998	31.03.2013
4.	AUDUMBER SANDIPAN DESHMUKH	DIRECTOR	ABFPD6320A	A/P - MARDI, TAL NORTH SOLAPUR, DIST. –SOLAPUR	16.10.1998	31.03.2013
5.	ANIL VASANTRAO PANDHE	DIRECTOR	ABBPP7745D	157, RAILWAY LINES, SOLAPUR-413001	16.10.1998	31.03.2013
6.	SHAHAJI GULCHAND PAWAR	DIRECTOR	ANGPP9753N	A/P - MARDI, TAL NORTH SOLAPUR, DIST. –SOLAPUR	16.10.1998	31.03.2013
7.	GURRANA APPARAO TELI	DIRECTOR	AKMPT5879J	A/P- HONMURGI, TAL. SOUTH SOLAPUR, DIST. SOLAPUR	16.10.1998	31.03.2013
8.	MAHESH SATISHCHANDRA DESHMUKH	MANAGING DIRECTOR	AGXPD4794K	13 A, SAHAYDRI NAGAR, HOTGI ROAD, SOLAPUR-413003	5.12.2006	–
9.	PARAG SURESH PATIL	DIRECTOR	AMZPP5693B	A 5/7, SUNCITY, NR JAM MILL COMPOUND, LAXMI PETH DAMANI NAGAR, SOLAPUR-413001	1.02.2010	–
10.	MANISH SUBHASH DESHMUKH	DIRECTOR	AHZPD7424P	13 A, SAHAYDRI NAGAR, HOTGI ROAD, SOLAPUR-413003	31.03.2013	–
11.	PRASHANT PRABHAKAR PATIL	DIRECTOR	ANLPP3807E	165/6 TEJASI TARA BUILDING, RAILWAY LINES, SOLAPUR-413001	2.03.2015	–
12.	ABOLI MAHESH DESHMUKH	DIRECTOR	ALZPD0123H	13 A, SAHAYDRI NAGAR, HOTGI ROAD, SOLAPUR-413003	2.03.2015	–

2.26 The Interim Order was *inter alia* issued against the persons at serial nos. 1–9 of Table I who were *prima facie* found to be responsible for the offer and allotment of equity shares by Lokmangal Agro during the Financial Years 2009–2010 to 2011–2012 i.e. effectively from October 26, 2009 to December 13, 2011. In this context, the following is noted –

- I. From the material available on record along with the details of appointment and resignation of the Directors of Lokmangal Agro, it is observed that the persons at serial nos. 2–9 of Table I were Directors at the time of the offer and allotment of equity shares.
- II. In the instant proceedings, no material has been brought on record to show that any of the the officers set out in Section 5(a)–(c) of the Companies Act or any specified Director of Lokmangal Agro was entrusted to discharge the obligation contained in Section 73 of the Companies Act. Therefore, as per Section 5(g) of the Companies Act, all the past and present Directors of Lokmangal Agro, as ‘*officer(s) in default*’, are liable to make refund, jointly and severally, along with interest at the rate of 15 % per annum under Section 73(2) of the Companies Act for non-compliance with Section 73(1) of that Act.
- III. Since the persons at serial nos. 2–4, 6–9 of Table I were acting as Directors during the Financial Years 2009–2010 to 2011–2012, they are ‘*officer(s) in default*’ as per Section 5(g) of the Companies Act. As ‘*officer(s) in default*’, the aforementioned entities are liable to make refund, jointly and severally, of the money raised in breach of the provisions of Section 73(1) of the Companies Act along with interest at the rate of 15% per annum, in accordance with Section 73(2) of that Act. I note that none of the aforesaid persons have disputed the aforesaid liability for refund either through oral or written submissions.
- IV. Even though the persons at serial nos. 2–4, 6–7 resigned as Directors of Lokmangal Agro with effect from March 31, 2013 (persons at serial nos. 8 and 9 i.e. Mahesh Satishchandra Deshmukh and Parag Suresh Patil, continue to remain Directors), the liability of the company to repay under Section 73(2) of the Companies Act is continuing. Further, the liability of Lokmangal Agro continues till all the repayments are made and accordingly, the persons at serial nos. 2–4, 6–9 are co-extensively responsible along with the Company for making refund along with interest under Section 73(2) of the Companies Act read with Rule 4D of the Companies (Central Government’s) General Rules and Forms, 1956, and Section 27(2) of the SEBI Act.

