RAVIKUMAR DISTILLERIES LIMITED

H.O.: No.17, Kamaraj Salai, Puducherry - 605 011. India. Phone/Fax : 0413-2343278, 2346386, 2331032.
website : www.ravikumardistilleries.com ISO 9001 : 2008

RKDL/2014-2015
Date: 23.01.2015

NATIONAL STOCK EXCHANGE OF INDIA LIMITED,
Exchange Plaza,
Plot No.C/1, G Block,
Bandra-Kurla Complex,
Bandra (E), Mumbai – 400 051.

Dear Sir,

Sub: Update on legal proceedings initiated by the company

As reported earlier that, we had filed a suit No 103 of 2013 before the Hon'ble IInd Additional District Judge, Rangareddy District Court for setting aside the MOU dated 05.09.2012 we had entered with a company owned and controlled by Mr. Anil Agrawal, the promoter director of our BRLM under duress and coercion for transfer of ownership of Liquor India Ltd., a company acquired by us out of IPO proceeds.

We are pleased to inform you that the Hon'ble IInd Additional District Judge, Rangareddy District Court passed an interim order and restrained the Respondents (including Mr. Anil Agrawal) from altering Board of Directors and shareholding pattern of the company. The Hon'ble Court has also restrained the Respondents (including Mr. Anil Agrawal) from alienating, selling or creating 3rd party interest on all or any of the property of Liquor India Ltd. We are enclosing herewith copy of the order for your ready reference and record.

Kindly take the same on your records.

Thanking you,

Yours faithfully,
For RAVIKUMAR DISTILLERIES LIMITED

R.V.

Director

Regd. Office : Ameen Manors, S1 & S2,Second floor, 'B', Block, #138, Nungambakkam High Road, Chennai - 600 034. India. Phone/Fax : 044 - 28332087
Works : R.S. No. 89 / 4A, Katterikuppam Village, Mannadipet Commune, Puducherry - 605 502, India. Phone : 0413-2674888/2674444. Fax :0413-2674553

IN THE COURT OF II ADDL.DISTRICT JUDGE,
RANGA REDDY DISTRICT AT L.B. NAGAR

PRESENT : SRI M. GANDHI, B.COM., B.L.,
II ADDITIONAL DISTRICT JUDGE,
RANGA REDDY DISTRICT AT L.B. NAGAR

DATED THIS THE 31st DAY OF DECEMBER, 2014

I.A. Nos. 1452 and 1453 of 2013.
IN
O.S.No.103 OF 2013

Between :-

R.V.Ravi Kumar. ... Petitioner in both the Petitions

And

1. Liquors India Limited.
2. Anil Agarwal.
3. Ankur Agarwal.
4. Bharat Shiroya.
5. Pradeep Kumar Mundhra. ... Respondents in both the petitions

These petitions coming on before me for hearing in the presence of Sri M.Jaya Kumar, Counsel for petitioners and Sri V.Basava Raju, Counsel for respondents and upon hearing the counsel for the petitioners, perusal of the material papers on record and having stood over for consideration till this day this court made the following :-

COMMON ORDER

The petition in IA.No.1452 of 2013 in os.no.103 of 2013 is filed by the petitioner Sri R.V.Ravi kumar who is the plaintiff, U/o 39, Rules 1 & 2 CPC, restraining the respondents from altering the Board of Directors of the R1 company and pass such other orders which are fit and necessary in the circumstances of the petition.

2. The petition in IA.No.1453 of 2013 in OS.No.103 of 2013 is filed by the same petitioner R.V.Ravi Kumar against the respondents restraining them from alienating, encumbering the movable and immovable assets of R1 company either by way of sale mortgage, lease or otherwise, during the pendency of the petition.

3. The substance of the affidavit and counter filed by parties are more or less same in both the petitions, therefore, to avoid the repetition of the same, it is necessary to refer the pleadings in both the petitions in a precise manner. The petitioner R.V. Ravi Kumar sworn his affidavit stating that he filed the above number suit

in OS.No.103 of 2013 for recession of MOU dated:05.09.2012 in between himself and the respondents 2 to 5 and all other arrangements and contracts leading upto the execution of MOU and subsequent to MOU including the share purchase agreement dt:07.09.2012, transfer of his 72% shares to respondents 2 to 5 and MOU dt;04.12.2012 as void and restore the parties back to the position which were prior to MOU dt:05.09.2005.

