**WTM/MPB/EFD-1-DRA-III/115/2020**

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA**

**CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER**

**FINAL ORDER**

**Under Sections 11(B), 11(1) and 11(4) of the Securities and Exchange Board of India Act, 1992**

**In the matter of ABG Shipyard Limited**

**In respect of:**

| Noticee No. | Name of the Entity | PAN | CIN/DIN |
|---|---|---|---|
| 1. | M/s. Second Land Developers Pvt. Ltd. (also known as ABG Resources Private Limited and now known as Shivris Resources Pvt Ltd) | AAKCS2326Q | U45201MH2006PTC165088 |
| 2. | Shri Rishi Agarwal | ADNPA1610Q | 00162615 |
| 3. | Shri Kamlesh Kumar Agarwal | ABUPA9340A | 00162612 |

***BACKGROUND***

1. M/s ABG Shipyard Ltd., (hereinafter referred to as "the Company" or "ABG", is a company having its registered office at near Magdalla Port, Dumas Road, Surat, Gujarat – 395007 and its securities are listed on the Bombay Stock Exchange and National Stock Exchange.

2. Securities and Exchange Board of India (hereinafter referred to as "SEBI") received a reference forwarded by Income Tax Department (ITD) vide letter dated October 24, 2013 in the matter of ABG. In the said reference, it was mentioned that ABG along with its promoter group entity Second Land Developers Pvt. Ltd. (hereinafter referred to as

"SLDPL") (Noticee No.1) also known as ABG Resources Private Limited and now known as Shivris Resources Pvt Ltd. approached Income Tax Settlement Commission (ITSC) pursuant to a search conducted by ITD on the premises of both the companies. During the proceedings before the ITSC, the Company submitted that it had debited bogus purchases to its accounts and the money so taken out was utilized towards purchase of land by SLDPL.

3. SEBI conducted an investigation in the matter to ascertain whether there were any violations of the provisions of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "SEBI Act") and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "PFUTP Regulations") as this is a case where funds of ABG which is a publicly listed company, to the tune of Rs. 101 Cr. have been admittedly diverted through bogus purchases, for making investment by another company (i.e., SLDPL) controlled by the promoters and further, as there were allegations regarding misstatement of accounts for the period of financial years 2008-14.

4. The following were the directors who were also the promoters of ABG during the investigation period.

| Sl. No. | Name of the Director | Designation |
|---|---|---|
| 1 | Kamlesh Kumar Agarwal (**Promoter**) | Chairman (until June 10, 2008) |
| 2 | Rishi Agarwal (**Promoter**) | Chairman (from June 10, 2008) |

***SHOW CAUSE NOTICE***

5. Consequent to the completion of investigation, Show Cause Notice (hereinafter referred to as "SCN") dated April 12, 2018 was sent to SLDPL (Noticee No.1), Rishi Agarwal (Noticee No.2), Kamlesh Kumar Agarwal (Noticee No.3) and M.N. Ahmed (Partner-Nisar & Kumar, Chartered Accountants, Statutory Auditor of ABG) in the instant matter to show cause as to why suitable actions/directions in terms of Sections 11, 11B and 11(1), (4) of the SEBI Act should not be initiated against them. It is to be noted that a Settlement Order dated May 08, 2019 was passed in respect of M.N. Ahmed in the instant matter.

6. The allegations as set out in the SCN are as follows:

6.1. The financial results declared by the Company for the FYs 2008-14 are incorrect and misstated on account of the following:

6.1.1. Utilizing bogus purchase bills for accounting revenue expenses resulting into understatement of profits;

6.1.2. Utilizing bogus purchase bills for accounting fictitious/non-existent fixed assets and wrongfully claiming depreciation on the same resulting into overstatement of asset position and understatement of profits;

6.1.3. Offering additional income for tax subsequent to search by ITD and contradictions in tax amount paid as seen from the annual report;

6.1.4. Passing of inappropriate adjustment entries pursuant to ITSC order as regards income, related parties etc. with a fraudulent intention to conceal the scheme of transactions from the stake holders who have dealt in securities based on such misstated financial results.

6.1.5. Non-compliance with Accounting Standards w.r.t. disclosure as regards transactions entered into with the related parties i.e. SLDPL leading to violation of AS-5 and AS-18 and wrongful claiming of depreciation on fictitious fixed assets leading to violation of AS-6 and AS-10.

6.2. There was a diversion of funds of Rs. 101 Cr. from ABG, a publicly listed company for undue benefit to SLDPL, a promoter group entity, towards the cash component for land and removal of illegal encroachers. Thereby creating a financial loss to the public shareholders of the company and illegal gains/undue benefit to the promoters/promoter group entity. SLDPL, promoter group entity involved in the activities as mentioned above which lead to erosion of stake holders' wealth, undue benefit for the promoter/promoter group entity and concealing the true state of affairs of the Company to its stakeholders.

6.3. The directors who were the promoters of ABG (Noticee 2 & 3) acted in the capacity of Chairman of ABG during the investigation period starting from ABG entering into fraudulent transactions with the three entities during the FY 2007-09, diverting the amount to promoter group entity and culminating into paying tax on additional income before presenting the settlement application to ITSC and passing

inappropriate adjustment entries, during the financial year 2013-14, to cover up the after effects of the ITSC order i.e. concealing the wrong doings which lead to erosion of stake holders' wealth, undue benefit for the promoter/promoter group entity and concealing the true state of affairs of the Company to its stakeholders.

7. In view of the above, it was alleged that SLDPL, Rishi Agarwal and Kamlesh Kumar Agarwal have violated Regulations 3(a), (c), (d), 4(1), (2) (e), (k) and (r) of PFUTP Regulations read with Section 12A (a), (b) and (c) of SEBI Act.

8. Based on the above, SLDPL, Rishi Agarwal and Kamlesh Kumar Agarwal were advised to show cause as to why suitable actions/directions in terms of Sections 11B and 11(1), (4) of SEBI Act should not be issued against them including but not limited to the following:
   i. Repayment of funds misappropriated, i.e, Rs. 101,04,54,392 for the undue benefit of the promoter group entity i.e., SLDPL along with appropriate rate of interest within a period of 6 months to the publicly listed entity i.e., ABG, by SLDPL, Rishi Agarwal and Kamlesh Agarwal;
   ii. Debarring from accessing the securities market and further prohibiting from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for an appropriate period of time as deemed fit;
   iii. Restraining from holding any position as Director or Key Managerial Personnel in any listed company for an appropriate period of time as deemed fit.