- V. I note that persons at serial nos. 2–4, 6–8 were Directors during the Financial Years 2009–2010 to 2011–2012 i.e. including from October 26, 2009 to December 13, 2011, while the person at serial no. 9 i.e. Parag Suresh Patil, was a Director only with effect from February 1, 2010. In the matter of *Manoj Agarwal vs. SEBI supra*, the Hon’ble SAT observed –
4. *“In view of the fact that out of the amount of ₹99.06 Lakh, amount of ₹59.06 Lakh was collected by BREDL after the appellant ceased to be a Director of BREDL, counsel for SEBI fairly stated on instruction that the obligation of the appellant to refund the amount with interest jointly and severally with BREDL and other Directors set out in the impugned order may be limited to ₹40 Lakh only, because, that was the amount collected by BREDL during the period when the appellant was a Director of BREDL.*
- ...
22. *For all the aforesaid reasons, we see no merit in the appeal and the same is hereby dismissed with no order as to costs. However, it is made clear that the liability of the appellant under the impugned order is restricted to refunding the amount of Rs.40 Lakh with interest jointly and severally with BREDL and other directors of BREDL.”*
- VI. Having regard to the aforementioned observations, I find that the obligation of a Director to refund the amount with interest jointly and severally under Section 73(2) of the Companies Act with the Company and other Directors is limited to the extent of amount collected during his tenure as Director of such Company. In view of the aforesaid, I am of the view that the obligation of Parag Suresh Patil to refund, jointly and severally with interest, the money raised in breach of the provisions of Section 73(1) of the Companies Act, is limited to the extent of the amount collected during his tenure as Director of Lokmangal Agro.
- VII. As regards the person at serial no. 5 of Table I i.e. Anil Vasant Rao Pandhe, it is observed from the Death Certificate issued on May 8, 2015, by the Government of Maharashtra, Health Department, Municipal Corporation of Greater Mumbai (submitted by Lokmangal Agro vide letter dated August 23, 2017) that the date of death has been recorded as May 6, 2015. In its submission, Lokmangal Agro informed SEBI that the aforesaid person is deceased since the year 2013. Nonetheless, placing reliance on the aforementioned Death Certificate, the instant proceedings as against Anil Vasant Rao Pandhe stands abated on account of his death.
- VIII. The persons at serial nos. 10–12 of Table I, joined the Board of Lokmangal Agro subsequent to the impugned offer and allotment of equity shares and are presently

its Directors. Therefore, following the reasoning as provided in the matter of *Manoj Agarwal vs. SEBI supra*, I am of the view that the aforesaid persons are not liable for refund of the money raised in breach of the provisions of Section 73(1) of the Companies Act as they were not Directors during the relevant time of fund mobilization.

- IX. Subhash Sureshchandra Deshmukh (person at serial no. 1 of Table I) was a Director of Lokmangal Agro with effect from October 16, 1998 to March 31, 2009. From the letter dated March 25, 2009, addressed by Subhash Sureshchandra Deshmukh to Board of Lokmangal Agro (submitted by Lokmangal Agro vide letter dated August 23, 2017), it is observed that he submitted his resignation from the post of Director with effect from March 31, 2009 and requested the Company to accept his resignation with effect from that date and also relieve him of his responsibilities as a Director. In its submission, Lokmangal Agro confirmed that Subhash Sureshchandra Deshmukh did indeed resign from the Company with effect from March 31, 2009. Further, in the additional submissions dated July 14, 2017 filed by Subhash Sureshchandra Deshmukh, he reiterated that he had resigned from the Company with effect from March 31, 2009. Further, Form 32 filed by Lokmangal Agro with the ROC also confirms the aforesaid fact. It is reiterated that the offer and allotment of equity shares by Lokmangal Agro was during the Financial Years 2009–2010 to 2011–2012 i.e. effectively from October 26, 2009 to December 13, 2011. In view of the aforesaid fact and following the reasoning as provided in the matter of *Manoj Agarwal vs. SEBI supra*, I find that Subhash Sureshchandra Deshmukh is not liable for refund of the money raised in breach of the provisions of Section 73(1) of the Companies Act, as he was not a Director during the relevant time of fund mobilization. It would also follow that Subhash Sureshchandra Deshmukh cannot be held responsible for ensuring compliance by Lokmangal Agro for the offer and allotment of equity shares by Lokmangal Agro during the Financial Years 2009–2010 to 2011–2012 i.e. effectively from October 26, 2009 to December 13, 2011.