4. It is alleged by the petitioner that he was the promoter of a company called as Ravi Kumar Distilleries limited, herein called as RKDL and he was the major share holder and the said RKDL was incorporated on 11.10.1993 under the provisions of companies Act, 1956 having its register office at Chennai, Tamilnadu and engaged in the business of manufacture of Indian made foreign Liquor (IMFL). It is alleged by the petitioner that he intended to raise funds, and as such, he decided to issue IPO of RKDL and for the said purpose, he engaged Comfort Securities Limited, a category-I Merchant Banker, registered with SEBI and the R2 is the Director of Comfort Securities Limited and he entered into contract on 27.10.2009 and 12.01.2011. It is alleged by the petitioner that at the instance of R2, he issued pre signed undated cheques to the respondent believing his representation as they stated that it was part of merchant trading trade practice and while so, an amount of Rs.73.60 crores was realised from IPO and out of the said amount, an amount of Rs.42.63 crores was transferred to RKDL and R2 fraudulently by using the pre signed cheques issued by the petitioner, transferred the remaining amount of Rs.29 crores to his associate companies after incurring IPO expenses. It is alleged by the petitioner that he pressurised the R2 to return the diverted funds to a tune of Rs.29 crores out of Rs.31 crores after taking Rs.1.25 crores as his fee and after incurring issue expenses from RKDL to his associate companies. It is alleged by the petitioner that R2 being Merchant Banker, initially pleaded that he would solve the situation and he don't want to create panic situation and promised to solve the problem within few months. He further alleged that R2 systematically dragged on the issue from January, 2011 to November, 2011 on flimsy grounds and evaded to pay back the money to RKDL and continued to hold the money of Rs.29 crores in different companies of his own and his associates. The petitioner further alleged that he came to know later that R2 was fraudulently creating forged documents and other activities so as to take over RKDL and then he pressurised R2, who inturn transferred Rs.4.89 crores with malafide intention from his Comfort Intech Limited and dragged on the

matter till Dec,2011 on flimsy grounds and evaded to pay back the money to RKDL. It is alleged by the petitioner that in the month of Dec,2011, R2 started executing his skill to defraud the petitioner and in pursuance of the same, on 05.12.2011, R2 wickedly made a SAST disclosure and took away all the shares of the petitioner held in RKDL allegedly claiming that the petitioner pledged his shares to R2 and by forging his signature dishonestly and fraudulently by making a false document. It is also averred by the petitioner that on completion from the date of listing i.e. 08.12.2011, R2 sold the illegally pledged shares to his own company M/s Comfort Securities Limited, in which he was himself owner of the depositary participant M/s Comfort Securities Limited, wherein, RKDL shares were stored in Electronic Form. It is alleged by the petitioners that R2 done this illegal activity in utter violation of severe allegations and threatened the petitioner without returning 29 crores of money realised by way of IPO. It is alleged by the petitioner that he complained the issue to SEBI, NSE, DSE against R2 to take appropriate action but in vain and R2 one way or the other, managed and dragged the issue and coerced the petitioner and became major sharer of RKDL and threatened to withdraw the complaints made to SEBI, NSE and DSE and promised to pay an amount of Rs.15 crores for giving back 1,41,000 shares. It is also alleged that R2 coerced the petitioner to enter into MOU on 21.12.2012 on above lines and MOU was acted upon and an amount of Rs.1 crores was paid and out of which Rs.5 lakhs by way of cheque and Rs.95 lakhs by way of RTGS and 20% of the shares were in lock up for 3 years was unpledged and released. It is alleged that the balance amount shall be paid and there was delay and taking advantage of the delay, R2 through his associates, M/s BP Jhunjunwala and Mr.Satya Prakash revised the total demand from Rs.15 crores to Rs.18.51 crores and forced the petitioner to enter into MOU dt:6.2.2012 and threatened the petitioner to take over RKDL by Hostile–means, and accordingly, he paid Rs.6.5 crores in 3 stages and could not mobile the funds and thereafter the accused started sending threatening messages by putting deadline and made the petitioner to understand that R2 is planning for hostile take over of RKDL and the group of companies as R2 was holding directly or indirectly more than 51 % in RKDL and having known the situation, the petitioner run from pillar to post to arrange money but he could not secure the money of Rs.11 crores and R2 threatened the petitioner to give away one of the group companies i.e, R1 herein and the petitioner was coerced to offer the R1 to R2 and by doing so, the market regulator SEBI sent a letter to petitioner seeking clarification which was replied but there was no action from the SEBI. It is alleged