9. ***Service of SCN, Reply and Hearing:*** The SCNs were sent through Speed Post to Noticee No.2 & Noticee No.3 and by hand delivery to Noticee No.1. They were advised to file their reply within 21 days from the date of receipt of the SCN. However, no reply was received from any of the three Noticees. In this regard, hearing in the matter was scheduled on February 07, 2019 and the hearing notices dated December 11, 2018 were delivered to all the three Noticees. However, none of the three Noticees appeared for the hearing. It is to be noted that vide letter dated February 04, 2019 SLDPL, now known as Shivris Resources Private Limited made a written submission and denied all the allegations mentioned in the SCN and sought for inspection of documents. In this regard, inspection was granted to SLDPL vide letter dated February 14, 2019 (delivered on

February 18, 2019) on February 21, 2019 at time and venue mentioned therein. However, SLDPL did not appear for inspection of documents. Further, final opportunity of hearing was granted to SLDPL vide letter dated April 23, 2019 on May 23, 2019 at the time and venue mentioned therein. It is to be noted that SLDPL did not appear for the said hearing. No further written submissions were made by any of the three Noticees. In this regard, Affixture dated February 08, 2020 was carried out for SLDPL and Paper Publication dated February 17, 2020 was done for Rishi Agarwal and Kamlesh Kumar Agarwal and the Noticees were given 15 days' time from the date of publication/affixture to file any written submissions. No written submissions were made by the Noticees in this regard.

## ***CONSIDERATIONS & FINDINGS***

10. I have perused the SCN, ITSC Order, ITD reference letter, ABG's reply to the summons issued by the Investigating Authority and other materials available on record. On perusal of the same, the following issues arise for consideration. Each issue is dealt with separately under different headings.

*(1) Whether funds of ABG, a publicly listed company, have been diverted through bogus purchases and covered up by misstatement of accounts, for the undue benefit of SLDPL, a promoter group entity?*

*(2) If answer to Issue No.1 is in affirmative, who all are liable for the same and whether they have violated the provisions of SEBI Act, PFUTP Regulations?*

*(3) What directions, if any should be issued against the Noticees?*

***Issue No. 1:*** *Whether funds of ABG, a publicly listed company, have been diverted through bogus purchases and covered up by misstatement of accounts, for the undue benefit of SLDPL, a promoter group entity?*

11. I note that the main allegation in the SCN is that ABG, a publicly listed company, has utilized three entities viz. Arvind Pipes, Modern Tube and Prathiba Steels (hereinafter jointly referred to as **"three entities"**) for obtaining bogus purchase bills to the tune of Rs. 101 Cr, and utilizing the cash generated out of such bogus transactions towards the cash component of land cost i.e. removal of illegal encroachers on the land belonging to SLDPL, a promoter group entity.

12. In this regard, I find it pertinent to peruse the ITSC order dated April 10, 2013 passed pursuant to the ITD search conducted on the premises of ABG and SLDPL. The following relevant extracts from the ITSC order are significant in this regard:

- *The applicant i.e. ABG did not have any business dealings with the three entities prior to the Assessment year 2008-09 and after the Assessment year 2009-10. Thus, the only transactions with these entities are stated to be only for obtaining bogus purchase bills and there are no genuine transactions. As per the statement of facts (SOF), the accommodation bills raised party wise are as under:*

| ***Assessment Year*** | ***Pratibha Steels*** | ***Modern Tube*** | ***Arvind Pipes*** | ***Total*** |
|---|---|---|---|---|
| *2008-09 (FY 2007-08)* | *7,46,77,347* | *30,69,26,437* | *22,52,98,742* | *60,69,02,526* |
| *2009-10 (FY 2008-09)* | *-* | *19,48,60,438* | *20,86,91,427* | *40,35,51,866* |
| *Total* | *7,46,77,347* | *50,17,86,875* | *43,39,90,169* | *101,04,54,392* |

- *The total cash generated from the accommodation entries is Rs. 101,04,54,392/- and the three entities have been paid approximately 1% commission. The net amount of cash generated as per the seized documents is Rs. 100.02 crores. This cash generated is claimed to have been utilized for removing the illegal encroachers on the land purchased in the name of SLDPL which is a sister concern of the ABG group.*

- *The total cost of the land is approximately Rs. 211 Cr out of which Rs. 111,00,88,899/- has been paid in cheques and has been capitalized during the Financial Year covering the period upto 31.08.2009. The balance (i.e. Rs. 100.02 Cr) has been paid in cash from the funds received from ABG out of the accommodation bills and has been utilized towards the cash component for land and removal of illegal encroachers.*

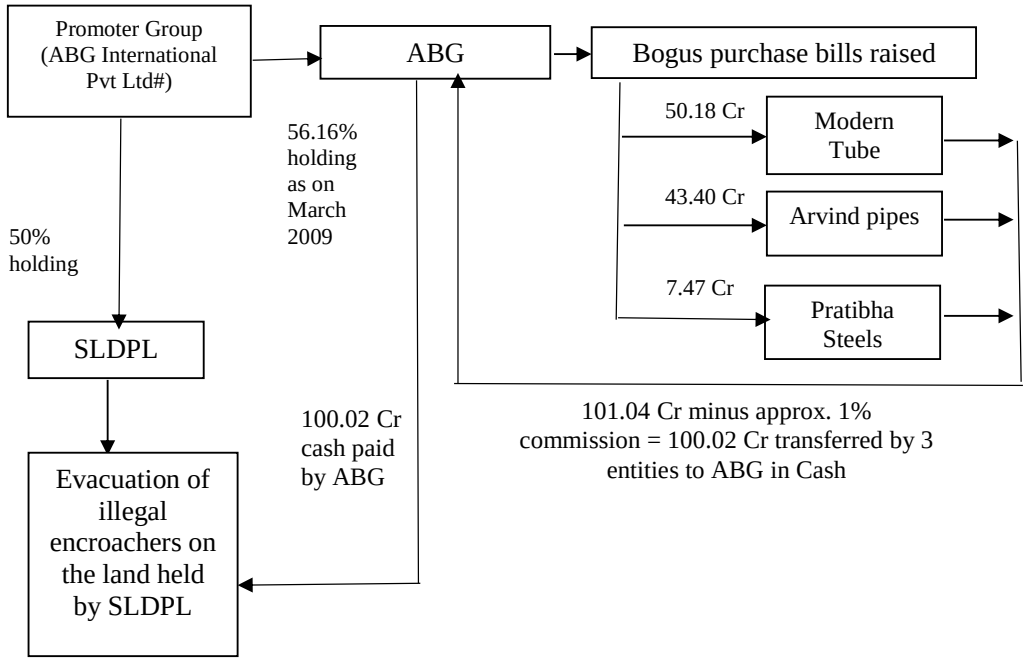
- *On the basis of bogus bills obtained from the three entities, ABG had made entries in its books of accounts regarding the receipt of steel and its issue for different purposes - making of ships and construction of fixed assets (yard / dock). The expenses towards the ship making have been considered as revenue in nature and those towards the fixed assets have been considered as capital in nature. As per the statement of facts (SOF), the year wise allocation towards the capital and revenue expenses out of the materials issued is as under:*

| ***Assessment Year*** | ***Capital Expense*** | ***Revenue Expenses*** | ***Total*** |
|---|---|---|---|
| *2009-10 (FY 2008-09)* | *22,91,99,266* | *38,17,50,512* | *61,09,49,778* |
| *2010-11 (FY 2009-10)* | *16,02,00,474* | *23,89,34,346* | *39,91,34,820* |
| *Total* | *38,93,99,740* | *62,06,84,858* | *101,00,84,598* |

- *ABG has disclosed additional income of Rs.64,11,23,605/- for different assessment years which inter-alia includes the aforementioned Rs. 62,06,84,858/- and has paid tax and interest payable thereupon amounting to Rs. 10,37,05,331/- (interest being Rs. 5,01,14,137/-) fully before presenting the application to ITSC.*

***<u>Transactions between ABG, the three entities and SLDPL:</u>***

13. Considering above mentioned facts coupled with the reply furnished by ABG to the summons issued by the Investigating Authority during the Investigation period, the scheme of transactions that occurred between ABG, the three entities and SLDPL are briefly described in the chart below:




*# ABG International Pvt. Ltd is a promoter group company whose Chairman is Rishi Agarwal*

14. The facts mentioned in ITSC order indicated that transactions were entered into by ABG with the said three entities only for obtaining bogus purchase bills during the financial years 2007-08 and 2008-09. The total cash generated from the accommodation entries is Rs. 101,04,54,392/- and the three entities have been paid approximately 1% commission. The net amount of cash generated and utilized as per the documents seized by ITD is Rs. 100.02 crores. Further, from the reply furnished by ABG to the Summons issued during the investigation it was said that SLDPL has not received any payment and all the

payments to the tune of Rs. 100.02 Cr were made by ABG directly to the illegal occupants encroaching the land at Worli. In this regard, the following are observed:

- SLDPL has not received any amount from the said three entities and accordingly SLDPL has also not disbursed any amount directly to the illegal occupants encroaching the land belonging to SLDPL at Worli.
- The payment of Rs. 100.02 Cr was made by ABG directly to the illegal occupants encroaching the land belonging to SLDPL, a promoter group entity.
- The payments to the tune of Rs. 101,04,54,392/- i.e., Rs. 101.04 Cr (approx.) for the accommodation entries were entirely paid for by ABG to the three entities through ICICI Bank as seen from the ledgers furnished by ABG.
- Accordingly, it can be deduced that:
    - The amount of Rs. 100.02 Cr would have been received by ABG in the form of cash from the three entities after paying a commission of 1% i.e. Rs. 1.02 Cr (approx.) for providing accommodation entries i.e. bogus sales bills.
    - The amount of Rs. 100.02 Cr has been utilized by ABG directly/indirectly towards the cash component for land and removal of illegal encroachers. This fact is substantiated with the documents seized by ITD.
    - Thus, value aggregating Rs. 100.02 Cr was added to an asset owned by a promoter group entity i.e., SLDPL.
    - The three entities were used as conduits by ABG for the entire artifice i.e. to divert the funds of a publicly listed entity for the benefit of a promoter group entity.

15. In the context, it is relevant to note the order passed by Income Tax Appellate Tribunal against one such entity Modern Tube Industries Ltd. The facts noted by the Income Tax Appellate Tribunal in the said order are reproduced as under:

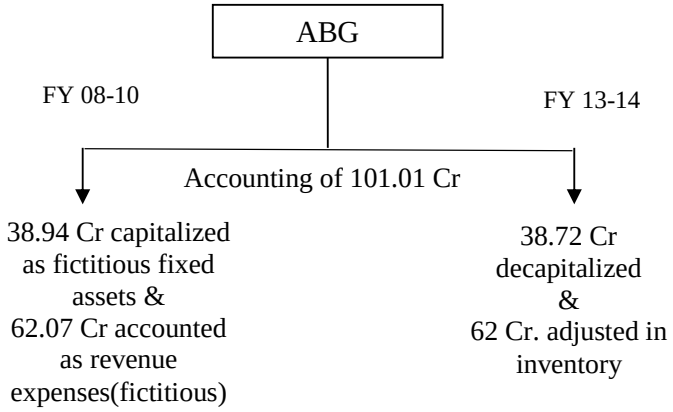
    *'The learned counsel for the assessee submitted that the assessee has admitted that* ***out of total sale of Rs.58.87 crores, sales of Rs.30.69 crores represents the issuance of accommodation sales bill to one M/s.ABG Shipyard Ltd.*** *using the accommodated purchase bills of Rs.30.09 crores from one M/s. Param Polypack P. Ltd.* ***The Managing Director of the assessee-company also admitted that no actual moving of goods took place.'***

The aforementioned part of the order substantiates that ABG was involved in inflating purchases by obtaining bogus purchase bills from various parties without actual movement of goods.

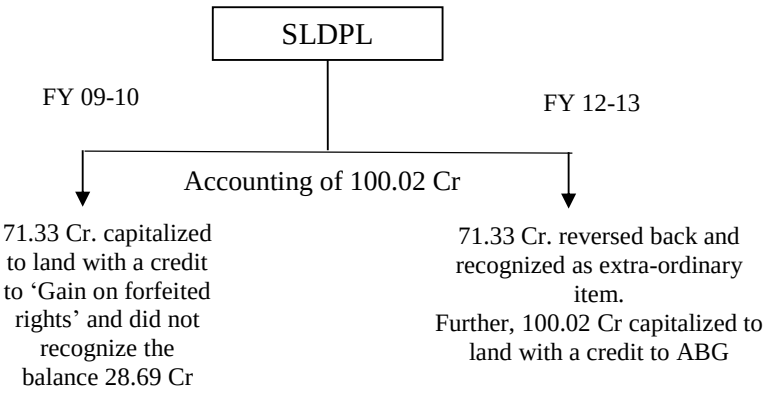
***Misstatement of accounts during FYs 2008-14:***

16. As a result of this entire artifice of fund diversion using bogus invoices, ABG has misstated its financial statements during the FYs 2008-14, which do not reflect the true state of affairs of both the companies. The following chart briefly depicts the accounting treatment of the funds diverted by ABG and SLDPL and the same will be dealt in detail further:

*Accounting Treatment by ABG*




*Accounting Treatment by SLDPL*



**Accounting Treatment in the books of ABG:**

***<u>Financial Years 2008 –11:</u>***

17. The ITSC order noted that ABG did not have any business dealings with the three entities, prior to the AY 2008-09 and after the AY 2009-10. Thus the only transaction with these parties are stated to be for obtaining bogus purchase bills and there are no genuine transactions.

18. Further, from the ITSC Order, it is seen that on the basis of bogus bills obtained from the three entities, ABG had made entries in its books of accounts as receipt of steel. The Company, pursuant to search, in its letter to ITD had, inter-alia, submitted that no material was ever received by the Company from the three entities. The total amount paid to the three entities for the same were Rs. 101,04,54,392/-. The breakup of the amount paid is as under:

| Assessment Year | Pratibha Steel | Modern Tubes | Arvind Pipes | Total |
|---|---|---|---|---|
| 2008-09 (FY 2007-08) | 7,46,77,347 | 30,69,26,437 | 22,52,98,742 | 60,69,02,526 |
| 2009-10 (FY 2008-09) | - | 19,48,60,438 | 20,86,91,427 | 40,35,51,866 |
| Total | 7,46,77,347 | 50,17,86,875 | 43,39,90,169 | **101,04,54,392** |

19. Subsequent to the above, ABG had made entries in its books of accounts as issue (of steel material) for different purposes - making of ships and construction of fixed assets (yard / dock). The details of the same as seen from the ITSC order are as under:

| Financial Year | Capital Expense | Revenue Expenses | Total |
|---|---|---|---|
| 2008-09 | 22,91,99,266 | 38,17,50,512 | 61,09,49,778 |
| 2009-10 | 16,02,00,474 | 23,89,34,346 | 39,91,34,820 |
| Total of capital and revenue expense | 38,93,99,740 | 62,06,84,858 | 101,00,84,598 |
| Other differential expense accounted during 2008-10 # | | 3,69,794 | 3,69,794 |
| Total expenditure accounted based on bogus purchase bills obtained from the three entities | | | **101,04,54,392** |

*(<u>Note:</u> # - Expenses accounted as difference due to purchase value as per actual bills vis-a-vis movable average value rates taken by the SAP system.)*

- Expenses towards the ship making have been considered as revenue in nature and accordingly an amount of Rs. 62,06,84,858 was charged as an expense in profit and loss account during the FY 2008-10;
- Expenses towards fixed assets (yard/dock) have been considered as capital in nature and accordingly an amount of Rs. 38,93,99,740 was capitalized as fixed assets (yard / dock).
- As regards the variation in bills raised vis-a-vis expenses accounted i.e Rs. 101,04,54,392 vis-a-vis Rs. 101,00,84,598, from the ITSC order, it is seen that the difference in amount i.e. Rs.3,69,794/- is due to the fact that purchase value is as per actual bills i.e. purchase orders and the issue value is based on the movable average value rates taken by the SAP system which need not necessarily be equal to the rates mentioned in the purchase orders. Accordingly, the same is considered as expenses accounted as difference due to purchase value as per actual bills vis-a-vis movable average value rates taken by the SAP system.

20. From the ITSC order, it is noted that ABG, before presenting the settlement application to ITSC on February 09, 2012, had disclosed additional income of Rs.64,11,23,605/- for different assessment years (FYs 2004-2011) which inter-alia includes the aforementioned Rs. 62,06,84,858/- charged as an expense during the FYs 2008-10, depreciation wrongly claimed to the extent of Rs. 20,13,218/-, during the FYs 2009-2011 and has fully paid additional tax and interest payable thereupon amounting to Rs. 10,37,05,331/- and Rs. 5,01,14,137/- respectively. The additional income disclosed by ABG and tax liability thereupon as seen from the ITSC order is as under:

| Sl. No. | Particulars of additional income offered | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | Total |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Adhoc disclosure | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 3,500,000 |
| 2 | Unsustainable labour supervision charges | - | - | 1,800,000 | - | - | - | - | 1,800,000 |
| 3 | Depreciation withdrawal | - | - | - | - | - | **649,213** | **1,319,005** | **2,013,218** |
| 4 | Capital expenditure wrongly debited to revenue | 5,200,000 | 5,925,529 | - | - | - | - | - | 11,125,529 |
| 5 | Addition of accommodation purchase bills | - | - | - | - | **381,750,512** | **238,934,346** | - | **620,684,858** |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 6 | Unsustainable brokerages charges | - | 2,000,000 | - | - | - | - | - | 2,000,000 |
| 7 | Total | 5,700,000 | 8,425,529 | 2,300,000 | 500,000 | 382,250,512 | 240,083,559 | 1,819,005 | **641,123,605** |
| | Tax on total Income | 2,044,875 | 3,083,154 | - | - | - | - | - | |
| 8 | Addnl. Income tax in present petition | 2,044,875 | 3,083,154 | MAT credit availed | MAT credit availed | 98,407,353 | MAT credit availed | MAT credit availed | **103,535,382** |

21. The above facts establish the following:
    - Fictitious purchases amounting to Rs. 38,17,50,512 and Rs. 23,89,34,346 have been accounted in the books of ABG during the FYs 2008-09 and 2009-10 respectively. Therefore, profits are understated to that extent during the said FYs.
    - Depreciation amounting to Rs. 6,49,213 and Rs. 13,19,005 has been wrongly claimed during the FYs 2009-10 and 2010-11 respectively. Therefore, profits are understated to that extent during the said FYs.
    - Profits were understated to the extent of Rs. 64,11,23,605/- during the FYs 2004-2011 as mentioned in the table above.
    - Fixed assets, which actually never existed, have been wrongly capitalized in the books of ABG and depreciation on the same has been wrongly charged to profit and loss account. To that extent to which depreciation was claimed, expenses were overstated and profits as well as reserves & surplus were understated.
    - Funds of the listed entity i.e. ABG amounting to Rs. 101,04,54,392 have been mis-utilized by diverting the same to add value to the assets of SLDPL resulting into undue benefit for a promoter group entity.

22. In addition to the above, certain critical areas which inter-alia include the manner in which the entire transactions were performed by the entities are explained below:
    a. From the ITSC order, it is seen that accommodation bills were raised during FYs 2007-08 and 2008-09. But, the same were accounted as Capital Expenses and Revenue expenses during the FY 2008-09 and 2009-10.
    b. Accommodation bills were raised during the period <u>January 05, 2008 to July 18, 2008</u> during which period cash amounting to Rs. 101 Cr. (approx.) was generated.
    c. The generated cash was utilized for making payments of Rs. 100.02 Cr to remove illegal encroachers during the period <u>April 03, 2009 to August 25, 2009</u> as evident

from the handwritten paper seized by ITD (as mentioned in the ITSC order). ABG had admitted the said fact before ITSC.

23. Thus, financial statements have been misstated to the extent of Rs. 641,123,605/- during the FYs 2004-2011 and funds of the listed entity i.e. ABG amounting to Rs. 101,04,54,392 have been mis-utilized by diverting the same to add value to the asset of SLDPL, a promoter group entity, by utilizing the accommodation bills raised by the three entities. The said activities have finally culminated into erosion of stake holders' wealth and undue benefit for the promoter/promoter group entity.

24. On perusal of ITSC order dated April 10, 2013, it is noted that ABG in its submissions has stated that ABG had interest in the property bought by SLDPL as ABG wanted to set up its corporate office in the land purchased by SLDPL. In this regard, it is pertinent to note that even if ABG wanted to set up its corporate office in the property owned by SLDPL, the rent payable to SLDPL would have been at arms' length and thus full commercial rental would have had to be paid to SLDPL. Thus, Rs. 100.02 Cr diverted by ABG added value to the asset of SLDPL and eroded the wealth of ABG shareholders.

***Financial Years 2011 –13:***

25. From the ITSC order, it is seen that ABG before presenting the settlement application to ITSC on February 09, 2012, had disclosed additional income of Rs.64,11,23,605/- for different assessment years (FYs 2004-2011) and has fully paid additional tax and interest payable thereupon amounting to Rs. 10,37,05,331/- and Rs. 5,01,14,137/- respectively.

26. In this regard, on perusal of the annual report of ABG for the FY 2011-12 and 2012-13, it is seen that:
    a. ABG has not disclosed the aforementioned additional income of Rs. 64,11,23,605/- as an extraordinary income in the FY 2011-12.

    b. The adjustment entries passed during FY 2013-14, after payment of tax to ITD on February 2012 before making an application before ITSC, establishes that ABG has been carrying non-existing fixed assets and claiming depreciation on the same even during FY 2012-13 apart from the depreciation claimed right from the initial year of capitalization i.e. 2008-09 / 2009-10 as the case maybe.

c. Further, the company has mentioned the following note in its notes to accounts in the annual report of both the FYs which reads as under:

> *"The Company has made Application u/s 245 C of Income Tax Act 1961, before Hon'ble Settlement Commission, Mumbai for the A.Y. 2004-05 to 2010-11. The Application for settlement has been admitted u/s 245 D (1) by Hon'ble Settlement Commission vide order dated 29th March 2012. The company has paid taxes of Rs.7.70 crores and utilised credit u/s 115JAA of the Income Tax Act ,1961 to the extent of Rs. 20.67 crores. The tax expense and utilisation are included in Current Tax for earlier years and MAT credit utilised, respectively. The ultimate tax liability, if any, is dependent on the outcome of the proceedings and will be quantified only on the completion of the same."*

d. It may be noted that during the FY 2012-13, pursuant to ITSC order, SLDPL has capitalized the cash amount of Rs. 100.02 Cr utilized towards removal of illegal occupants on the land and credited the equivalent amount as payable to the group company i.e. ABG. In this regard, it is seen that corresponding equivalent adjustment entries were not passed in the books of accounts of ABG. As a result, the issue of cash amount of Rs. 100.02 Cr utilized towards removal of illegal occupants on the land belonging to SLDPL was never brought to the notice of the shareholders of ABG.

***<u>Financial Year 2013-14:</u>***

27. The ITSC has passed the order on April 10, 2013 i.e. during the FY 2013-14. From the annual report, it is seen that ABG has disclosed an unusual note in its notes to accounts which reads as under:

> *'As a consequence of Settlement Commission Order dated 18th April 2013, an amount of Rs. 38.72 crores has been debited to ABG Resources Pvt Ltd (SLDPL), a related party, the impact of which is as under –*
> *- Deletion in building Rs. 21.23 crores*
> *- Corresponding effect of depreciation of Rs. 5.72 crores has been adjusted from depreciation for the year.*
> *- Deduction in CWIP Rs. 17.49 crores'*

28. In ordinary sense, the above note depicts as if Rs. 38.72 Cr worth of assets have been sold to SLDPL and accordingly SLDPL has been debited. However, the reality is that fixed assets, which actually never existed, had been wrongly capitalized in the books of

accounts and ABG has been carrying fictitious value of Rs. 21.23 Crs in buildings and Rs. 17.49 Cr in Capital work in progress (WIP).

29. The aforementioned notes to accounts during the FY 2013-14 convey that the company has claimed depreciation to the tune of Rs. 5.72 Cr as expenditure right from the year of capitalization i.e. 2008-09 / 2009-10 as the case may be. But, depreciation claimed to the extent of Rs. 20.13 lacs during the FYs 2009-2011 on fixed assets, which actually never existed, has been offered as additional income while presenting the settlement application to ITSC. The contradiction between depreciation amount of Rs. 20.13 lacs offered to tax authority as additional income vis-a-vis depreciation of Rs. 5.72 crores conveys that in spite of the search being conducted during October 2009 and disclosing additional income on account of accommodation purchase bills and paying tax on the same before presenting the settlement application to ITSC on February 09, 2012 i.e. FY 2011-12, the company has been carrying non-existent fixed assets in its books of accounts and claiming depreciation on the same even during FY 2012-13 apart from the depreciation claimed right from the initial year of capitalization i.e. 2008-09 / 2009-10 as the case may be.

30. Further, pursuant to ITSC order, SLDPL has recognized a total of Rs. 100.02 Cr as payable to ABG while ABG has recognized only Rs. 38.72 Cr as receivable from SLDPL. In this regard, explanation was sought from ABG on the contradictory accounting treatment carried out by ABG and SLDPL, a related party entity belonging to the same group and specifically on the accounting treatment carried out by ABG on the differential amount of Rs. 61.30 Cr (Rs. 100.02 Cr less Rs. 38.72 Cr). In this regard, company vide letter dated February 22, 2016, replying to the summons issued by the Investigating Authority, has not directly replied on the contradictory accounting treatment carried out by ABG and SLDPL. But has stated that the amount of Rs. 100.02 Cr is debited by ABG as receivable from SLDPL after receipt of ITSC order and the accounting treatment for the same was stated as under:

    - An amount of Rs. 38.72 Cr is debited to SLDPL which is a capital expenditure;
    - An amount of Rs. 62 Cr is debited to SLDPL which is a revenue expenditure and the same is included as adjustment of Rs. 87.71 Cr under

the head Changes in inventories - work in progress as mentioned in the annual report of ABG for the FY 2013-14.

31. The above treatment of Rs. 62 Cr depicts as if Rs. 62 Cr worth of inventories have been sold to SLDPL and accordingly SLDPL has been debited. However, the reality is that inventories, which actually never existed, had been wrongly adjusted for inventories in the books of accounts and ABG has been carrying fictitious value of inventories and the corresponding notes to accounts are misleading in a way to cover up the fund diversion.

**Additional evidence (**Accounting Treatment in the books of SLDPL**):**

***Financial Year 2009-10:***

32. As seen from the financial statements filed with MCA for the FY 2009-10, SLDPL has capitalized an amount of Rs. 71.33 crores to land and accounted the same as income in its books under the head 'Gain on Forfeited Rights'. In addition, the company has disclosed a note, relevant to the matter, in its notes to accounts which reads as under:

> *'Note 10: During the Year, the company has accounted for an income of Rs. 71.33 crs in respect of which sufficient details are not available with the company. Further, expenses incurred by the company of Rs. 71.33 crs in clearing encroachment to the land belonging to the company, have been capitalized as an addition to land. Sufficient details are not available with the company, in respect of such expenses.'*

33. From the reading of the aforesaid note along with the noting's in ITSC order, it can be inferred that:
    - The money spent out of the diverted money on removing encroachments to the tune of Rs. 71.33 Cr was capitalized in its books with the corresponding credit as income under the head Gain on forfeited rights;
    - SLPDL has not recognized the balance amount i.e. Rs. 28.69 Cr (Rs. 100.02 Cr less Rs. 71.33 Cr) at that point of time;
    - As a result of such wrongful accounting treatment, profits at least to the extent of Rs. 71.33 Cr for the FY 2009-10 are overstated and the payables of at least Rs. 71.33 Cr to ABG has been hidden. This is evidence that at least Rs. 71.33 Cr came from ABG and the same was used to add value to the asset owned by SLDPL.

***Financial Year 2012-13:***

34. From the financial statements of SLDPL for the FY 2012-13, it is seen that the following is mentioned in its notes to accounts pursuant to the ITSC order:

> *'During the year 2009-10, the company had made an addition of Rs. 71.33 crs to land towards expenses incurred in clearing encroachments to the land and correspondingly credited statement profit and loss as 'Gain on forfeited rights' for which sufficient details were not available with the Company. The Company had filed an application dated February, 2012 before Income Tax Settlement Commission, Mumbai u/s. 245C of the Income Tax act for the AY 2007-08 to AY 2010-11, whereby the company has submitted that 100.02 crs were actually incurred towards expenses in clearing encroachments to the land sourced by a group company. The Hon'ble settlement commission vide order dated April 10, 2013 held accordingly. Entries in books till 2009-10 relevant to this issue i.e. a debit to land of Rs. 71.33 crs and credited to Profit and Loss of Rs. 71.33 crs have therefore been reversed. In accordance with the order of settlement commission, Rs. 100.02 crs has been capitalized and corresponding credit given to Group Company. The order of Hon'ble settlement commission was received by the company post balance sheet date. In accordance with AS-5, this event occurring after the balance sheet date has significant impact on the company's financials. Thus, the corresponding effect of revenue of income of Rs. 71.33 crs has been recognised as extra-ordinary item in the Profit and loss Account'.*

35. The aforementioned notes to accounts forming part of the financial statements of SLDPL clearly indicates the following:

    a. SLDPL has reversed the entries passed earlier by charging an amount of Rs. 71.33 Cr to profit and loss account as an extra ordinary expense item and reducing the equivalent amount from value of land wrongfully capitalized earlier;

    b. Subsequently, pursuant to ITSC order, SLDPL has capitalized the cash amount of Rs. 100.02 crs utilized towards removal of illegal occupants on the land and credited the equivalent amount as payable to the group company i.e. ABG.

36. Thus, it is established that:

    - ABG has paid Rs. 100.02 Cr towards cash component for land and for removing the illegal encroachers on the land belonging to SLDPL.

- During the FY 2012-13, Rs. 100.02 Cr paid earlier by ABG as a cash component for removing the illegal encroachers was recapitalized by SLDPL and credited as equivalent amount payable to ABG, the group company.
- This is evidence that Rs. 100.02 Cr came from ABG and the same was used to add value to the asset owned by SLDPL.

37. The accounting treatment carried out by ABG during FY 2013-14 and SLDPL during the FY 2012-13 pursuant to the ITSC order is explained by way of journal entries in the table mentioned below:

| **Accounting treatment carried out by SLDPL during the FY 2012-13** | | | |
|---|---|---|---|
| **Sl. No.** | **Particulars of journal entry** | **Debit (Rs. Cr.)** | **Credit (Rs. Cr.)** |
| 1 | Extra ordinary expense (reversal of income) A/c Dr. | 71.33 | - |
| | To Land A/c | - | 71.33 |
| | (Being reversal of entries passed in FY 2009-10) | | |
| 2 | Profit and Loss A/c Dr. | 71.33 | - |
| | To Extra ordinary expense (reversal of income) A/c | - | 71.33 |
| | (Being Extra ordinary expense charged to Profit & loss account) | | |
| **3** | **Land A/c Dr.** | **100.02** | |
| | **To ABG A/c** | | **100.02** |
| | **(Being corrective measures taken pursuant to ITSC order)** | | |
| **Accounting treatment carried out by ABG pursuant to ITSC order in 2013-14** | | | |
| **Sl. No.** | **Particulars of journal entry** | **Debit (Rs. Cr.)** | **Credit (Rs. Cr.)** |
| 1 | Building A/c Dr. | 5.72 | - |
| | To Depreciation A/c | - | 5.72 |
| | (Being depreciation charged on building during the period 08-13) | | |
| 2 | Depreciation A/c Dr. | 5.72 | - |
| | To Profit and Loss A/c | - | 5.72 |
| | (Being depreciation charged on building during the period 08-13) | | |
| **3** | **SLDPLA/c Dr.** | **100.72** | **-** |
| | **To Adjustment in Stock A/c** | **-** | **62.00** |
| | **To Building A/c** | **-** | **21.43** |
| | **To Capital WIP A/c** | **-** | **17.49** |
| | **(Being decapitalisation of expenses capitalized earlier)** | | |
| 4 | Adjustment in Stock A/c Dr. | 62.00 | - |
| | To Profit and Loss A/c | - | 62.00 |
| | (Being reversal of revenue expenditure charged to profit and loss account during the period 08-13) | | |

38. In view of the above, the financial results declared by ABG for the FYs 2008-14 are incorrect and misstated on account of the following:

- Utilizing bogus purchase bills for accounting revenue expenses resulting into understatement of profits;
- Utilizing bogus purchase bills for accounting fictitious/non-existent fixed assets and wrongfully claiming depreciation on the same resulting into overstatement of asset position and understatement of profits;
- Offering additional income for tax subsequent to search by ITD and contradictions in tax amount paid as seen from the annual report;
- Notes to accounts for adjustment entries pursuant to ITSC order regarding income, related parties etc. with a fraudulent intention to conceal the scheme of transactions between ABG and SLDPL, the promoter group entity were designed. On account of this concealment and the misstated financial results, investors were misled.

Thus, it is evident that ABG, a publicly listed company, has utilized the three entities for obtaining bogus purchase bills to the tune of Rs. 101 Cr, and utilized the cash generated out of such bogus transactions (Rs. 100.02 Cr) towards the removal of illegal encroachers on the land belonging to SLDPL, a promoter group entity. The Company has also misstated the accounts and published incorrect financial results for FYs 2008-14 in order to facilitate the entire artifice of fund diversion, thereby concealing the true state of affairs of the Company to its stakeholders and creating financial loss to the public shareholders of the company and undue benefit to SLDPL, a promoter group entity. I further note, irrespective of whether Rs. 100.02 Cr, is shown as receivable in the books of ABG, the fact of the matter stands that Rs. 101,04,54,392/- was diverted from ABG.

***Issue No. 2:*** *If answer to Issue No.1 is in affirmative, who all are liable for the same and whether they have violated the provisions of SEBI Act, PFUTP Regulations?*

39. In order to determine this issue, in the above factual findings, reference is made to the relevant of provisions of PFUTP Regulations and SEBI Act.

***SEBI Act, 1992***

*"12A. No person shall directly or indirectly—*

*(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;*

*(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;*

*(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognized stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;"*

***<u>PFUTP REGULATIONS</u>***

*"Prohibition of certain dealings in securities*

*3. No person shall directly or indirectly—*

*(a) buy, sell or otherwise deal in securities in a fraudulent manner;*

*……*

*(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;*

*(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.*

*4. Prohibition of manipulative, fraudulent and unfair trade practices*

*(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a [manipulative] fraudulent or an unfair trade practice in securities [markets].*

*(2) Dealing in securities shall be deemed to be a4[manipulative] fraudulent or an unfair trade practice if it involves [any of the following]: —*

*……..*

*(e) any act or omission amounting to manipulation of the price of a security [including, influencing or manipulating the reference price or bench mark price of any securities];*

*……..*

*(k) ["disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading and which is designed or likely to influence the decision of investors dealing in securities;]*

*…….*

*(r) [knowingly] planting false or misleading news which may induce sale or purchase of securities.*

40. At this juncture the personal liability of the directors for the fraud may also be discussed. In this context I rely and refer to the law laid down in **Santanu Ray vs Union of India on 12 August, 1989**

> ***"****Any director who is a party to the fraud or to the commission of any other tort is personally liable. In Palmers Company Law, 23rd edition, in the chapter dealing with the "Liability of directors to outsiders", it is expressed:*
>
> *"Any director who is a party to a fraud or to the commission of any other tort is personally liable to the injured party. This is on the principle that whoever commits a wrong is liable for it himself, and more the less so that he was acting as an agent or servant on behalf, and for the benefit, of another; for the contract of agency or service cannot impose any obligation on the agent or servant to commit, or assist in the committing of, fraud or any other wrong. The company may also be liable, but that does not exonerate the director. So, too, if, by the order of the directors, a trespass is committed, a patent infringed, or another wrongful act committed, the directors who are parties to it are personally liable. If more than one person concerned in the commission of a wrong, the person wronged has his remedy against all, or any one or more of them, at his choice; for every wrongdoer is jointly and severally liable for the whole damage, and it does not matter whether they acted as between themselves as equals, or one of them as agent or servant of another."*
>
> *12. In Pennington's Company Law, 5th edition, at page 58, the topic of evasion of obligation imposed by law is discussed. The courts have ignored separate legal personality of the company if it was formed or used to facilitate the evasion of legal obligations. The American courts have disregarded a company's separate legal personality when it was clearly formed or acquired to facilitate a breach of the general law. In CIT v, Meenakshi Mills Ltd.,, their Lordships expressed that it is well established that in a matter of this description, the income-tax authorities are entitled to pierce the veil of corporate entity and to look at the reality of the transaction. It is true that from the juristic point of view, the company is a legal personality entirely distinct from its members and the company is capable of enjoying rights and being subjected to duties which are not the same as those enjoyed or borne by its members. But, in certain exceptional cases, the court is entitle to lift the veil of corporate entity and to pay regard to the economic realities behind the*

*legal facade. So it is permissible to lift the corporate veil of Duncans to determine whether a particular director could be proceeded against in pursuance of the impugned show-cause notice or whether he is liable for the payment of all duties charged and to all penalties incurred."*

41. I note that the diversion of funds of Rs. 101 Cr. from ABG for the undue benefit of SLDPL, a promoter group entity has led to illegal gains to the promoters. The directors who were the promoters of ABG, Kamlesh Kumar Agarwal (acted in the capacity of Chairman of ABG until June 10, 2008) and Rishi Agarwal (acted in the capacity of Chairman of ABG from June 10, 2008) during the investigation period starting from ABG entering into fraudulent transactions with the three entities during the FY 2007-09, diverting the amount of Rs 100.02 Cr to promoter group entity and culminating into paying tax on additional income before presenting the settlement application to ITSC and passing inappropriate adjustment entries, during the financial year 2013-14, to cover up the after effects of the ITSC order i.e. concealing the wrong doings which had lead to erosion of stake holders' wealth, undue benefit for the promoter/promoter group entity and concealing the true state of affairs of the Company to its stakeholders.

42. From the Form 32 available on Ministry of Corporate Affairs (MCA) portal, it is noted that both Kamlesh Kumar Agarwal and Rishi Agarwal were the directors and also the promoters of ABG and Rishi Agarwal is the son of Kamlesh Kumar Agarwal. Kamlesh Kumar Agarwal resigned from the position of Director/Chairman of ABG on June 10, 2008 and subsequently on the same date i.e. June 10, 2008 Rishi Agarwal who was already the director of ABG took in charge as the Chairman of the Company. Thus, it is clear that both Kamlesh Kumar Agarwal and Rishi Agarwal acted in the capacity of Chairman of ABG during the investigation period starting from ABG indulging in fraudulent transactions of raising bogus purchase bills amounting to Rs. 101 Cr. (approx.) from the three entities during the period January 05, 2008 to July 18, 2008 and subsequently, utilizing the generated cash for making payments amounting Rs. 100.02 Cr to remove illegal encroachers on the land belonging to SLDPL during the period April 03, 2009 to August 25, 2009.

43. Rishi Agarwal is the non-executive Chairman of ABG International (P) Ltd. It is noted that M/s ABG International (P) Ltd. held 61% shares of ABG and 50% shares of SLDPL as on the quarter ended December 2011 and as stated by ABG in its submissions

made to the ITSC. As per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, *"a "promoter group" includes: in case promoter is a body corporate: any body corporate in which the promoter holds ten per cent. or more of the equity share capital or which holds ten per cent. or more of the equity share capital of the promoter;"* Thus, SLDPL is the promoter group entity, Rishi Agarwal and Kamlesh Kumar Agarwal are the promoters as per the shareholding pattern filed before BSE for the year ended March 2009. M/s ABG International (P) Ltd. is holding 50 percent in SLDPL as per the Annual Report for the year 2008-09 and 2009-10. Rishi Agarwal is holding 98 percent shares in M/s ABG International (P) Ltd as per its Annual Report for the year 2007-2008 and 2008-09. Kamlesh Kumar Agarwal and Rishi Agarwal being the promoters and Chairman have engaged in the fraudulent activities of fund diversion and concealing the wrong doings by misstating the accounts and declaring incorrect and misstated financial results which lead to erosion of stakeholder's wealth, undue benefit for the promoter/promoter group entity and concealing the true state of affairs of the Company to its stakeholders. In view of this, this case is a fit case for lifting the corporate veil and Rishi Agarwal and Kamlesh Kumar Agarwal are liable personally, jointly and severally, for the said sum of Rs. 101,04,54,392 Cr along with SLDPL.

44. I note that the obtaining bogus bills through conduit entities for the purpose of diverting Rs. 100.2 Cr from ABG Shipyard Ltd for the ultimate benefit of Second Land Developers Pvt. Ltd. (SLDPL) and Rishi Agarwal and Kamlesh Kumar Agarwal is a scheme and artifice to defraud the investors of ABG Shipyard Ltd. Further Rishi Agarwal and Kamlesh Kumar Agarwal being directors having the role and ultimate benefit in the said scheme, caused the financials of the company to be misrepresented in the relevant financial years above discussed. Therefore, they are also liable for the mis-representation of the financials of the ABG Shipyard Ltd for the respective financial years above discussed.

45. Thus, the directors of ABG Shipyard Ltd., Rishi Agarwal and Kamlesh Kumar Agarwal, who were also the promoters have violated Regulations 3(a), (c), (d), 4(1), (2) (e), (k) and (r) of PFUTP Regulations read with Section 12A (a), (b) and (c) of SEBI Act.

46. Second Land Developers Pvt. Ltd. (SLDPL) also known as ABG Resources Private Ltd. and now known as Shivris Resources Pvt Ltd is the promoter group entity involved in the entire artifice of fund diversion which resulted in the undue benefit for the promoter/promoter group entity. SLDPL is also in violation of Regulations 3(a), (c), (d), 4(1), (2) (e), (k) and (r) of PFUTP Regulations read with Section 12A (a), (b) and (c) of SEBI Act. Therefore, SLDPL, Rishi Agarwal and Kamlesh Kumar Agarwal have violated Regulations 3(a), (c), (d), 4(1), (2) (e), (k) and (r) of PFUTP Regulations read with Section 12A (a), (b) and (c) of SEBI Act.

***Issue No. 3:*** *What directions, if any should be issued against the Noticees?*

47. I note that Section 11 of SEBI Act casts a duty on the Board to protect the interests of investors in securities and promote the development of and to regulate the securities market. For achieving such object, it has been authorized to take such measures as it thinks fit. Thus, power to take all measures necessary to discharge its duty under the statute which is a reflection of the objective disclosed in the preamble has been conferred in widest amplitude. Pursuant to the said objective, PFUTP Regulations have been framed. The said Regulations apart from bringing transparency and fairness among other things aims to preserve and protect the market integrity in order to boost investor confidence in the securities market. By diverting the funds and concealing and misstating the financial results, not only the shareholders were defrauded but it has also impaired the integrity of the securities market. In view of the same and considering the violations committed by the Noticees, I find that it becomes necessary for SEBI to issue appropriate directions against them.

***ORDER***

48. In the facts and circumstances of the case, I, in exercise of the powers conferred upon me in terms of Section 19 read with Section 11B and 11(1), (4) of the SEBI Act, issue the following directions:

    a. Second Land Developers Pvt. Ltd. (SLDPL) also known as ABG Resources Private Ltd. and now known as Shivris Resources Pvt. Ltd., Rishi Agarwal and Kamlesh Kumar Agarwal is directed to pay and refund Rs. 101,04,54,392 along with an

interest at the rate of 8 per annum calculated from the date of August 25,2009 till the date of payment, within a period of 3 months to ABG Shipyard Ltd. (ABG).

b. In case of failure of Second Land Developers Pvt. Ltd. (SLDPL) also known as ABG Resources Private Ltd. and now known as Shivris Resources Pvt. Ltd., Rishi Agarwal and Kamlesh Kumar Agarwal to comply with the aforesaid direction, SEBI, on the expiry of three months period from the date of this Order, may recover such amounts from them.

c. Second Land Developers Pvt. Ltd. (SLDPL) also known as ABG Resources Private Ltd. and now known as Shivris Resources Pvt. Ltd., Rishi Agarwal and Kamlesh Kumar Agarwal are hereby restrained from accessing the securities market from the date of this Order till the expiry of 4 (four) years from the date of completion of refund and prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, from the date of this Order till the expiry of 4 (four) years from the date of completion of refund. In view of the prohibition on sale of securities, during the period of restraint, the existing holding, including units of mutual funds, Second Land Developers Pvt. Ltd. (SLDPL) also known as ABG Resources Private Ltd. and now known as Shivris Resources Pvt. Ltd., Rishi Agarwal and Kamlesh Kumar Agarwal shall remain frozen.

d. Rishi Agarwal and Kamlesh Kumar Agarwal are hereby restrained from holding any position as Director or Key Managerial Personnel in any listed company excluding ABG as it is already under liquidation and SEBI Registered Intermediary from the date of this Order till the expiry of 4 (four) years from the date of completion of refund.

e. It is made clear that if the Noticees have any open positions in any exchange traded derivative contracts, they can close out/ square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. It is also clarified that the Noticees can settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of March 24, 2020.

49. The order shall come into force with immediate effect except the directions at 48(a) and (b) which shall take effect on the expiry of two months from the date of this order in view of the extraordinary situation caused by COVID-19 pandemic.

50. A copy of this Order shall be served upon all Stock Exchanges, Depositories and the Registrar and Share Transfer Agents to ensure compliance with the above directions.

51. A copy of this Order shall also be forwarded to the Ministry of Corporate Affairs/concerned Registrar of Companies and the Income Tax Department for their information and necessary action.

52. A copy of this Order shall also be forwarded to Local Police/ State Government for information.

-Sd-

**DATE: March 24, 2020**
**PLACE: Mumbai**

**MADHABI PURI BUCH**
**WHOLE TIME MEMBER**
**SECURITIES AND EXCHANGE BOARD OF INDIA**