3.1 ***Repayment plan/option submitted by Lokmangal Agro and its Directors.***

3.2 During the hearing held on July 17, 2017 and vide written submissions dated August 23, 2017 and May 5, 2018, Lokmangal Agro and its Directors submitted as under –

A. “... Company engaged Yardi Prabhu Consultants & Valuers Private Limited for valuation of the assets of the company. Fair market valuation of assets as per the reports dated 3/7/2016 for land & buildings & dated 31/3/17 for plant & machinery is as follows:

	ASSET	FAIR MARKET VALUE IN INR CRORES
A	LAND & LAND	32.02
B	CIVIL STRUCTURE & BUILDINGS	76.46
C	PLANT & MACHINERY	119.30
	TOTAL ASSETS	227.78

B. Company allotted shares to farmers who voluntarily approached with share application to become members of the factory. The Company did not commit any rate of interest for the shares allotted to shareholders at the time of allotment.

C. However, considering the long relationship of the factory with farmers & as a matter of goodwill; we propose to pay back the farmers with rate of interest deemed fit by SEBI, computed as follows:

PARTICULARS	SCENARIO A	SCENARIO B	SCENARIO C
EQUITY ALLOTMENTS POST APRIL 2009	72.72	72.72	72.72
PROPOSED RATE OF INTEREST	6.00%	8.00%	10.00%
INTEREST FROM DATE OF ALLOTMENT TILL 31/08/2018	30.08	40.11	50.14
TOTAL REFUND AMOUNT	102.80	112.83	122.86

D. Post SEBI Interim Order dated August 1, 2016, company approached individuals and entities who expressed their interest to invest in the company. We propose to raise funds from such individuals & others through issue of Unsecured Redeemable Non-Convertible Debentures at price & terms negotiated with investors.

E. Farmers may not be interested in refund of equity, as it may be looked as if they are losing membership with sugar factory. Further, in current competitive sugar market in Solapur region with emergence of multiple sugar factories, losing farmer members would also affect the preference of getting sugarcane from farmers in command area. It is pertinent to note that crushing operations of the sugar factory solely depend on its relationship with sugarcane farmer & sugar factory in no way could afford to lose this relationship & trusts with farmers.

- F. *Thus, we request SEBI to allow option to the equity holders to get the refund of equity as per their choice. If shareholders are not willing to take equity back from us; they may be allowed to remain as equity shareholders of the company. We assure full compliance with procedures to convey this option to all our shareholders through press & to refund the equity amount along with stipulated rate of interest as may be decided by SEBI to all the shareholders who will come forward for the refund within the stipulated timeframe as may be considered reasonable & decided by SEBI.*
- G. *Company would make arrangement of funds as per the points stated herein above for the refund of equity along with interest which may be permitted by SEBI.*
Considering the solvent position, past & future economically viable operations of the unit & estimated future cash flows, we request SEBI to allow for refund of shares at the option of shareholders in any of the following manner –
1. *SEBI may permit conversion of equity allotted post April 2009 into Secured Debt which will paid back by the company with rate of interest as directed by SEBI over a period of 5 years.*
 2. *SEBI may permit company to approach third party investor/s to take equity in the company in compliance with all the laws in force for raising equity under private placement.*
 3. *SEBI may permit company to issue Unsecured Non-Convertible Redeemable Debentures (“NCDs”) for the period of 7-10 years at 10-15% rate of interest to the investors to such number of persons as may be permissible under law and buyback the equity by utilising the proceeds of the debentures.*
- H. *Considering the nature of industry & period required to raise funds through permitted means, we request SEBI to permit period of 12 months to refund of equity at the option of shareholder & arrange for raising funds to repay the shareholders along with interest till the date of payment who may choose to get the refund.*
- I. *In the light of the above submissions, the Company respectfully submits that the following may be granted:*
1. *... Permit the Company to repay to the investors who opt for surrender of shares and refund of capital, after following the due process before April 2019.*
 2. *Remove restrictions on alienation of assets and on raising of capital and other fund.”*