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by the petitioner that he was put under economic duress and as a result of fraud played by R2, he was forced to enter into an MOU on 05.09.2012 with the R2 and the MOU speaks that the petitioner would transfer 100% of his shares in R1 company to another corporate entity known as Lemonade Share and Securities Private Limited, in which, R2 is Director, respondents 3 to 5 are also involved along with other associates or group of companies. It is alleged that R2 undertook to discharge the loan of Rs.10 crores due to SBI from RKDL and also return 37.02% of the shares of RKDL to the petitioner and the terms mentioned in MOU but the R2 failed to fulfil the obligations in MOU and continued the scheme to defraud the petitioner and realsing the same, the petitioner approached this Court. It is alleged by the petitioner that he was defrauded by the respondents and as such, he filed the suit questioning the MOU and other reliefs and also obtained interim injunction not to hold extra ordinary General Body Meeting of RI which was proposed to remove the petitioner from R1 as Director and this court granted ad-interim injunction but the respondents circumvent the proceedings and violated the orders of the Court and conducted the meeting in other form. It is alleged by the petitioner that the respondents later rushed to SBI and paid an amount of Rs.8.80 crores as against Rs.10 crores which was the amount due by R1 company to SBI. It is alleged that as per the undertaking dt:12.09.2012 given by M/s Lemonade Shares and Securities Limited which was fraudulently trying to acquire R1 company, the same was settled within 30 days from the date of NOC from SBI. It is alleged that SBI issued NOC on 27.11.2012 and the term loan should be settled by 26.11.2012 but the R2 deliberately delayed payment only after sensing the fraud made by him and disclosed by the petitioner. It is alleged that the R2 only paid Rs.8.8 crores as against the outstanding amount of Rs.10 lakhs and thereby defrauded. It is alleged by petitioner that MOU itself was obtained by R2 by playing fraud on him and therefore, all the respondents are vitiated for and therefore, the petitioner sought for temporary injunction in both the petitions.

5. The R2 filed counter and the same is adopted by other respondents. The substance of the counter filed by R2 is as follows: The respondent.No.2 denied the different allegations made by the petitioners and stated that the suit itself is suffering from various defects and the petitioner approached the Court with unclean hands and dubious motives and harassing the respondents. It is stated by R2 that the petitioner was the director of the R1 company and he used the company for his own

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benefit by taking the loan on behalf of RKDL for Rs.10 crores from SBI by mortgaging the immovable property of R1 being land admeasuring 3 acres and building situated thereof at Industrial Development Area, Nacharam, Hyderabad along with the Corporate Guarantee to a tune of Rs.48 crores in favour of SBI and thereby taken approvals against the rules of the Companies Act, 1956 and thereby, committed breach of trust. It is alleged by the respondent No.2 that SBI had sanctioned a term loan to RKDL for the purpose of purchase of equipment to R1 but it was used for other purposes in contrary to the terms and conditions of sanctioned letter and thereby mis-used the funds disbursed by SBI. It is stated that R2 in terms of share purchase agreement dt:7.5.2005 LSSPL has remitted the consultation in relation to purchase of 12,07,900 equity shares of R1 in October and November, 2012 and the consideration for the equity shares were discharged even prior to the execution of MOU dt:4.4.2004. It is alleged by R2 that he is the director of Comfort Securities Limited and it acts as lead book running manager to the public issue of RKDL by entering into an engagement letter and the MOU dt:27.10.2009 and the fee payable by the R1 to Comfort Securities Limited was Rs.30 lakhs + 2% of issue shares and Service Tax. It is alleged that the public issue was for 1.15 lakhs equity shares of Rs.10/- each at a premium of Rs.54/- aggregating to Rs.73.6 crores and it was over subscribed by public. It is alleged that he public issue of RKDL was closed on 10.12.2001 and the shares of the company were listed on BSE and NSE on 27.12.2010. It is alleged that post to the listing of the shares. RKDL requested Comfort Securities Limited for guidance on compliances for listing agreement, ROC and other legal compliances and accordingly, entered into an agreement with Comfort Securities Limited on retainership basis on 12.01.2011 on a monthly retainer ship fee of Rs.2 lakhs + out of pocket expenses. It is alleged that this agreement was never acted upon and implemented and CSL never received any fee from RKDL for the services and the assignments entered into by RKDL with CSL are separate and independent of each other and one is in relation to public issue of RKDL whereas other is for advising on compliance on legal issues post listing of shares of RKDL on the stock exchanges.

5. It is further alleged by R2 that an amount of Rs.72, 35 crores was received by RKDL was transferred from public issue account created by RKDL to the current account of RKDL after deduction of the public issue expenses amounting to Rs.1.25 crores. It is alleged by R2 that the monies were not transferred to any other

account using the alleged pre-signed cheques issued by the petitioner and the bank account of RKDL was never under his control and the transfer of Rs.31 crores to various associate companies of CSL as alleged by the petitioner is entirely baseless and the R2 is not aware of the utilisation of money by the petitioner and RKDL. It is alleged that in the month of February, 2011, the petitioner and RKDL approached Comfort Infotech Limited a group company of CSL for a loan of Rs.10 crores and not Rs.5 crores and CIL agreed to disburse the loan of Rs.6.82 crores from time to time subject to appropriate security being provided to securable loan and CIL disbursed an amount of Rs.6.82 crores over a period of 6 months in between Feb, 2011 and August, 2011. It is alleged that the petitioner offered to secure the loan to be provided by CIL to RKDL by way of pledging 51.77% of his holding in RKDL and accordingly, 93,49,719 equity shares held by the petitioner and Rs.30,75,000 equity shares held by Ravi Kumar Properties Private Limited, a group of entity of the petitioner were pledged with CIL for the loan of Rs.6.82 crores. It is alleged that the documents pertaining to the pledging of the above shares also submerged to SEBI and he never took any pre signed cheques and the petitioner mis-used and abused his position in D1 company and made several payments for his personal benefit. It is alleged that the petitioner transferred Rs.5.5 crores to Danuka Real Estate and investment limited and he also mis used funds borrowed from SBI to a tune of Rs.10 crores and diverted the said amount for his personal purpose. It is alleged by R2 that there was a fall in the crises of shares of market year and to further secure its interest, CIL officially registered the pledge of 1,24,24,719 equity shares constituting 51.77% of the total paid up share capital of RKDL and intimated to the stock exchanges and RKDL and the stock exchanges displayed the information about the creation of pledge on its websites for the knowledge of the public at large. It is alleged that in pursuance of the above pledge, RKDL intimated CIL to deposit the cheque dt:05.12.2011 for Rs.7,49,08,025 drawn on Axis Bank Limited towards repayment of the loan along with interest, however, the cheque was dishonoured for insufficient funds and the petitioner soon after the dishonour of the cheque by RKDL intimated the stock exchanges and SEBI about the registration of equity shares by CIL claiming it to be illegal apprehending invocation of the pledged shares by CIL towards the loan disbursed to RKDL. It is alleged that as RKDL committed default in repayment of loan with interest, CIL invoked and sold 76,24,719 equity shares pledged by the petitioner in the open market and there was a shortfall of Rs.9,34,988/- excluding penalty and interest. The R2 denied that the sale of equity shares was carried out by

forging the signatures of the petitioner and as the pledge was invoked from the shares transferred to the account of CIL and CIL sold shares and in order to settle the shortfall on the pledge of the balance equty shares, the petitioner representeatives B.Gandhi and P.Meena issued a cheque of Rs.12 lakhs towards the full and final settlement of the outstanding loan and accordingly, an intimation was sent by RKDL and SEBI withdrawing all the complaints made by RKDL that were made against CIL in the past. It is alleged that the respondents never made plan to take over RKDL and it is a story invented by the petitioner and the payment made from Comfort Intech limited is towards the loan given against the security of shares which is independent transaction and with regard to the declaration of the loan amount, it is generally practice to invoke the shares as the petitioner failed to pay the money.

6. It is alleged by the respondents that they are un aware of the alleged demand of Rs.15 crores and the R2 was not a party to any such MOU and MOU dated:21.12.2012 is fabricated and created by the petitioner and the so called document does not contain any proof about the presence of R2 and others and the same was created for the purpose of present case. It is alleged that the matter pertaining to Rs.95 lakhs, the petitioner is mis representing the Court by making false statements and the petitioner approached CSL to buy the shares of RKDL in open market and the claim made by the petitioner is irrelevant and baseless and the petitioner is trying to link two different transactions before this Court. It is further stated by R2 that he was unaware of the MOU sent by the petitioner or his persons with GP Junjunwala on 06.02.2012 and also any plans for hostile takeover and the petitioners some how wanted to approach different persons everywhere and get some benefit by adapting dubious tactics. The R2 admitted about the filing of IA.No.405 of 2013 and contesting the same by filing counter. It is alleged by R2 that the allegations made by the petitioner are absurd, baseless and created story to justify his false case and he approached SBI on 28.01.2013 with a DD of Rs.8.8 crores towards the discharge of RKDL liability to facilitate to realease the document of R1. It is alleged that the R2 that the petitioner approached the court with unclean hands and after the exparte orders, EGM was not conducted and the same was intimated to the petitioner prior to filing of WS and the said facts were brought to the notice of the court on the date of appearance and the petitioner who is guilty of suppression of facts, is not entitled to claim any relief and ultimately the respondents prayed for dismissal of both the applications with costs.

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7. On perusal of the pleadings of the parties, and hearing the advocates on record, none of them filed original documents pertaining to their pleadings. The Xerox copies are disputed by parties and both of them intend to mark before this Court, therefore, this court not inclined to grant Xerox copies of the documents in view of disputing the same by the other side.

8. On perusing the pleadings of parties and the contentions raised by the parties, the following two points are raised for consideration

i. Whether the petitioner R.V.Ravi kumar is entitled to seek temporary injunction against the respondents restraining from ordering the Board of Directors or Shareholder of Respondent company and pass such other orders as required?

ii. Whether the petitioner R.V.Ravi Kumar is entitled to seek temporary injunction against the respondents restraining from alienating the movable and immovables properties of R1 shown in the petition schedule by way of sale, lease, mortgage or otherwise during the pendeny of the suit?

9. **POINT:**

It is the admitted fact that RKDL is a company run by the petitioner Ravi Kumar under the Companies Act and carrying on business. It is also an admitted fact that Comfort Securities Limited was appointed as Merchant Banker to release money by IPO of RKDL and accordingly, Rs.73.60 crores was realised by way of IPO and out of the said amount, 42.63 crores was transferred to RKDL. It is the admitted fact that R2 is the director of R1 and also the other companies as referred in the counter filed by the respondent. The petitioner is alleging that he put his signatures on blank cheques and documents as per the representation made by R2 when RKDL was going for public issue of shares. The R2 admittedly acted as agent on behalf of the petitioner and issued public issue of RKDL and the public issue was subscribed and money was realised. The petitioner is company that taking advantage of pre-signed cheques and documents, R2 in collusion with other respondents, started making attempts to take away the RKDL of the petitioner and at the same time, the R1 company in which the petitioner has major share and thereby created false documents and diverted the money as if the amount was diverted by the petitioner. The respondent contended that it is the petitioner who from time to time diligently acted and he used the money collected by way of public issue for his personal purposes and he also raised loan from SBI and raised loan from CIL by pledging the shares of R1 and subsequently sold towards the final settlement of the outstanding loan payable to CIL and ultimately the shares were purchased by Comfort Securities Limited

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in the open market and the petitioner suppressed the facts and filed the suit. It is contended by the respondents that the disputed amounts are not known to R2 and it is the petitioner who created the same and claiming recession of MOU, dt;05.09.2004. The petitioner approached the Hon'ble High Court of A.P by filing WP.No.127 of 2013 when he filed writ M.P.No.15944 of 2014 by impleading R1 and R2 as parties apart from other parties. The Hon'ble High Court of A.P passed order on 23.04.2014 in WP.MP.No.15944 of 2014 directing the R2 and Tilaknagar Industries Limited who is the R5 in the above petition not to create any charge or 3rd party interest relating to the assets of the company and it is not known whether the said orders continued or not. The material on record goes to show that the R2 who is the Director of Comfort Securities Limited, acted as agent to the pubic issue of RKDL by entering into MOU. The contention of the respondent is that after the closure of the public issue, the plaintiff approached CSL for guidance with regard to listing of case and for soliciting the other legal complications and for which, the Comfort Securities Limited acted as retainer on a fee of Rs 2 lakhs and pocket expenses. It is stated by the R2 that the entire amount of Rs.72,35 crores received by RKDL was transferred from the public issue pleaded by RKDL to the current account of RKDL. The petitioners alleged that only part of the amount was transferred and the rest of the amount is not transferred. All these things are to be decided in the trial of the suit. The petitioners for recession of MOU alleging fraud and mis representation by the respondents particularly by R2 who entered into the business of the petitioner as Merchant Banker for the issue of public issue of RKDL. How far the R2 acted faithfully in collecting the money by way of public issue and helping the petitioner in listing the shares of the petitioner in BSE and NSE is a question to be decided during the course of the claim. It is the case of the petitioner that the so called MOU was created by forging the signatures and also by using signed documents given by the petitioner and also to eliminate the petitioner from R1 company. Whether the correspondence alleged by the respondent is voluntarily made by the petitioners or not is a question to be investigated in the trial of the suit and decided. It is a case where crores of money is involved and crores worth of shares are transferred simply basing on cheques and other documents, and therefore, it is necessary to protect the interest of the petitioner in the property. Though this court insisted for original documents pertaining to the suit transactions, none of the parties choosed to file original documents but they simply supplied Xerox copies and when it is confronted for marking, both of them not agreed for marking the same. The police Nacharam also

registered FIR against R2 and it is pending for fraud, cheating etc as published in news papers circulated in Hyderabad.

It is also a question to be considered Whether basing on the undertaking dt:04.09.2012, M/s Lemonade Securities Limited, fraudulently obtained the R1 company or not

10. The fraud alleged by the petitioner is to be examined and decided in the issue during the course of trial. At present, there is a prima facie case to show that the amount of the petitioner was diverted and the interest of the petitioner to the R1 company was sold for realisation of loan amount and as such, the relief asked by the petitioner is very limited purpose not to alienate the movable or immovable assets of R1 company and also not to change the Directors of R1 company. If the properties of R1 company are sold by respondents, it leads to multiplicity of proceedings and also cause irreparable loss to the petitioner. Therefore, taking into consideration of the circumstances where specific instances of fraud are pleaded by the respondents, it is fit case to grant temporary injunction against the respondent.

11, In the result, the IA.No.1452 of 2013 is allowed restraining the respondents from altering the Board of Directors and share holders of R1 company during the pendency of the suit.

I.A.No.1453 of 2013 is allowed restraining the respondents from alienating, selling or creating 3rd party interest over the petition schedule properties during the pendency of the suit. Under the circumstances, both parties shall bear their own costs.

Typed to my dictation, corrected and pronounced by me in the open court on this the 31st day of December, 2014.

II ADDL. DISTRICT JUDGE
RANGAREDDY DISTRICT.

COURT OF THE DISTRICT & SESSIONS JUDGE
Ranga Reddy District
C.A.No. 83344 of 20/4
Application Filed on : 30-12-14
Charges Called on : 21-1-15
Charges Deposited on : 22-1-15
Receipt No. 17335 Rs.: 80/-
Copy made Ready on : 23-1-15
Copy Delivered on :
Superintendent
Central Copying Superintendent
Ranga Reddy District

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