3.3 In the instant proceedings, I note that Lokmangal Agro admittedly mobilized funds amounting to ₹74.82 Crores from 4751 investors during the Financial Years 2009–2010 to 2011–2012. The aforesaid funds were mobilized *inter alia* in contravention of the provisions of the Companies Act and ICDR Regulations. Consequently, Lokmangal Agro and its Directors during the relevant period of fund mobilization are *immediately* liable to refund the money raised in breach of the provisions of Section 73(1) of the Companies Act along with interest at the rate of 15% in accordance with Section 73(2) of that Act.

3.4 The repayment plan submitted by Lokmangal Agro *inter alia* involves conversion of equity into secured debt which will be paid after a period of 5 years; raising of fresh equity through

third parties and issuance of NCDs having a tenure of 7–10 years at 10–15% interest rate. In my view, the aforesaid repayment plan cannot be permitted since it will result in unwarranted delay as far as repayment to investors of Lokmangal Agro is concerned, which is due immediately as on the date of this Order. Further, such repayment plan cannot be agreed to since Lokmangal Agro *inter alia* seeks to raise fresh funds for ensuring repayment to investors from whom money was illegally mobilized at the first instance.

ORDER –

4.1 In view of the foregoing, I, in exercise of the powers conferred upon me under Section 19 read with Sections 11(4), 11A and 11B of the SEBI Act, hereby direct as under –

- i. Lokmangal Agro and its Directors, viz. Smita Subhash Deshmukh, Vaijnath Nagappa Lature, Audumber Sandipan Deshmukh, Shahaji Gulchand Pawar, Gurrana Apparao Teli, Mahesh Satishchandra Deshmukh and Parag Suresh Patil, shall forthwith refund the money collected by the Company during their respective period of directorship through the issuance of equity shares with an interest of 15% per annum, from the eighth day of collection of funds, to the investors till the date of actual payment.
- ii. Lokmangal Agro and its Directors, viz. Mahesh Satishchandra Deshmukh and Parag Suresh Patil Manish (who were Directors during the relevant period of fund mobilization and are continuing as Directors of the Company) are permitted to sell the assets of the Company for the sole purpose of making the refund as directed above and deposit the proceeds in an Escrow Account opened with a nationalized Bank. Such proceeds shall be utilized for the sole purpose of making refund/repayment to the investors till the full refund/repayment as directed above is made.
- iii. The refund as directed hereinabove shall be made through banking channels such as demand draft or electronic mode of transfer and shall be supported by proof of trail of funds claimed to be refunded, bank account statements indicating refund to the investors and receipt from the investors acknowledging such refund.
- iv. Lokmangal Agro, Smita Subhash Deshmukh, Vaijnath Nagappa Lature, Audumber Sandipan Deshmukh, Shahaji Gulchand Pawar, Gurrana Apparao Teli, Mahesh Satishchandra Deshmukh and Parag Suresh Patil shall provide a full inventory of all its/their assets and properties and details of all its/their bank accounts, demat

accounts and holdings of mutual funds/shares/securities, if held in physical form and demat form.

- v. Lokmangal Agro, Smita Subhash Deshmukh, Vajinath Nagappa Lature, Audumber Sandipan Deshmukh, Shahaji Gulchand Pawar, Gurrana Apparao Teli, Mahesh Satishchandra Deshmukh and Parag Suresh Patil are prevented from selling its/their assets, properties and holding of mutual funds/shares/securities held by it/them in demat and physical form except for the sole purpose of making the refund as directed above and deposit the proceeds in an Escrow Account opened with a nationalized Bank. Such proceeds shall be utilized for the sole purpose of making refund/repayment to the investors till the full refund/repayment as directed above is made.
- vi. Lokmangal Agro and, on its behalf, Smita Subhash Deshmukh, Vajinath Nagappa Lature, Audumber Sandipan Deshmukh, Shahaji Gulchand Pawar, Gurrana Apparao Teli, Mahesh Satishchandra Deshmukh and Parag Suresh Patil in their personal capacity to make refund, shall issue public notice, in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, detailing the modalities for refund, including the details of contact persons such as names, addresses and contact details, within 15 days of this Order coming into effect.
- vii. After completing the aforesaid repayments, Lokmangal Agro, Smita Subhash Deshmukh, Vajinath Nagappa Lature, Audumber Sandipan Deshmukh, Shahaji Gulchand Pawar, Gurrana Apparao Teli, Mahesh Satishchandra Deshmukh and Parag Suresh Patil shall file a Report of such completion with SEBI, within a period of three months from the date of this Order, certified by two independent peer reviewed Chartered Accountants who are in the panel of any public authority or public institution. For the purpose of this Order, a peer reviewed Chartered Accountant shall mean a Chartered Accountant, who has been categorized so by the Institute of Chartered Accountants of India.

- viii. In case of failure by Lokmangal Agro, Smita Subhash Deshmukh, Vaijnath Nagappa Lature, Audumber Sandipan Deshmukh, Shahaji Gulchand Pawar, Gurrana Apparao Teli, Mahesh Satishchandra Deshmukh and Parag Suresh Patil to comply with the aforesaid applicable directions, SEBI, on the expiry of three months period from the date of this Order, may:
- a. Recover such amounts, from the Company and the Directors liable to refund as specified at paragraph 4.1(i) of this Order, in accordance with Section 28A of the SEBI Act including such other provisions contained in securities laws.
 - b. Initiate appropriate action against the Company and the aforementioned Directors, including adjudication proceedings against them, in accordance with law.
 - c. Make a reference to the State Government/Local Police to register a civil/criminal case against the Company, its promoters, directors and its managers/persons in-charge of the business and its schemes, for offences of fraud; cheating; criminal breach of trust and misappropriation of public funds.
- ix. Lokmangal Agro, Smita Subhash Deshmukh, Vaijnath Nagappa Lature, Audumber Sandipan Deshmukh, Shahaji Gulchand Pawar, Gurrana Apparao Teli, Mahesh Satishchandra Deshmukh and Parag Suresh Patil shall, with immediate effect, be restrained from accessing the securities market and prohibited from buying, selling or otherwise dealing in securities market, directly or indirectly, till the directions for refund/repayment to investors [as directed at paragraph 4.1(i)] are complied with to the satisfaction of SEBI and the Report is submitted to SEBI and for a further period of **four years** from the date of completion of such refund/repayment to investors.
- x. The proceedings emanating from the Interim Order dated August 1, 2016, against Anil Vasantrao Pandhe stands abated for the reasons recorded at paragraph 2.26(VII) at page 16 of this Order.
- xi. The Interim Order dated August 1, 2016, stands revoked against Subhash Sureshchandra Deshmukh for the reasons recorded at paragraph 2.26(IX) at page 17 of this Order.

4.2 This Order shall come into force with immediate effect.

4.3 A copy of this Order shall be forwarded to –

- i. Stock Exchanges and Depositories for their information and necessary compliance.
- ii. Ministry of Corporate Affairs for information.

Place: Mumbai

Date: May 16, 2018

**G. MAHALINGAM
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA**