

**SECURITIES AND EXCHANGE BOARD OF INDIA**  
**ORDER**

**Under Sections 11 and 11B of the Securities and Exchange Board of India Act, 1992 and Regulations 32 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011**

**In respect of: -**

| <b>Sl. No.</b> | <b>NOTICEE(S)</b>                        | <b>PAN</b>           |
|----------------|------------------------------------------|----------------------|
| <b>1.</b>      | <b>R V Ravikumar</b>                     | <b>ACZPR4932K</b>    |
| <b>2.</b>      | <b>Ravikumar Properties Pvt. Ltd.</b>    | <b>AACCR8692L</b>    |
| <b>3.</b>      | <b>R Amrithavalli</b>                    | <b>ADJPA9449B</b>    |
| <b>4.</b>      | <b>S Rajendran</b>                       | <b>ADKPR1050J</b>    |
| <b>5.</b>      | <b>R Ramanujam</b>                       | <b>ADQPR3118P</b>    |
| <b>6.</b>      | <b>V Sivashankar</b>                     | <b>ANIPS7843J</b>    |
| <b>7.</b>      | <b>V Chitra</b>                          | <b>Not available</b> |
| <b>8.</b>      | <b>G Ramaraja</b>                        | <b>Not available</b> |
| <b>9.</b>      | <b>BPJ Holding Private Limited</b>       | <b>AAECM8553H</b>    |
| <b>10.</b>     | <b>Chiraag Suppliers Private Limited</b> | <b>AADCC3261F</b>    |
| <b>11.</b>     | <b>Nandlal Vyapaar Private Limited</b>   | <b>AACCN7327E</b>    |

**In the matter of Ravi Kumar Distilleries Limited**

**Background**

1. Securities and Exchange Board of India (hereinafter referred to as “SEBI”) conducted an investigation in the scrip of Ravi Kumar Distilleries Limited (hereinafter referred to as “RKDL/the Company to ascertain *inter alia* whether there were any violations of the provisions relating to making open offer under SEBI (Substantial Acquisition of Shares and Takeover)

Regulations, 2011 (hereinafter referred to as “SAST, 2011”) in respect of acquisitions of equity shares in RKDL by Mr. R V Ravi Kumar (promoter) and persons acting in concert (PACs) during the period December 1, 2011 to December 31, 2012 (hereinafter referred to as “Investigation Period / IP”).

2. Investigation had revealed that RV Ravikumar had acquired control of three entities (private limited companies), namely BPJ Holding Pvt. Ltd. (BPJ), Nandlal Vyapaar Pvt. Ltd. (Nandlal) and Chiraag Suppliers Pvt. Ltd. (Chirag) by making payments in two tranches through his employees / business associates. It was found that though the payments for such acquisitions were made from the bank accounts of employees / business associates of RV Ravikumar, the money had actually been arranged and paid by RV Ravikumar himself for such acquisitions. Pursuant to first tranche payment, employees / business associates of Ravikumar had acquired 30.83% shareholding of BPJ, 48.53% shareholding of Nandlal and 48.46% shareholding of Chiraag. Subsequently, they had signed a Memorandum of Understanding (MoU) on September 10, 2012 to acquire BPJ and Chiraag and another MoU on September 12, 2012 to acquire Nandlal. Pursuant to the above mentioned MoUs, payments were made in the second tranche by these employees / business associates thereby completing the control over BPJ, Nandlal and Chiraag. The details of the said transactions are discussed as under:

**Acquiring BPJ, Nandlal and Chiraag by employees / business associates of R V Ravikumar**

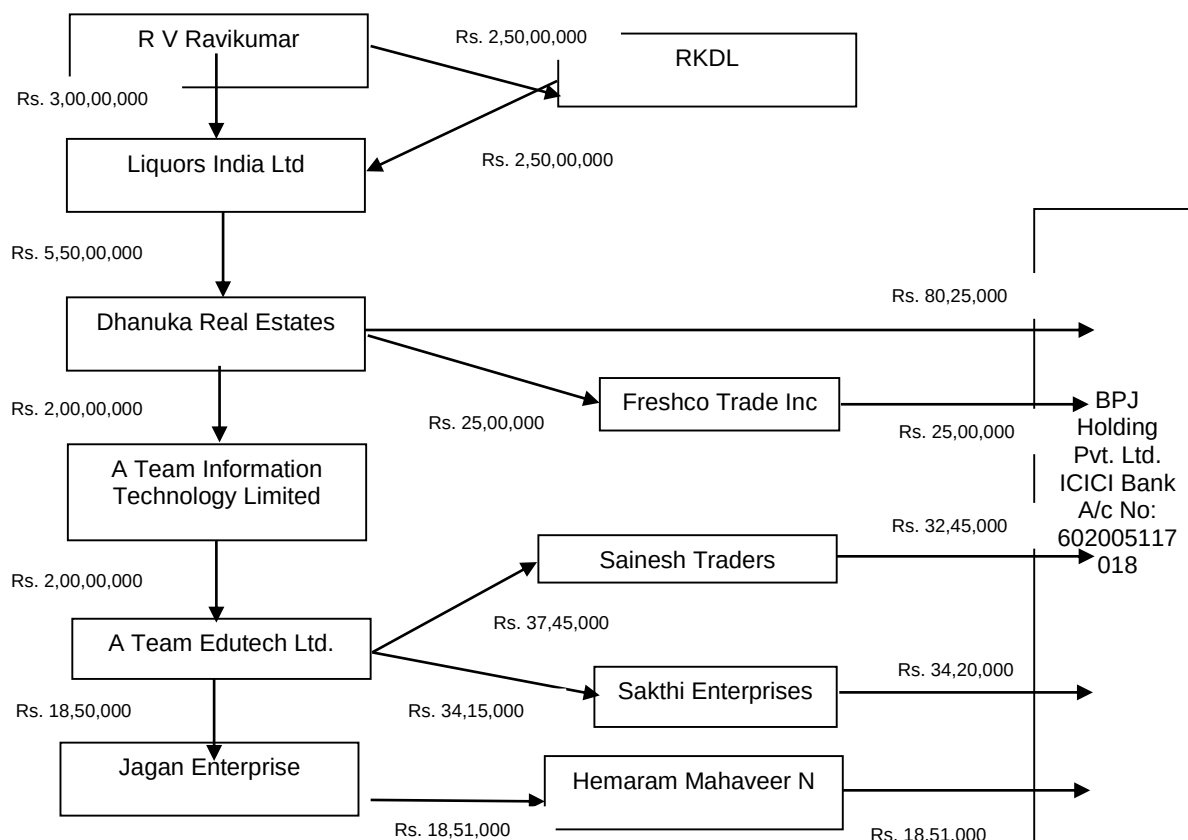
**A. Gaining control over BPJ Holding Pvt. Ltd:**

**Tranche 1 of acquisition of BPJ**

3. Following table provides the details of payments made by employees / business associates of Mr. Ravikumar to BPJ Holding Pvt. Ltd. (ICICI Bank A/c No: 602005117018):

| Entitiy to whom Shares of BPJ Allotted | Date of Allotment of Shares of BPJ | No. of Shares of BPJ | Amount (in Rs.) | Date of Payment(s) | Amount (in Rs.) | Payee Entity Name   | Payee Bank (Bank Account Number)             |
|----------------------------------------|------------------------------------|----------------------|-----------------|--------------------|-----------------|---------------------|----------------------------------------------|
| S. Karunanithi                         | March 31, 2012                     | 57,450               | 57,45,000       | Feb 10, 2012       | 25,00,000       | Freshco Trade Inc.  | Axis Bank (911020055455779)                  |
|                                        |                                    |                      |                 | Feb 11, 2012       | 32,45,000       | Sainesh Traders     | Dhanlakshmi Bank Limited (9706700000039)     |
| R. Lakshmi Narayanan                   | March 31, 2012                     | 97,950               | 97,95,000       | Feb 11, 2012       | 34,20,000       | Sakthi Enterprises  | Dhanlakshmi Bank Limited (9705300016840)     |
|                                        |                                    |                      |                 | Feb13, 2012        | 45,00,000       | Dhanuka Real Estate | Lakshmi Vilas Bank (429351000004163)         |
|                                        |                                    |                      |                 | Feb 14, 2012       | 18,75,000       |                     |                                              |
| D. Dayalan                             | March 31, 2012                     | 35,000               | 35,00,000       | Feb 15, 2012       | 18,50,000       | Hemaram             | Shamrao Vitthal Co-op Bank (117503130000841) |
|                                        |                                    |                      |                 | Feb 16, 2012       | 16,50,000       | Dhanuka             | Lakshmi Vilas Bank (429351000004163)         |
| Total                                  |                                    |                      | 1,90,40,000     |                    | 1,90,40,000     |                     |                                              |

4. From the table above, it was noted that although the shares in BPJ were allotted to S. Karunanithi, R. Lakshmi Narayanan and D. Dayalan, the payments were made by other entities. On further bank statement analysis, it was observed that the entire money for the acquisition during Tranche 1 was paid by Mr. Ravikumar (The Lakshmi Vilas Bank A/c No: 0542301000035721) through Liquors India Limited (Andhra Bank A/c No: 087311011000320) (a company in which Mr. Ravikumar was the director during the investigation period). The detailed fund flow for Tranche 1 acquisition of BPJ is given below:



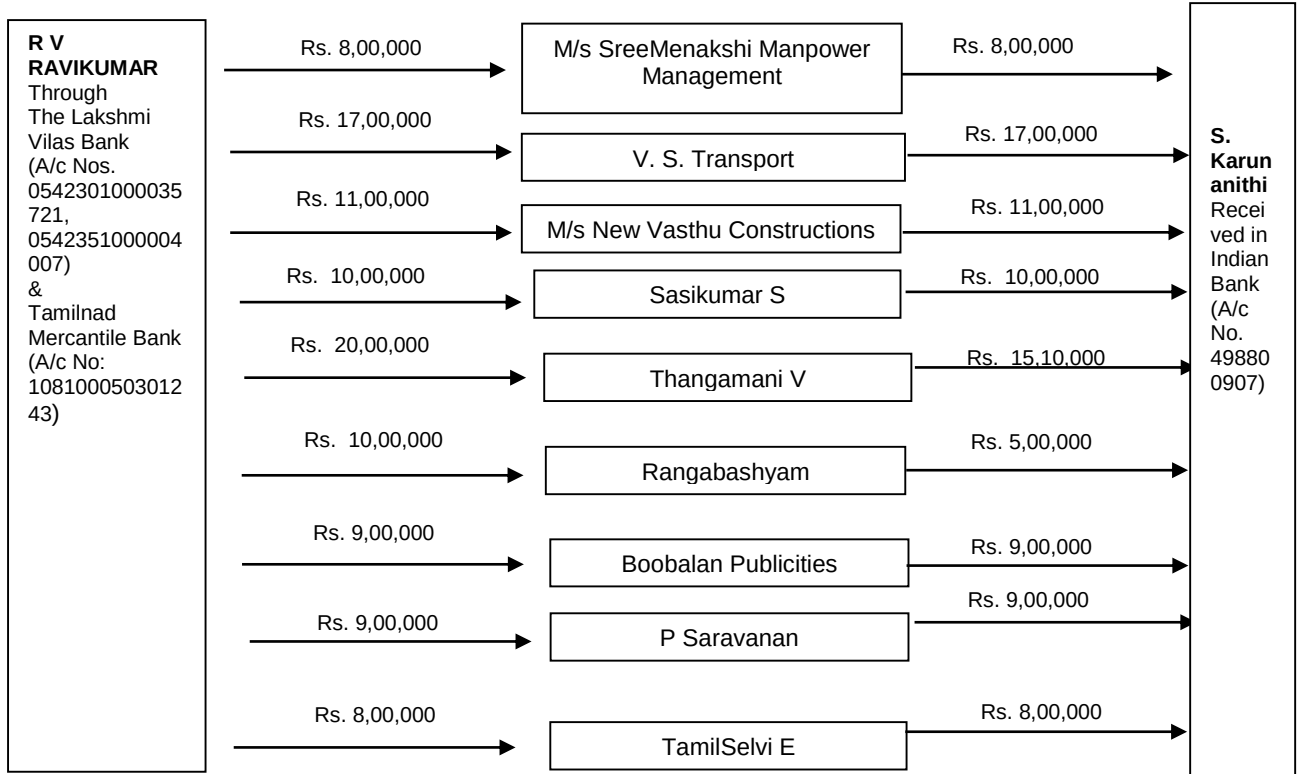
### Tranche 2 of acquisition of BPJ

5. The complete acquisition of BPJ was effected by executing a share purchase agreement between S. Karunanithi, R. Lakshminaraynan, and D. Dayalan and the remaining existing shareholders of BPJ excluding cross holdings of BPJ, Nandlal and Chiraag in each other on September 10, 2012. The following table provides the various shareholders of BPJ and the payments made by S. Karunanithi, R. Lakshminaraynan and D. Dayalan to these shareholders or their representatives as per RKDLs e-mail dated March 15, 2017:

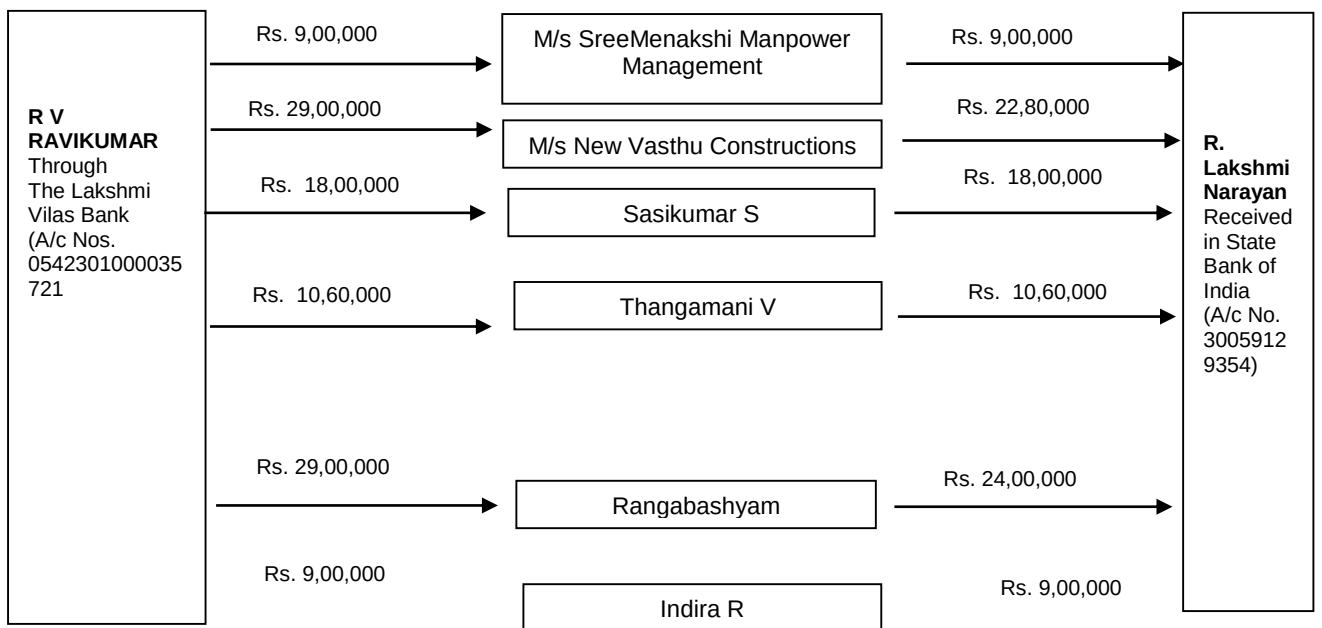
| Purchaser                                                                    | Paid By              | Shareholder of BPJ               | Amount (in Rs.)  | Consideration paid to           |
|------------------------------------------------------------------------------|----------------------|----------------------------------|------------------|---------------------------------|
| S. Karunanithi                                                               | S. Karunanithi       | Skyed Network Pvt. Ltd           | 23,40,000        | Skyed                           |
| S. Karunanithi                                                               | S. Karunanithi       | Carewell Consultants Pvt. Ltd.   | 15,60,000        | Carewell                        |
| S. Karunanithi                                                               | S. Karunanithi       | Kapindra Multitrade Pvt. Ltd.    | 52,26,000        | KKJ Stocks & Co                 |
| S. Karunanithi                                                               | S. Karunanithi       | Forsee Financial Services Ltd.   |                  |                                 |
| S. Karunanithi                                                               | S. Karunanithi       | M/s JMD Sounds Ltd.              |                  |                                 |
| D. Dayalan                                                                   | S. Karunanithi       | JMD Sounds Ltd.                  |                  |                                 |
| <b>Total Amount paid by S. Karunanithi for acquiring shares of BPJ</b>       |                      |                                  | <b>91,26,000</b> |                                 |
| R. Lakshmi Narayanan                                                         | R. Lakshmi Narayanan | M/s Anurodh Merchandise Pvt Ltd. | 2464800          | Anurodh Merchandise             |
| D. Dayalan                                                                   | R. Lakshmi Narayanan | Anurodh Merchandise Pvt Ltd.     |                  |                                 |
| R. Lakshmi Narayanan                                                         | R. Lakshmi Narayanan | Onesource Techmedia Ltd.         | 1193400          | Onesource T                     |
| R. Lakshmi Narayanan                                                         | R. Lakshmi Narayanan | N.M. Jhunjhunwala                | 85800            | N.M. Jhunjhunwala               |
| R. Lakshmi Narayanan                                                         | R. Lakshmi Narayanan | Radhasoami Securities Pvt. Ltd.  | 2340000          | Radhasoami Securities Pvt. Ltd. |
| R. Lakshmi Narayanan                                                         | R. Lakshmi Narayanan | B.P. Jhunjhunwala                | 7800             | B.P. Jhunjhunwala               |
| R. Lakshmi Narayanan                                                         | R. Lakshmi Narayanan | Anita Jhunjhunwala               | 390000           | Anita Jhunjhunwala              |
| R. Lakshmi Narayanan                                                         | R. Lakshmi Narayanan | Mala Jhunjhunwala                | 3127800          | KKJ Stocks & Co                 |
| R. Lakshmi Narayanan                                                         | R. Lakshmi Narayanan | B. Venodhini                     |                  |                                 |
| <b>Total amount paid by R. Lakshmi Narayanan for acquiring shares of BPJ</b> |                      |                                  | <b>96,09,600</b> |                                 |
| D. Dayalan                                                                   | D. Dayalan           | Bhayanwala Brother Pvt. Ltd.     | 95,24,000        | KKJ Stocks & Co                 |
| D. Dayalan                                                                   | D. Dayalan           | Natraj Vinmay Pvt. Ltd.          |                  |                                 |
| D. Dayalan                                                                   | D. Dayalan           | Warner Multimedia Ltd.           |                  |                                 |
| D. Dayalan                                                                   | D. Dayalan           | Lavender EXIM Pvt. Ltd.          |                  |                                 |
| <b>Total amount paid by D. Dayalan for acquiring shares of BPJ</b>           |                      |                                  | <b>95,24,000</b> |                                 |

6. On analyzing bank statement of S. Karunanithi, it was observed that a total of Rs. 92,10,000 was deposited in to the account of S. Karunanithi through various entities by Mr. R V Ravikumar through his following bank accounts:

- The Lakshmi Vilas Bank (A/c No: 0542301000035721)
- The Lakshmi Vilas Bank (A/c No: 0542351000004007)
- Tamilnad Mercantile Bank (A/c No: 108100050301243)



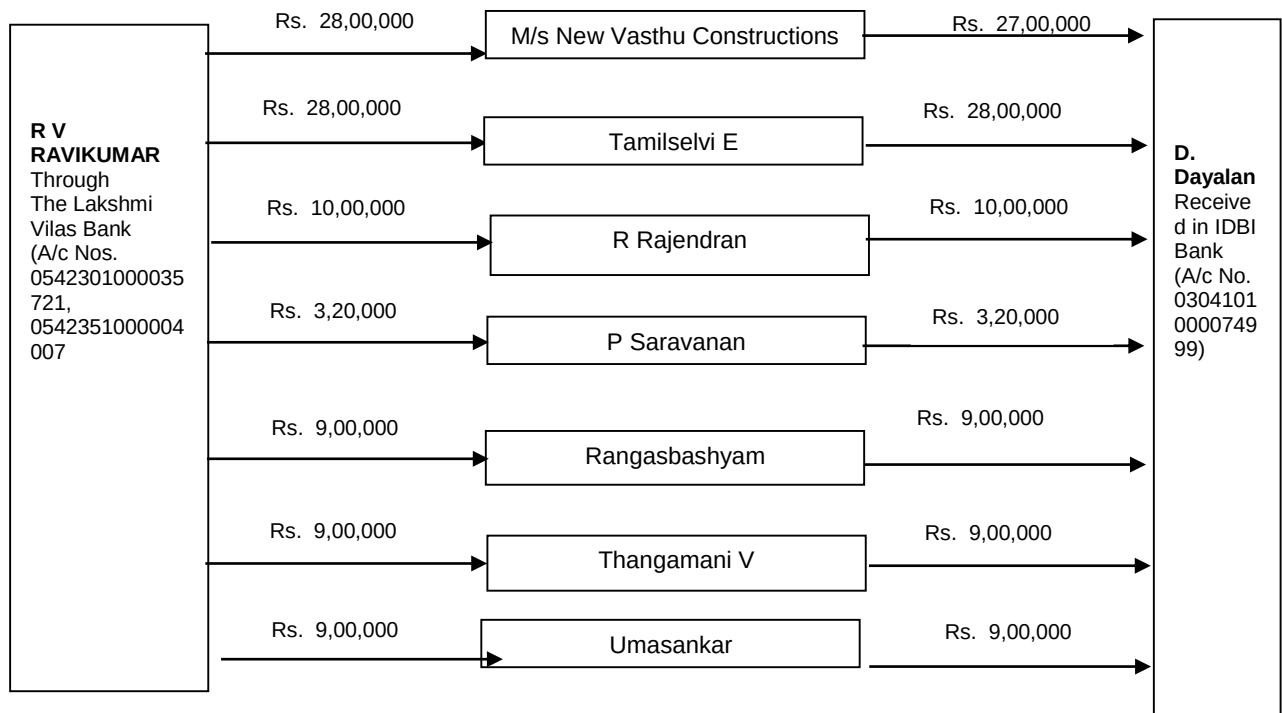
7. Similarly, on analyzing the account of R. Lakshmi Narayan, it was observed that out of the total Rs 96,09,600 paid by R. Lakshmi Narayan for purchase of shares of BPJ, a total of Rs. 93, 40,000 was paid by R V Ravikumar through various entities through his bank accounts in The Lakshmi Vilas Bank (A/c No: 0542301000035721).



8. Also, in the account of D. Dayalan, it was observed that out of the total Rs. 95,24,000 it paid to acquire BPJ, a total of Rs. 95,20,000 was deposited in to the account of D. Dayalan by Mr. R V Ravikumar. Mr. R V Ravikumar used the following bank accounts to transfer the funds through various entities:

a) The Lakshmi Vilas Bank (A/c No: 0542301000035721)

b) The Lakshmi Vilas Bank (A/c No: 0542351000004007)



9. The following Table demonstrates the amounts paid to acquire shareholding of BPJ by employees /business associates of R V Ravikumar:

| BPJ Holding  |           |                      |                                   |
|--------------|-----------|----------------------|-----------------------------------|
| Sr. No.      | Tranche   | Amount Paid (in Rs.) | Amount Paid by Ravikumar (in Rs.) |
| 1            | Tranche 1 | 1,90,40,000          | 1,90,40,000                       |
| 2            | Tranche 2 | 2,82,59,600          | 2,79,86,000                       |
| <b>Total</b> |           | <b>4,72,99,600</b>   | <b>4,70,26,000</b>                |

10. As per the above table, almost entire amount to acquire BPJ was paid by R V Ravikumar. Therefore, it was observed that the acquisition of BPJ was actually done by R V Ravikumar himself and not by the employees/ business associates of R V Ravikumar. The date of MoU to acquire BPJ was September 10, 2012. Therefore, R V Ravikumar acquired BPJ Holding Pvt. Ltd. (BPJ) thereby indirectly acquiring the corresponding shares of RKDL held by BPJ on September 10, 2012.

## **B. Gaining control over Nandlal Vyapaaar Private Limited:**

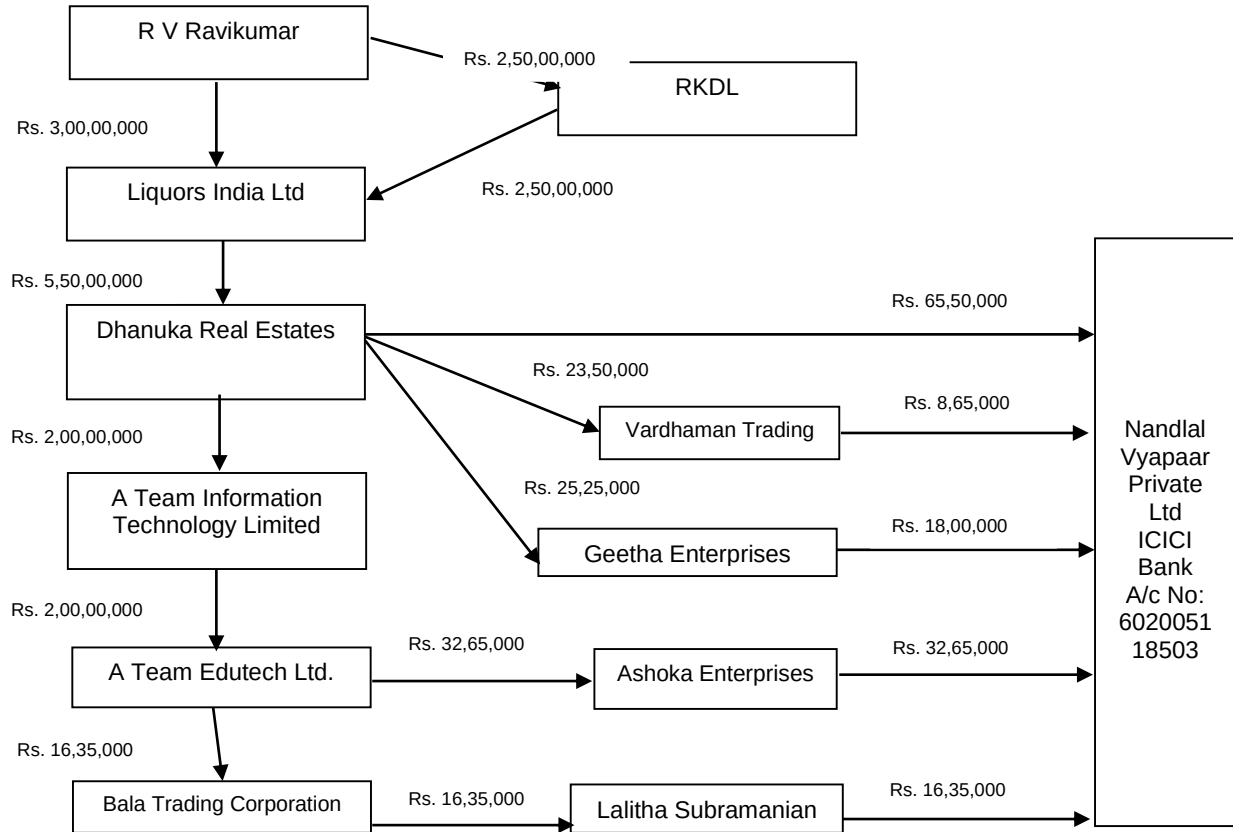
### Tranche 1 of acquisition of Nandlal

11. Following table provides the details of payments made by employees/ business associates of Mr. Ravikumar to Nandlal (ICICI Bank A/c No: 602005118503):

| Entity to whom Shares of Nandlal Allotted | Date of Allotment of Shares of Nandlal | No. of Shares of Nandlal | Amount (in Rs.) | Date of Payment(s) | Amount (in Rs.) | Payee Entity Name    | Payee Bank (Bank Account Number)             |
|-------------------------------------------|----------------------------------------|--------------------------|-----------------|--------------------|-----------------|----------------------|----------------------------------------------|
| M. Lakshmanan                             | March 31, 2012                         | 35,700                   | 71,40,000       | 10/02/2012         | 8,65,000        | Vardhaman Trading Co | Axis Bank (911020039703371)                  |
|                                           |                                        |                          |                 | 11/02/2012         | 18,00,000       | Geetha Enterprises   | Axis Bank (911020056195704)                  |
|                                           |                                        |                          |                 | 11/02/2012         | 32,65,000       | Ashoka Enterprises   | Dhanalakshmi Bank Limited (9706700000323)    |
|                                           |                                        |                          |                 | 11/02/2012         | 12,10,000       | Sri Maruthi Traders  | Dhanalakshmi Bank Limited (9706200010530)    |
| M. Pandurangan                            | March 31, 2012                         | 40,925                   | 81,85,000       | 13/02/2012         | 35,00,000       | Dhanuka Real Estates | Lakshmi Vilas Bank (429351000004163)         |
|                                           |                                        |                          |                 | 14/02/2012         | 15,25,000       | Dhanuka Real Estates | Lakshmi Vilas Bank (429351000004163)         |
|                                           |                                        |                          |                 | 15/02/2012         | 16,35,000       | Lalitha Subramanian  | Shamrao Vitthal Co-op Bank (117503130000678) |
|                                           |                                        |                          |                 | 16/02/2012         | 15,25,000       | Dhanuka Real Estates | Lakshmi Vilas Bank (429351000004163)         |
| Total                                     |                                        |                          | 1,53,25,000     |                    | 1,53,25,000     |                      |                                              |

12. It was observed that although the shares in Nandlal were allotted to M. Lakshmanan, and M. Pandurangan, the payments were made by other entities. On further bank statement analysis, it was observed that out of the Rs 1,53,25,000 paid in tranche 1 to Nandlal Rs. 1,41,15,000 was paid by Mr.

Ravikumar (The Lakshmi Vilas Bank A/c No: 0542301000035721)through Liquors India Limited (Andhra Bank A/c No: 087311011000320) (a company in which Mr. Ravikumar was the director during the investigation period).

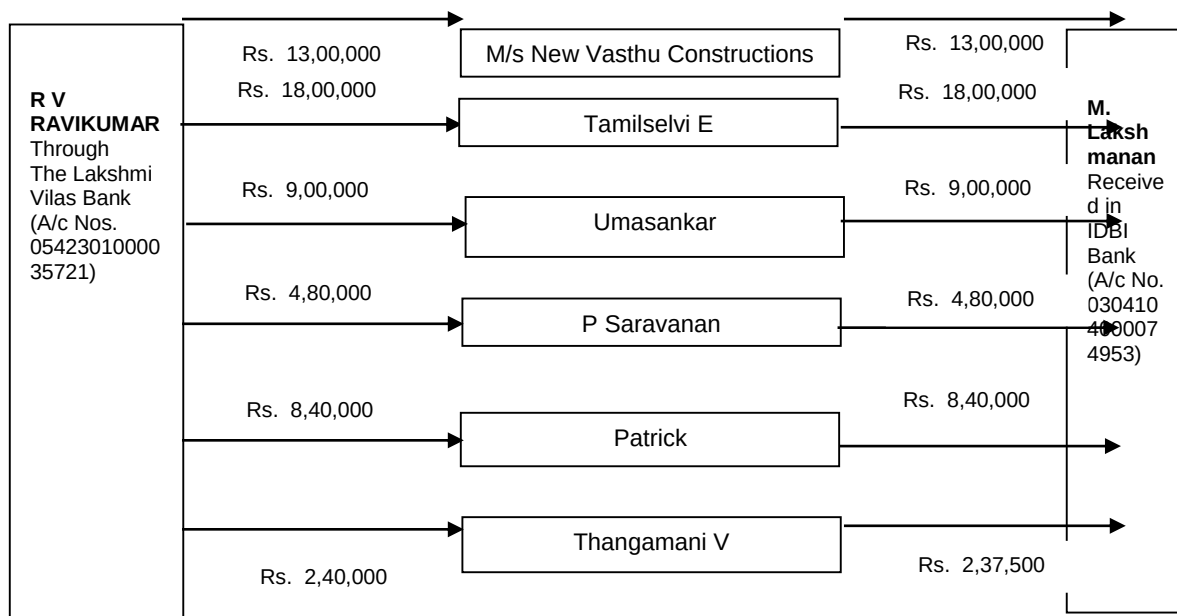


Tranche 2 of acquisition of Nandlal:

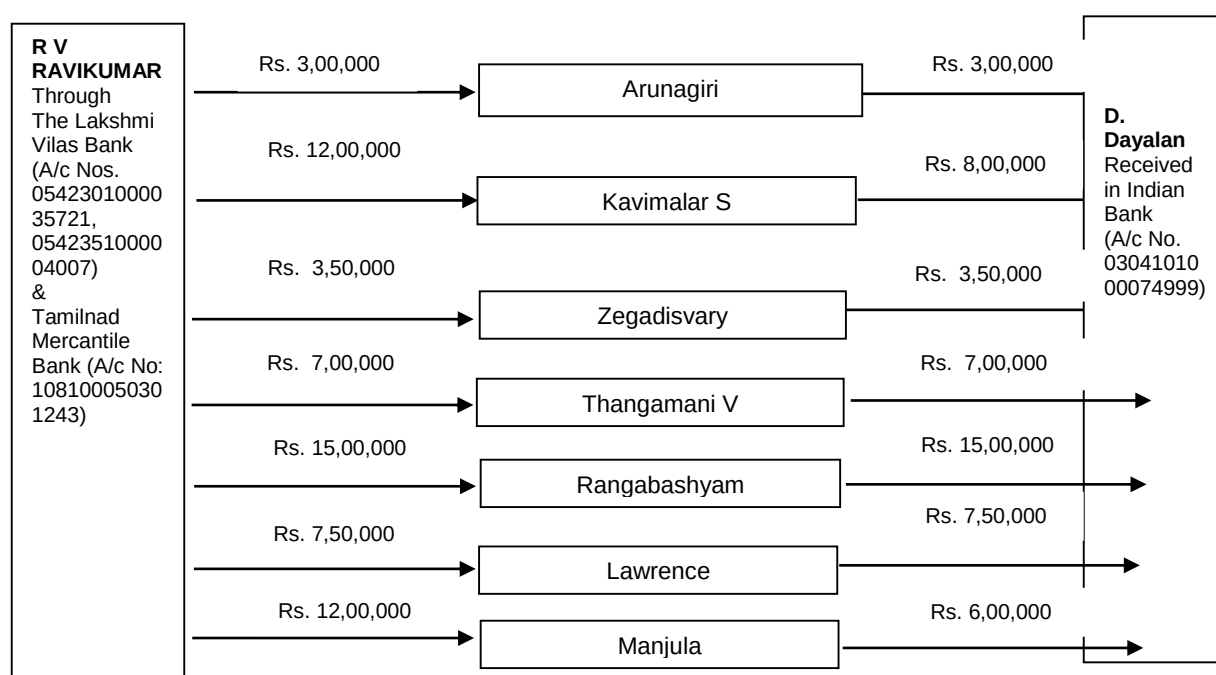
13. The complete acquisition of Nandlal was effected by executing a share purchase agreement between M. Lakshmanan and M.Pandurangan and the remaining existing shareholders of Nandlal excluding cross holdings of BPJ, Nandlal and Chiraag in each other, on September 12, 2012.
14. The following table provides the various shareholders of Nandlal and the payments made by M. Lakshmanan, and M. Pandurangan to these shareholders or their representatives:

| Purchaser                                                                                       | Paid By       | Shareholder of Nandlal                      | Amount (in Rs.)  | Consideration paid to     |
|-------------------------------------------------------------------------------------------------|---------------|---------------------------------------------|------------------|---------------------------|
| M. Lakshmanan                                                                                   | M. Lakshmanan | Onesource Ideas Pvt. Ltd.                   | 2,37,500         | Onesource Ideas Pvt. Ltd. |
| M. Lakshmanan                                                                                   | M. Lakshmanan | Onesource Techmedia Ltd.                    | 3,80,000         | Onesource Techmedia Ltd.  |
| M. Lakshmanan                                                                                   | M. Lakshmanan | S. Krishna Rao                              | 49,40,000        | KKJ Stocks & Co           |
| M. Lakshmanan                                                                                   | M. Lakshmanan | S.G.F. Melkhasingh                          |                  |                           |
| M. Lakshmanan                                                                                   | M. Lakshmanan | B. Venodhini                                |                  |                           |
| M. Lakshmanan                                                                                   | M. Lakshmanan | Forsee Financial Services Ltd.              |                  |                           |
| M. Lakshmanan                                                                                   | M. Lakshmanan | Matrix Systel Pvt. Ltd.                     |                  |                           |
| <b>Total amount paid by M. Lakshmanan for acquiring shares of Nandlal</b>                       |               |                                             | <b>55,57,500</b> |                           |
| M. Pandurangan                                                                                  | D. Dayalan    | Warner Multimedia Ltd.                      | 50,00,000        | Nandlal Vyapaar           |
| M. Pandurangan                                                                                  | D. Dayalan    | Anchor Construction Pvt. Ltd.               |                  |                           |
| M. Pandurangan                                                                                  | D. Dayalan    | Gopikar Supply Pvt. Ltd.                    |                  |                           |
| M. Pandurangan                                                                                  | D. Dayalan    | Jhunjhunwala Marketing & Services Pvt. Ltd. |                  |                           |
| M. Pandurangan                                                                                  | D. Dayalan    | Texchem Enterprises                         |                  |                           |
| M. Pandurangan                                                                                  | D. Dayalan    | Neha Cassettes Pvt. Ltd.                    |                  |                           |
| <b>Total Amount paid by M. Pandurangan (through D. Dayalan) for acquiring shares of Nandlal</b> |               |                                             | <b>50,00,000</b> |                           |

15. On analyzing bank statement of M. Lakshmanan (IDBI Bank A/c No.: 0304104000074953) it was observed that a total of Rs. 55,60,000 was deposited in to the account of M. Lakshmanan through various entities by Mr. R V Ravikumar through his bank accounts in The Lakshmi Vilas Bank (A/c No: 0542301000035721).



16. Similarly, on analyzing bank statement of D. Dayalan (IDBI Bank A/c No.: A/c No. 0304101000074999) who paid for the shares of Nandlal acquired by M. Pandurangan, it was observed that a total of Rs. 50,00,000 was deposited in to the account of D. Dayalan through various entities by Mr. R V Ravikumar through his following bank accounts
- The Lakshmi Vilas Bank (A/c No: 0542301000035721)
  - State Bank of India (A/c No. 30003671495)



17. Thus, it can be seen that the money for purchase of share of Nandlal in the entire second tranche was paid by R V Ravikumar himself.
18. Following table demonstrates the amounts paid to acquire Nandlal supposedly by employees / business associates of R V Ravikumar:

| Nandlal |           |                      |                                   |
|---------|-----------|----------------------|-----------------------------------|
| Sr. No. | Tranche   | Amount Paid (in Rs.) | Amount Paid by Ravikumar (in Rs.) |
| 1       | Tranche 1 | 1,53,25,000          | 1,53,25,000                       |
| 2       | Tranche 2 | 1,05,57,500          | 1,05,57,500                       |
| Total   |           | 2,58,82,500          | 2,58,82,500                       |

19. As per the above table, entire amount to acquire Nandlal was paid by R V Ravikumar. Therefore, it was observed that the acquisition of Nandlal was actually done by R V Ravikumar himself and not by the employees / business associates of R V Ravikumar. The date of MoU to acquire Nandlal was September 12, 2012. Therefore, R V Ravikumar acquired Nandlal thereby indirectly acquiring the corresponding shares of RKDL held by Nandlal on September 12, 2012.

### **C. Gaining control over Chiraag Suppliers Private Ltd.**

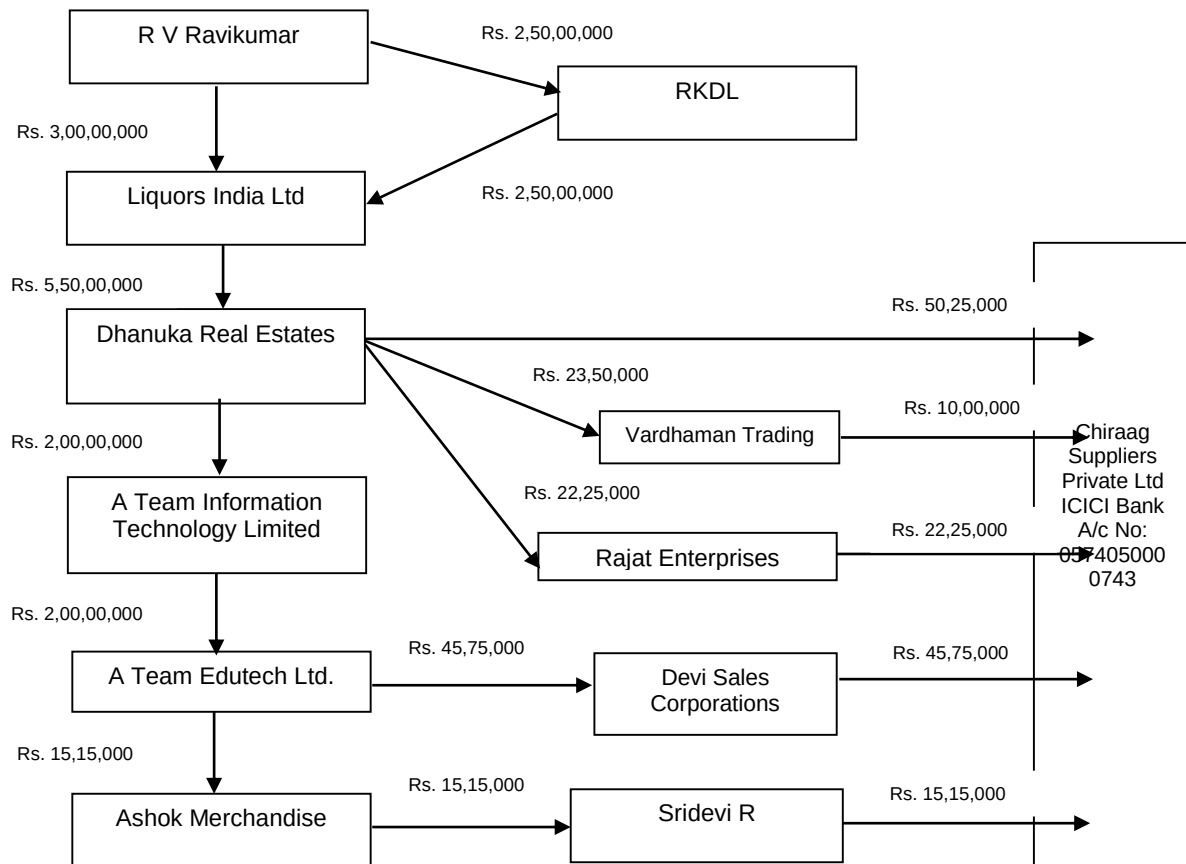
#### **Tranche 1 of acquisition of Chiraag**

20. Following table provides the details of payments made by employees/ business associates of Mr. Ravikumar to Chiraag (ICICI Bank A/c No: 0574050000743):

| Entity to whom Shares of Chiraag Allotted | Date of Allotment of Shares of Chiraag | No. of Shares of Chiraag | Amount (in Rs.)    | Date of Payment(s) | Amount (in Rs.)    | Payee Entity Name      | Payee Bank (Bank Account Number)             |
|-------------------------------------------|----------------------------------------|--------------------------|--------------------|--------------------|--------------------|------------------------|----------------------------------------------|
| S. Thirukkamu                             | March 31, 2012                         | 31,200                   | 78,00,000          | 10/02/2012         | 10,00,000          | Vardhaman Trading Co   | Axis Bank (911020039703371)                  |
|                                           |                                        |                          |                    | 11/02/2012         | 22,25,000          | Rajat Enterprises      | Axis Bank (911020056108807)                  |
|                                           |                                        |                          |                    | 11/02/2012         | 45,75,000          | Devi Sales Corporation | Dhanlakshmi Bank Limited (9705300016781)     |
| M. Pandurangan                            | March 31, 2012                         | 26,160                   | 65,40,000          | 13/02/2012         | 20,00,000          | Dhanuka Real Estates   | Lakshmi Vilas Bank (429351000004163)         |
|                                           |                                        |                          |                    | 14/02/2012         | 16,00,000          | Dhanuka Real Estates   | Lakshmi Vilas Bank (429351000004163)         |
|                                           |                                        |                          |                    | 15/02/2012         | 15,15,000          | Sridevi R              | Shamrao Vitthal Co-op Bank (117503130000840) |
|                                           |                                        |                          |                    | 16/02/2012         | 14,25,000          | Dhanuka Real Estates   | Lakshmi Vilas Bank (429351000004163)         |
|                                           |                                        |                          | <b>1,43,40,000</b> |                    | <b>1,43,40,000</b> |                        |                                              |

21. It was observed that although the shares in Chiraag were allotted to S. Thirukkamu and M. Pandurangan, the payments were made by other entities. On further bank statement analysis, it was observed that the entire amount of

Rs 1,43,40,000 paid in tranche 1 to Chiraag was paid by Mr. Ravikumar (The Lakshmi Vilas Bank A/c No: 0542301000035721) through Liquors India Limited (Andhra Bank A/c No: 087311011000320) (a company in which Mr. Ravikumar was the director during the investigation period). The detailed fund flow for Tranche 1 acquisition of Chiraag is shown in the figure below:

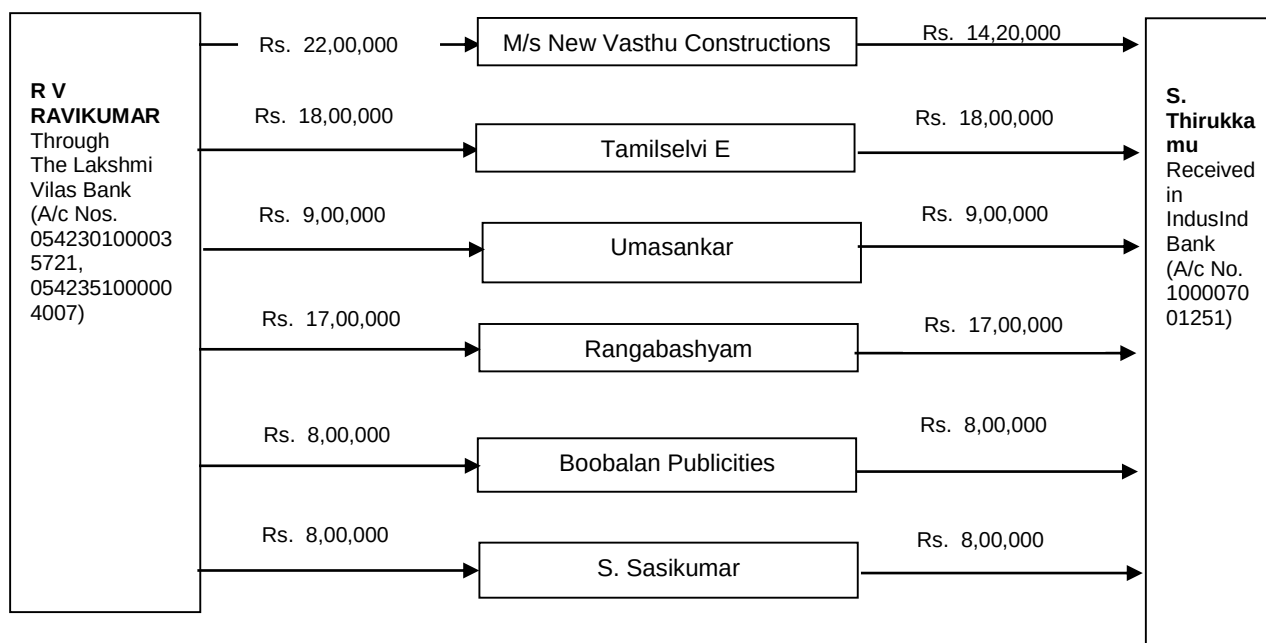


#### Tranche 2 of acquisition of Chiraag

22. The complete acquisition of Chiraag was effected by executing a share purchase agreement between S. Thirukkamu, and Mrs. T. Premavathy and the remaining existing shareholders of Chiraag excluding cross holdings of BPJ, Nandlal and Chiraag in each other, on September 10, 2012.
23. The following table provides the various shareholders of Chiraag and the payments made by S. Thirukkamu, and Mrs. T. Premavathy to these shareholders or their representatives:

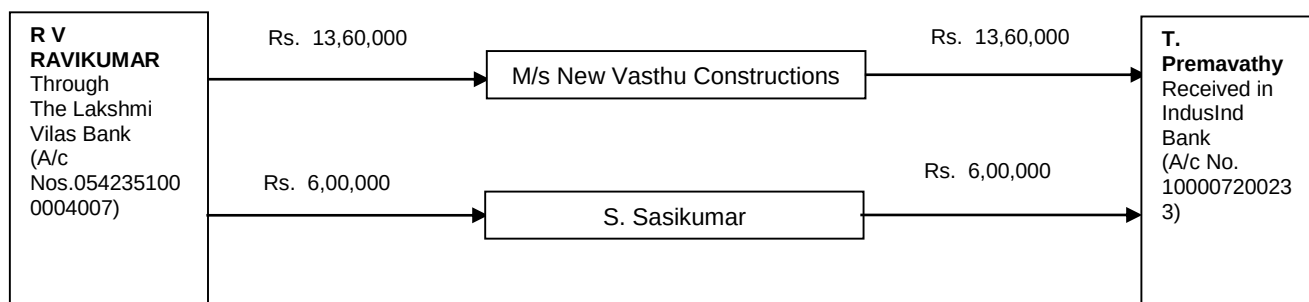
| Purchaser                                                                 | Paid By       | Shareholder of Chiraag         | Amount (in Rs.)  | Consideration paid to    |
|---------------------------------------------------------------------------|---------------|--------------------------------|------------------|--------------------------|
| S. Thirukkamu                                                             | S. Thirukkamu | Onesource Techmedia Ltd.       | 4,20,000         | Onesource Techmedia Ltd. |
| S. Thirukkamu                                                             | S. Thirukkamu | S. Krishna Rao                 | 70,35,000        | KKJ Stocks & Co          |
| S. Thirukkamu                                                             | S. Thirukkamu | S.G.F. Melkhasingh             |                  |                          |
| S. Thirukkamu                                                             | S. Thirukkamu | B. Venodhini                   |                  |                          |
| S. Thirukkamu                                                             | S. Thirukkamu | Forsee Financial Services Ltd. |                  |                          |
| S. Thirukkamu                                                             | S. Thirukkamu | Matrix Systel Pvt. Ltd.        | 70,35,000        | KKJ Stocks & Co          |
| <b>Total amount paid by S. Thirukkamu for acquiring shares of Chiraag</b> |               |                                | <b>74,55,000</b> |                          |
| T. Premavathy                                                             | T. Premavathy | Warner Multimedia Ltd.         | 15,00,000        | KKJ Stocks & Co          |
| T. Premavathy                                                             | T. Premavathy | Anchor Construction Pvt. Ltd.  | 4,60,000         |                          |
| <b>Total Amount paid by T. Premavathy for acquiring shares of Chiraag</b> |               |                                | <b>19,60,000</b> |                          |

24. On analyzing bank statement of S. Thirukkamu (IndusInd Bank A/c No.: 100007001251), it was observed that a total of Rs. 74,20,000 was deposited in to the account of S. Thirukkamu through various entities by Mr. R V Ravikumar through his bank accounts in The Lakshmi Vilas Bank (A/c No: 0542301000035721, 0542351000004007).



25. Similarly, on analyzing bank statement of Mrs. T. Premavathy (IndusInd Bank A/c No.: 100007200233) it was observed that a total of Rs. 19,60,000 was deposited in to the account of Mrs. T. Premavathy through various entities by

Mr. R V Ravikumar through his bank account in The Lakshmi Vilas Bank (A/c No:0542351000004007).



26. Following table demonstrates the amounts paid to acquire Chiraag supposedly by employees / business associates of R V Ravikumar:

| Chiraag      |           |                      |                                   |
|--------------|-----------|----------------------|-----------------------------------|
| Sr. No.      | Tranche   | Amount Paid (in Rs.) | Amount Paid by Ravikumar (in Rs.) |
| 1            | Tranche 1 | 1,43,40,000          | 1,43,40,000                       |
| 2            | Tranche 2 | 94,15,000            | 93,80,000                         |
| <b>Total</b> |           | <b>2,37,55,000</b>   | <b>2,37,20,000</b>                |

27. As per the above table, almost the entire amount to acquire Chiraag was paid by R V Ravikumar. Therefore, the acquisition of Chiraag was actually done by R V Ravikumar himself and not by the employees / business associates of R V Ravikumar. The date of MoU to acquire Chiraag was September 10, 2012. Therefore, R V Ravikumar acquired Chiraag thereby indirectly acquiring the corresponding shares of RKDL held by Nandlal on September 10, 2012.

28. Based on email dated March 19, 2018 received from the Registrar and Transfer Agency, Karvy Computershare Pvt. Ltd. and the demat statement of BPJ, Chiraag and Nandlal obtained from CDSL vide email dated March 07, 2017, it was observed that their holding in RKDL before the respective MoUs i.e. on September 10, 2012 in the case of BPJ and Chiraag and September 12, 2012 in case of Nandlal were as below:

| Name of the Company        | No. of Shares of RKDL held | % of shareholding of RKDL |
|----------------------------|----------------------------|---------------------------|
| BPJ Holding Pvt. Ltd       | 20,26,000                  | 8.44                      |
| Chiraag Suppliers Pvt. Ltd | 13,08,906                  | 5.45                      |
| Nandlal Vyapaar Pvt. Ltd.  | 12,54,000                  | 5.23                      |

**Persons acting in Concert with R V Ravikaumar and Open offer violations while acquiring BPJ, Chiraag and Nandlal.**

29. As per regulation 2(q)(2)(iv) of the SAST, 2011, the following promoters and members of promoter group of RKDL are deemed to be Persons acting in concert:

| Sr. No.                                | Name of the Promoter           | No. of Shares of RKDL held by the entity | % of shareholding of RKDL |
|----------------------------------------|--------------------------------|------------------------------------------|---------------------------|
| 1                                      | R V Ravikumar                  | 53,81,696                                | 22.42                     |
| 2                                      | R Amrithavalli                 | 1,45,497                                 | 0.61                      |
| 3                                      | Siva Sankar V                  | 2,872                                    | 0.01                      |
| 4                                      | S Rajendran                    | 0                                        | 0                         |
| 5                                      | R Ramanujam                    | 0                                        | 0                         |
| 6                                      | Ravikumar Properties Pvt. Ltd. | 0                                        | 0                         |
| 7                                      | V Chitra                       | 0                                        | 0                         |
| 8                                      | G Ramaraja                     | 0                                        | 0                         |
| <b>Total shareholding by promoters</b> |                                | <b>55,30,065</b>                         | <b>23.04</b>              |

30. Further, as per the submissions of RKDL vide its letter dated December 08, 2014, BPJ, Chirag and Nandalal and their directors/shareholders are all related to R V Ravikumar. It is also observed that Ravikumar himself provided funds for acquisition of these private entities and is therefore controlling them through directors/shareholders related to him.
31. As brought out above, Ravikumar acquired BPJ and Chiraag on 10.09.2012 and Nandlal on 12.09.2012. The details of acquisition are as shown in the table below:

| No. of shares of RKDL held by Ravikumar and other existing promoters PRE ACQUISITION (A) | % of total shareholding | Name of the Company acquired | No. of Shares of RKDL held by company acquired in column (B) | % of shareholding of RKDL | Date of Acquisition by RaviKumar | No. of shares of RKDL held by Ravikumar and other existing promoters POST ACQUISITION (A +B) | % of total shareholding |
|------------------------------------------------------------------------------------------|-------------------------|------------------------------|--------------------------------------------------------------|---------------------------|----------------------------------|----------------------------------------------------------------------------------------------|-------------------------|
|                                                                                          | <b>Pre-Acquisition</b>  | <b>Acquisition</b>           |                                                              |                           |                                  | <b>Post-Acquisition</b>                                                                      |                         |
| 55,30,065                                                                                | 23.04                   | BPJ and Chiraag              | 33,34,906                                                    | 13.89                     | Sept 10,2012                     | 88,64,971                                                                                    | 36.94                   |
| 88,64,971                                                                                | 36.94                   | Nandlal                      | 12,54,000                                                    | 5.23                      | Sept 12,2012                     | 1,01,18,971                                                                                  | 42.17                   |

32. Thus, as discussed in the foregoing paragraphs, pursuant to the MoUs with respect to BPJ and Chiraag on September 10, 2012, R V Ravikumar along with promoters acquired 13.89% of shares in RKDL on September 10, 2012 as a result of which their shareholding in RKDL went up from 23.04% to 36.94% and thus crossed the threshold limit of 25% for making an open offer. As per regulation 3(1) of SAST Regulations, no acquirer along with PACs shall acquire more that 25% of shareholding unless the acquirer makes a public announcement of open offer. It is observed that no such public announcement for open offer was made by R V Ravikumar. Thus it is alleged that by making the abovementioned acquisitions on September 10, 2012, Ravikumar (Noticee no. 1) along with existing promoter entities (i.e. Noticee nos. 2 to 8) who are PACs, namely Ravikumar Properties Pvt. Ltd., Ravikumar Amrithavalli, S Rajendran, R Ramanujam, V Sivasankar, V Chitra and G Ramaraja have violated the provisions of regulation 3(1) of SAST Regulations.
33. Further, pursuant to MoU dated September 12, 2012, Ravikumar, along with promoter entities and BPJ and Chiraag acquired further 5.23% of shares in RKDL on 12.09.2012 which were held by Nandlal. As per regulation 3(2) of SAST Regulations, no acquirer holding (along with PACs) more that 25% pf shareholding shall acquire more than 5% of shareholding in any financial year unless the acquirer makes a public announcement for an open offer. As no

such public announcement has been made by Ravi Kumar, it is alleged that R V Ravikumar and PACs (Noticee nos. 1 to 10), namely Ravikumar Properties Pvt. Ltd., Ravikumar Amrithavalli, S Rajendran, R Ramanujam, V Sivasankar, V Chitra, and G Ramaraja, along with BPJ and Chiraag, have violated the provisions of regulation 3(2) of SAST Regulations.

34. Further, an analysis of subsequent acquisitions made by BPJ, Chiraag and Nandlal, i.e. after September 12, 2012 until December, 2012, was carried out. It was observed that all the acquisitions made by BPJ, Chiraag and Nandlal in RKDL during the said period were made off-market. Following table highlights the date wise acquisition in RKDL:

| Sr. No. | Number of shares held (A) | % of share holding | Name of acquirer          | Date              | Number of shares acquired (B) | % of shareholding | Number of shares held (A+B) | % of shareholding | Cumulative change in percentage shareholding (reset after breaching 5%) |
|---------|---------------------------|--------------------|---------------------------|-------------------|-------------------------------|-------------------|-----------------------------|-------------------|-------------------------------------------------------------------------|
|         | Pre-Acquisition           |                    | Acquisition               |                   |                               |                   | Post- Acquisition           |                   |                                                                         |
| 1       | 10118971                  | 42.17              | BPJ                       | Sept 17,2012      | 220000                        | 0.92              | 10338971                    | 43.09             | 0.92                                                                    |
| 2       | 10338971                  | 43.08              | BPJ                       | Sept 18,2012      | 175000                        | 0.73              | 10513971                    | 43.82             | 1.65                                                                    |
| 3       | 10513971                  | 43.81              | BPJ                       | Sept 20,2012      | 150000                        | 0.63              | 10663971                    | 44.45             | 2.28                                                                    |
| 4       | 10663971                  | 44.43              | BPJ                       | Sept 21,2012      | 50000                         | 0.21              | 10713971                    | 44.66             | 2.49                                                                    |
| 5       | 10713971                  | 44.64              | Nandlal and Chiraag       | Sept 24,2012      | 130000                        | 0.54              | 10843971                    | 45.20             | 3.03                                                                    |
| 6       | 10843971                  | 45.18              | BPJ                       | Sept 25,2012      | 115000                        | 0.48              | 10958971                    | 45.68             | 3.51                                                                    |
| 7       | 10958971                  | 45.66              | BPJ                       | Sept 26,2012      | 40000                         | 0.17              | 10998971                    | 45.85             | 3.68                                                                    |
| 8       | 10998971                  | 45.83              | BPJ, Chiraag, and Nandlal | September 27,2012 | 150000                        | 0.63              | 11148971                    | 46.48             | 4.31                                                                    |
| 9       | 11148971                  | 46.45              | BPJ and Nandlal           | Sept 28,2012      | 65000                         | 0.27              | 11213971                    | 46.75             | 4.58                                                                    |
| 10      | 11213971                  | 46.72              | BPJ                       | Oct 1, 2012       | 80000                         | 0.33              | 11293971                    | 47.08             | 4.91                                                                    |
| 11      | 11293971                  | 47.08              | BPJ                       | Oct 3,2012        | 40000                         | 0.17              | 11333971                    | 47.25             | 5.08                                                                    |
| 12      | 11333971                  | 47.25              | BPJ, Chiraag, and Nandlal | Oct 4, 2012       | 136000                        | 0.57              | 11469971                    | 47.82             | 0.57                                                                    |
| 13      | 11469971                  | 47.82              | BPJ                       | Oct 9,2012        | 115000                        | 0.48              | 11584971                    | 48.30             | 1.05                                                                    |
| 14      | 11584971                  | 48.30              | BPJ                       | Oct 11, 2012      | 140000                        | 0.58              | 11724971                    | 48.88             | 1.63                                                                    |
| 15      | 11724971                  | 48.88              | BPJ                       | Oct 12, 2012      | 30000                         | 0.13              | 11754971                    | 49.01             | 1.76                                                                    |
| 16      | 11754971                  | 49.01              | BPJ                       | Oct 16,2012       | 65000                         | 0.27              | 11819971                    | 49.28             | 2.03                                                                    |
| 17      | 11819971                  | 49.28              | BPJ                       | Oct 17,2012       | 64900                         | 0.27              | 11884871                    | 49.55             | 2.30                                                                    |
| 18      | 11884871                  | 49.55              | BPJ                       | Oct 19,2012       | 90000                         | 0.38              | 11974871                    | 49.93             | 2.68                                                                    |
| 19      | 11974871                  | 49.93              | BPJ                       | Oct 23,2012       | 85100                         | 0.35              | 12059971                    | 50.28             | 3.03                                                                    |
| 20      | 12059971                  | 50.28              | BPJ                       | Oct 25,2012       | 45000                         | 0.19              | 12104971                    | 50.47             | 3.22                                                                    |

| Sr. No. | Number of shares held (A) | % of share holding | Name of acquirer    | Date        | Number of shares acquired (B) | % of shareholding | Number of shares held (A+B) | % of shareholding | Cumulative change in percentage shareholding (reset after breaching 5%) |
|---------|---------------------------|--------------------|---------------------|-------------|-------------------------------|-------------------|-----------------------------|-------------------|-------------------------------------------------------------------------|
|         | Pre-Acquisition           |                    | Acquisition         |             |                               |                   | Post- Acquisition           |                   |                                                                         |
| 21      | 12104971                  | 50.47              | BPJ                 | Nov 6,2012  | 25000                         | 0.10              | 12129971                    | 50.57             | 3.32                                                                    |
| 22      | 12129971                  | 50.57              | BPJ                 | Nov 7,2012  | 20000                         | 0.08              | 12149971                    | 50.65             | 3.40                                                                    |
| 23      | 12149971                  | 50.65              | Chiraag             | Nov 12,2012 | 20000                         | 0.08              | 12169971                    | 50.73             | 3.48                                                                    |
| 24      | 12169971                  | 50.73              | Chiraag             | Nov 16,2012 | 45000                         | 0.19              | 12214971                    | 50.92             | 3.67                                                                    |
| 25      | 12214971                  | 50.92              | Chiraag             | Nov 21,2012 | 61000                         | 0.26              | 12275971                    | 51.18             | 3.93                                                                    |
| 26      | 12275971                  | 51.18              | Chiraag             | Nov 26,2012 | 40000                         | 0.17              | 12315971                    | 51.35             | 4.10                                                                    |
| 27      | 12315971                  | 51.35              | Chiraag and Nandlal | Nov 27,2012 | 4000                          | 0.02              | 12319971                    | 51.37             | 4.12                                                                    |
| 28      | 12319971                  | 51.37              | BPJ and Chiraag     | Dec 7,2012  | 220000                        | 0.92              | 12539971                    | 52.29             | 5.04                                                                    |

35. From the above table, it is concluded that R V Ravikumar along with PACs have acquired more than 5% shareholding in RKDL on October 3, 2012 (shareholding went up from 42.17% to 47.25%) and further on December 7, 2012 (shareholding went up from 47.25% to 52.29%). Therefore, R V Ravikumar (Noticee no. 1), along with PACs (Noticee nos. 2 to 11), namely Ravikumar Properties Pvt. Ltd., Ravikumar Amrithavalli, S Rajendran, R Ramanujam, V Sivasankar, V Chitra, G Ramaraja, BPJ, Chiraag and Nandlal, are alleged to have violated Regulation 3(2) of SAST Regulations, 2011.

36. In view of the above, a common show cause notice (SCN) dated January 31, 2019 was issued to R V Ravikumar, along with PACs, namely Ravikumar Properties Pvt. Ltd., Ravikumar Amrithavalli, S Rajendran, R Ramanujam, V Sivasankar, V Chitra, G Ramaraja, BPJ, Chiraag and Nandlal (together referred to as the Noticees), asking them to show cause as to why appropriate directions under Sections 11(1), 11(4) and 11B of the SEBI Act should not be issued against them for the aforesaid alleged violations under SAST Regulations, 2011.

### **Replies and personal hearing:**

37. The SCN was served on the Noticee nos. 1 to 4, 6 and 9 to 11 (viz. RV

Ravikumar, Ravi Kumar Properties Pvt. Ltd., R. Amirthavalli, S. Rajendran, V. Sivasankar, BPJ, Chiraag and Nandlal) through Speed Post AD. In response to the same, the said Noticees submitted their reply vide a common letter dated February 28, 2019. The said Noticees were provided an opportunity of personal hearing by scheduling a virtual hearing on August 12, 2020, which was attended by their authorized representative, Shri M. Padmanabhan, through audio visual means. During the hearing, the Noticees made submissions on the lines of what they had stated in their written submissions dated February 28, 2019. Subsequently, they also filed further written submissions dated August 17, 2020.

38. As regards the rest of the Noticees, it was found from records that the Noticee no. 8 (G Ramaraja) had already expired before the issuance of SCN and his death certificate is available on record. Further, since the service of SCN to Noticee nos. 5 and 7 (viz. Shri R Ramanujam and Ms. V Chitra) was not completed, a notice regarding the SCN was published in newspaper on January 05, 2021. Vide the said notice, the said Noticees were also called to attend a personal hearing on January 12, 2021. However, the said Noticees neither replied to the SCN nor attended the personal hearing. In the meantime, Shri M Padmanabhan, the authorized representative of Ravi Kumar, vide his email dated January 06, 2021 informed SEBI that the Noticee no. 5 (Sri R Ramanujam) had passed away on 1.10.2012 and this fact has been intimated to SEBI on 27.2.2020 in response to Show Cause Notice EAD/AP-SKS-OW-4244/3/2020 dated 30.1.2020. As regards the Noticee no. 7 (Ms. V Chitra), she was a Director as a nominee of the Main Promoter Sri R V Ravikumar but had vacated office as Director even prior to the Public Issue of RKDL. He further informed that the Promoters have no information about the present whereabouts of Mrs V Chitra.
39. It is thus noted that Noticee nos. 5 and 8 have already expired. As regards Noticee no. 7, since she has not responded to SEBI notice, the proceedings against her are proceeded with ex-parte.

40. The Noticee nos. 1 to 4, 6 and 9 to 11, viz. RV Ravikumar, Ravi Kumar Properties Pvt. Ltd., R. Amirthavalli, S. Rajendran, V. Sivasankar, BPJ, Chiraag and Nandlal, vide their common letters dated February 28, 2019 and August 17, 2020, have submitted *inter alia* the following:

(a) At the outset, the Noticees submit that the very basis of the investigations by SEBI is the complaint dated 15.04.2014 filed by M/s Comfort Intech Ltd. alleging that the Promoters of Ravi Kumar Distilleries Ltd. (RKDL) have violated the provisions of the SAST Regulations 2011 by not making the Open Offer to the shareholders of M/s RKDL. As the complainant is a company belonging to Shri Anil Agarwal, who is also the main promoter of Comfort Securities Ltd., which was the BRLM of the Public Issue of M/s RKDL, and since Shri Anil Agarwal has, to the knowledge of SEBI, indulged in several illegal manipulations post the Public Issue, he has not approached SEBI with clean hands and as such, the complaint should not have been entertained in the first place. Moreover, M/s Comfort Securities Ltd. is the Depository Participant in respect of the shares of RKDL.

(b) The main thrust of the violations, as spelt out in the Show Cause notice, is the alleged failure of the Noticees to make an Open Offer as mandated by the SAST Regulations, 2011. The entire facts and circumstances relating to the Public Issue as well as the illegalities committed by Shri Anil Agarwal have been already explained in great detail vide letter dated 4<sup>th</sup> January 2014 issued to SEBI by Shri R.V. Ravi Kumar, Managing Director of M/s RKDL, which has been cited by SEBI as Annexure 1 to the Show Cause Notice and may be referred to.

(c) The Public Issue of RKDL took place in December 2010. As per the Prospectus of the Public Issue, the post-issue shareholding of the promoter group of Shri R.V. Ravi Kumar and his associates was to be 52.08%. Immediately after the Public Issue, the Company's RTA, M/s

Karvy Computershare Pvt. Ltd., by a letter dated 27.12.2010 confirmed the creation of lock-in for three years against 48 Lakhs Equity Shares of M/s RKDL standing in the name of Shri R.V Ravi Kumar and a further lock-in of one year against the remaining shareholding of 77 Lakhs Equity Shares standing in the names of Shri R.V. Ravi Kumar and his associates. The lock-in had come into effect from 18<sup>th</sup> December 2010. During the course of the Public Issue, Shri Anil Agarwal had obtained certain blank signed papers from Shri R.V. Ravi Kumar and he fraudulently used them to create a pledge of shares in his favour during the lock-in period, which was totally illegal in terms of Regulation 39 of SEBI (ICDR) Regulations 2009. The pledge was supposedly created in respect of a loan of Rs.6.84 Crores, which Shri R.V. Ravi Kumar was alleged to have taken from Shri Anil Agarwal. In fact, there was no such liability owed by Shri R.V. Ravi Kumar to Shri Anil Agarwal. When the information relating to the creation of this fraudulent pledge reached Shri R.V. Ravi Kumar, he immediately took up the matter with Shri Anil Agarwal and also filed complaints with SEBI, the Stock Exchanges, CDSL and also the Economic Offences Wing, Mumbai. Using the fraudulent pledge forms, Shri Anil Agarwal transferred to himself and his associates a large chunk of the shares of M/s RKDL thereby reducing the stake of Shri R.V. Ravi Kumar and his associates to a mere 23.04%, i.e., 29.76% of the share capital had been fraudulently transferred by Shri Anil Agarwal to himself and his associates. In the process, the shareholding of the main promoters, Shri R.V. Ravi Kumar and his Associates, was reduced to a minority of below 25% and Shri Anil Agarwal threatened a hostile takeover of the company RKDL. Several negotiations were held by Shri R.V. Ravi Kumar with Shri Anil Agarwal to get back the shares taken over fraudulently and Shri Anil Agarwal was demanding a huge pound of flesh to return the RKDL Shares fraudulently taken over from Shri R.V. Ravi Kumar and his associates. In the end, in order to retain control over M/s RKDL, which was a company which he had built up from scratch, Shri R.V. Ravi Kumar had to part with Rs.7.50 Crores and one of his other companies – M/s Liquors India, Hyderabad, and Shri Anil Agarwal

handed back the fraudulently taken over shares during the period from September 2012 to December 2012 in several lots. As a part of this handing back, the control of three companies, which held shares in M/s RKDL and had no other business - M/s BPJ Holdings Pvt. Ltd., Chiraag Suppliers Pvt. Ltd. and Nandlal Vyapaar Pvt. Ltd. were handed over to Shri R.V. Ravi Kumar. In short, these three companies were virtually thrust upon Shri R.V. Ravi Kumar. It can be clearly seen from the above facts that there has only been handing back of the shares fraudulently taken by Shri Anil Agarwal and his associates and that there has been no acquisition of shares by Shri R.V. Ravi Kumar and his associates.

- (d) After the abovementioned handing back of shares has been completed, the shareholding of Shri R.V. Ravi Kumar and his associates has reached the level of around 52%, which is just the same as was contemplated in the Prospectus. Only an earlier wrong has been righted. Since there has been no acquisition of Shares and no change in the management of the Company, the need for making an Open Offer in accordance with SAST Regulations, 2011 did not arise.
- (e) The primary purpose of Open Offer is to provide an Exit Option to the Shareholders of the target company on account of the change in control or substantial acquisition of Shares occurring in the target company. In this case, a portion of shares which were already with Shri R.V. Ravi Kumar and his associates were fraudulently taken over by Shri Anil Agarwal and his associates and they were subsequently handed back to the original Owners. The shareholding of the promoter group has also not increased beyond what was contemplated in the Prospectus for the Public Issue. In view of this, it is humbly submitted that the facts of the case could be seen in proper perspective and a conclusion arrived at that the alleged violations of Regulations 3(1) and 3(2) of SAST Regulations, 2011 are non-existent.
- (f) It is alleged in Para 30 of the Show Cause notice that on September 10, 2012, Shri R.V. Ravi Kumar and the persons acting in concert (M/s BPJ Holding Pvt.

Ltd. and Chirag Suppliers Pvt. Ltd. In this case), acquired 13.8 % of shares in M/s RKDL and as a result of this, their shareholding in M/s RKDL went up from 23.04% to 36.94% and thus crossed the threshold limit of 25% for making an Open Offer. Similarly, it is alleged that with regard to M/s Nandlal Vyapaar Pvt. Ltd., Shri R.V. Ravi Kumar along with the persons acting in concert acquired 5.30% of shares in M/s RKDL on 12.09.2012 and thereby violated Regulation 3(2) SAST Regulations of 2011. In this regard, it may be seen that Shri R.V. Ravi Kumar and his associates obtained the management control of M/s BPJ Holding Pvt. Ltd., Chiraag Suppliers Pvt. Ltd. and Nandlal Vyapaar Pvt. Ltd. only subsequent to 10.09.2012 and 12.09.2012 respectively, and hence, the three companies cannot be deemed to have been Persons Acting in Concert with Shri R.V. Ravi Kumar. Hence, there would be no violation of Regulation 3(1) and 3(2) of SAST Regulation of 2011 as alleged in Para 30 of the show cause notice.

(g) As regards the manner in which shares of RKDL came into the hands of Nandlal, BPJ and Chiraag, the Noticees state that these shares originally belonged to Shri RV Ravikumar as part of his total holdings of 51.77% (1,24,25,719 shares) in RKDL. These were illegally taken away by the Merchant Banker, Mr. Anil Agarwal by invoking a bogus pledge document. Shri Anil Agarwal's company, M/s. Comfort Securities Ltd. was the Depository Participant and this made it easily possible for him to effect this fraudulent transfer. Out of these shares, 27.35% (64,92,906 shares) were transferred to his close associate, Shri B.P. Jhunjhunwala and his group. The shares were parked with three private limited companies, namely BPJ, Nandlal and Chiraag, which were part of Shri B.P. Jhunjhunwala's group. The shares were parked as follows:

- BPJ: 3675000 Shares
- Nandlal: 1409000 shares
- Chiraag: 1408906 shares

(h) When Shri RV Ravikumar objected to the bogus pledge and raised a

dispute with Shri Anil Agarwal regarding the fraudulent takeover of his shares, Shri Anil Agarwal, by way of a settlement, refunded the shares of Shri Ravikumar. In doing so, the above 3 private limited companies which together held 27.35% shares of RKDL and did not have any other asset at that time, were transferred to the nominees of Shri RV Ravikumar. Effectively, the holding of Shri RV Ravikumar and his nominees was restored to the earlier status as obtained prior to the IPO. As such, the above transfer of the 3 private companies to the nominees of RV Ravikumar is not to be considered as a fresh acquisition as it is only a restoration of the status-quo-ante.

- (i) It may also be noted that Shri Anil Agarwal had filed an appeal before the Hon'ble SAT against SEBI's order dated 12.03.2019 wherein SEBI has filed its reply affidavit dated 28.08.2019. The contents of the same show that SEBI has been fully convinced about the fraudulent practices of Shri Anil Agarwal, his group companies and his various associates.
- (j) In view of what has been stated above, the Noticees pray that no directions under Sections 11(1), 11(4) and 11(B) of the SEBI Act be issued against them.

41. Since the submissions made by the Noticees required further clarifications, another hearing was scheduled on January 19, 2021. However, prior to the hearing, the authorized representative of the Noticees vide email dated January 18, 2021 submitted the following:

- (a) The Companies BPJ Holding P Ltd, Nandlal Vyapaar P Ltd and Chiraag Suppliers P Ltd, were part of the Anil Agrawal group of concerns, prior to 10.09.2012 and came into the hands of RKDL group only thereafter. This is clearly borne out by an MoU dated 05.09.2012 signed between Ravi Kumar and Anil Agrawal Group, a copy of which is provided to SEBI. The

MoU dated 05.09.2012 was signed on behalf of Mr.Ravikumar only under coercion, which has already been brought to notice of SEBI on various occasions.

- (b) The bogus pledge was made in respect of shares which were under Lock-In and hence patently illegal.
- (c) The three companies, prior to becoming part of the Ravikumar Group, were related / connected to M/s. First Financial Services Limited as indicated in Order No: WTM/RKA/ISD/162/2014 dated 19.12.2014 by the Whole Time Member, SEBI. This order also clearly brings out that Comfort Group (Anil Agrawal's Group) and its Directors share a close relationship with First Financial Services Ltd which cannot be termed as mere commercial / business relationship.
- (d) The three companies have not been made the subject of the various cases and complaints filed by Ravi Kumar against Anil Agrawal, only because these companies held shares in RKDL and had no other assets and the shares held by them came back to the Ravikumar group. As they had no dispute with getting back their own shares, this matter was not made part of the various cases. As for Liquors India Limited, this was a Company which was purchased by the Noticees out of the IPO proceeds and personal sources and the forcible taking over of this company from the Noticees is what has been disputed in the various forums.

42. During the personal hearing on January 19, 2021, the Noticees undertook to submit further clarifications in a written form. Subsequently, the Noticees vide email dated January 20, 2021 have further elaborated their submissions by stating *inter alia* the following:

- (a) The merchant banker, Anil Agarwal, who also was the promoter of Comfort Securities Limited, Comfort Intech Limited and some other benami

concerns had possession of several signed blank papers and cheques of RKDL, obtained by them through misrepresentation and deceit. After the public issue of RKDL, Shri. Ravikumar held 48 lakhs shares in RKDL which were under a lock-in for 3 years and further 76,24,719 shares which were under lock-in for 1 year from December 2010. Using the blank papers in his possession, Shri. Anil Agarwal created fake pledge documents and transferred all of Ravikumar's shares in the names of himself and his associates and parked them in the names of his associates and benami concerns including BPJ holdings private limited, Chiraag and Nandlal. Since, Comfort Securities Limited was the merchant banker as well as the Depository Participant, these transfers were surreptitiously carried out immediately after the lock-in for the 76,24,719 shares ended. When the news of this invoking of fake pledge documents reached him, Shri. Ravikumar raised this issue with Shri Anil Agarwal and also filed complaints with Stock Exchanges, SEBI, and other law enforcement agencies. These 76,24,719 shares constituted 31.77% of the share capital of RKDL. Additionally, with the 48 lakh shares which constituted 20% of the share capital of the company, Shri. Anil Agarwal was in a position to claim majority holding in RKDL. Moreover, Shri. Anil Agarwal and his associates had also bought some shares in the open market. When Shri Ravikumar asked for the return of the shares, Anil Agarwal, using his position of strength since majority of RKDL shares were in his possession, threatened a hostile takeover of RKDL. He then demanded a ransom of Rs. 15 crores to return the shares illegally taken over by him. In the interest of getting back his company RKDL which he had assiduously built up from scratch, Shri. Ravikumar agreed under coercion to make the payment. Accordingly, an initial payment of Rs. 1 crore was made to Comfort Securities Limited (Rs. 5 Lakhs on 27-12-2011 and Rs. 95 Lakhs on 04-01-2012). At that point, Anil Agarwal realized that he would be in violation of SEBI regulations by holding on to the 48 lakh shares since they were still under lock-in, and released the 48 lakh shares to Shri Ravikumar. He continued to be in a dominant position since he had control of the balance

31.77% shares plus the shares bought in the open market by him and his associate concerns. As the payment of the balance Rs.14 crores was getting delayed, Anil Agarwal and his associates, Shri Jhunjhunwala and Smt. Lakshmi Subramanian revised the ransom demand to Rs.18.50 Crores inclusive of interest. Thereafter, as directed by Anil Agarwal, an amount of Rs.1 crore was paid to BPJ holdings private limited, a company owned and controlled by B.P. Jhunjhunwala on 6-02-2012. Further, sums amounting to Rs.3 Crore and Rs.2.50 Crore were paid to Dhanuka Real Estates and investments Limited (a shell company of Lakshmi Subramanian) on 9-02-2012 and 13-02-2012. Thus, between 27-12-2011 and 13-02-2012, a total amount of Rs.7.50 crores was paid to Anil Agarwal and his associates. In the meantime, 5,75,000 shares, which were purchased by Anil Agarwal from the open market, were also handed back to Ravikumar.

(b) Since the balance Rs.11 crores of the ransom demanded (Rs.18.50 crores less Rs. 7.50 crores paid) could not be paid, Shri. Ravikumar was coerced into signing an MoU on 5-09-2012, to transfer the company Liquors India Limited, (a company acquired by RKDL out of IPO proceeds and some own funds of the promoter) to Anil Agarwal owned and controlled company Lemonade Shares and Securities Private Limited; whereby it was agreed that Anil Agarwal would subsequently hand back to Ravikumar the balance of shares which he had taken over. This forcible takeover of Liquors India Limited (LIL) is now under challenge in the courts and before law enforcement authorities since LIL had a much higher valuation than the Rs.11 crores balance payable on the ransom demand.

(c) The quantitative details of the shares held, shares taken over, and shares returned are as follows:

|                                                                                                                                                                           |                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| Shares in RKDL held by Ravikumar and Ravikumar Properties Private limited post IPO (Of which 48 lakhs subject to 3 year lock-in and 76,24,719 subject to 1 year lock-in). | <b>1,24,24,719 (51.77%)</b> |
| Shares held by Mrs. Amirthavalli (wife of Ravikumar)                                                                                                                      | 1,45,497 (0.61%)            |
| Shares held by SivaSankar                                                                                                                                                 | 2,872 (0.01%)               |
| <b>Total Promoter group holding</b>                                                                                                                                       | <b>1,25,73,088 (52.39%)</b> |
|                                                                                                                                                                           |                             |
| <b>Shares taken over by Anil Agarwal using fake pledge documents</b>                                                                                                      | <b>1,24,24,719 (51.77%)</b> |

#### **Shares returned by Anil Agrawal Group**

|                                                   |                    |
|---------------------------------------------------|--------------------|
| 3 year lock-in shares                             | 48,00,000          |
| From open market purchase                         | 5,75,000           |
| Returned through BPJ holding                      | 36,75,000          |
| Returned through Chiraag                          | 14,80,906          |
| Returned through Nandlal                          | 14,09,000          |
| <b>Total Returned</b>                             | <b>1,19,39,906</b> |
| Balance shares still not returned by Anil Agarwal | 4,84,813           |

#### **Shares held in the 3 companies as on 05-09-2012 (the date of MoU)**

|              |           |
|--------------|-----------|
| BPJ Holdings | 20,26,000 |
| Chiraag      | 13,08,906 |

|              |                  |
|--------------|------------------|
| Nandlal      | 12,54,000        |
| <b>Total</b> | <b>45,88,906</b> |

- (d) The difference of 19,76,000 shares between the shares held by the three companies as on 05-09-2012 and the shares returned via these 3 companies in December 2012 is on account of the shares held in the names of several associates of Anil Agarwal which had been transferred to the names of these companies by Anil Agarwal between September 2012 and December 2012.
- (e) As regards the transfer of an aggregate amount of Rs.9,69,36,100 to the then shareholders of BPJ, Chiraag and Nandlal, as referred to in the SCN, the Noticees submit that in order to make the transfer of LIL to Lemonade Shares and Securities private limited (a company owned by Anil Agarwal) appear as a legally valid transaction, RKDL was coerced into executing a Share Purchase Agreement on 7-09-2012 wherein LIL was arbitrarily assigned a valuation of Rs.5.57 crores even though the real valuation of the company was many times higher. Anil Agarwal arranged transfer of this amount in 28 tranches between 29-08-2012 and 20-11-2012 to RKDL and Ravikumar, under the pretext of “consideration” for the LIL shares. However, Ravikumar and RKDL were instructed to return this “consideration” in 28 tranches to the entities identified by Anil Agarwal and his associate B.P. Jhunjhunwala and it was ensured by Anil Agarwal that each tranche would be released only after the previous tranche was returned back as per his instructions. Thus, in reality, this “consideration” paid by Anil Agarwal through Lemonade Shares and Securities Private limited and the return of the same to the erstwhile holders of shares in the 3 companies is nothing but an exchange of Liquor India Limited for the 3 companies who had no ongoing business other than holding the RKDL shares; these 3 companies were thereby thrust upon Ravikumar. RKDL has challenged this takeover of LIL using intimidatory tactics by Anil

Agarwal and his accomplices for a throw-away price. The fund pooled into the books of BPJ, Chiraag, and Nandlal were mere round-tripping to cover the takeover of LIL with a face of legality.

**Consideration:**

43. I have examined the charges against the Noticees as detailed in the SCN, the submissions made by the Noticees and the material available on record. I note that the charges against the Noticees, i.e. RV Ravikumar and PACs, pertain to alleged violation of open offer obligations for crossing the threshold limits provided in Regulation 3(1) and 3(2) of the SAST Regulations, 2011 while indirectly acquiring the shares of RKDL held by BPJ, Nandlal and Chiraag, through the business associates / employees of RV Ravikumar. The Noticees are also alleged to have acquired further shares in incremental quantities, in off-market transactions, after they had acquired control of BPJ, Nandlal and Chiraag, thereby crossing the threshold limits of 5% in violation of Regulation 3(2) of the SAST Regulations.
44. I note that the Noticees have not denied the transactions resulting in acquisition of control of BPJ, Nandlal and Chiraag in two tranches, as described above under the findings of investigation. However, the Noticees have contended that the said transactions were merely aimed at getting back the shares of RKDL, earlier held by the promoters, which were fraudulently taken away from them by Shri Anil Agarwal by fraudulent creation and invocation of pledge on such shares. They have contended that the said indirect acquisition of shares of RKDL through acquisition of control of BPJ, Nandlal and Chiraag merely reverted the said fraudulent siphoning of shares by Shri Anil Agarwal. Thus, the said acquisitions by Ravikumar and associates should not be taken as triggering the open offer obligations under Regulation 3(1) and 3(2) of the SAST Regulations, 2011.
45. While the Noticees have not denied the transactions and have admitted the

fact that the shares were indirectly acquired through transfer of control in BPJ, Nandlal and Chiraag, they have contended that the said transactions were merely executed to reverse the illegal transfer of shares by Shri Anil Agarwal and associates based on fraudulently executed pledges and that the same should not be taken as triggering open offer obligations. Considering the same, I find that the moot issue to be decided is whether such transactions should be treated as acquisitions for the purpose of SAST Regulations, 2011, thereby triggering open offer obligations. While dealing with the said issue, I find it important to delve into the happenings which had taken place prior to and post the abovementioned acquisitions, as appearing from various records. In this regard, I note the following points:

(a) RKDL had come out with its IPO in December 2010. From the shareholding pattern of the company as available on the BSE Website, it is noted that the shareholding of the promoters, viz. RV Ravi kumar and PACs immediately after the IPO, i.e. as on December 18, 2010 was 52.08%. It is further noted that the promoters continued to hold the same shareholding of 52.08% till September 30, 2011. However, the said promoter shareholding changed to 20.31% and 23% as on December 31, 2011 and March 31, 2012 respectively. In this regard, it is noted that the said change in shareholding for the December 2011 Quarter was preceded by the following incidents, as evident from the various corporate announcements made by various parties to BSE, which are appearing on its website:

- Comfort Intech Limited (CIL), a company belonging to Anil Agrawal Group, had filed a disclosure dated 05.12.2011 under Reg 29(1) of the SAST Regulations, 2011 informing about pledge on 12424719 shares (51.769%) of RKDL in favour of CIL. The same is available on the BSE website against the date December 13, 2011,
- Thereafter, RKDL had submitted a letter dated 15.12.2011 to the BSE informing that no shares had been pledged by promoters of RKDL with CIL, as claimed by CIL in its disclosure dated

05.12.2011. Vide the said letter, RKDL had also stated that CIL in connivance with Comfort Securities Limited (CSL) and their chairman, Mr. Anil Agrawal, had purportedly fabricated documents and misused the properties of the company and the promoters and have treated the shares as pledged in gross violation of the SEBI Regulations and other laws. The said letter is available on BSE website against the date December 21, 2011.

- Vide a disclosure dated December 27, 2011, RKDL had informed BSE *inter alia* that RKDL and its promoters had mutually settled all the issues with CIL and that CIL had unpledged the 48,00,000 Equity Shares of RKDL lying in the name of R.V. Ravi Kumar.

(b) From the above, it clearly appears that the abovementioned fall in the shareholding of the promoter group of RKDL from 52.08% to 23.04% as on June 30, 2012, as referred to in the SCN, can be directly attributed to the alleged fraudulent pledge transaction. Further, it is also clear from the above that the promoter group of RKDL, i.e. the Noticees had denied and disputed the said pledge transactions since the beginning itself. Further, it is noted the even though RKDL had filed a disclosure on December 27, 2011 regarding settlement of dispute, the subsequent events and the court cases / proceedings before different authorities being contested between both the parties indicate that the said dispute had continued. It is also worth noting that post the indirect acquisition of shares of RKDL through acquisition of control of BPJ, Nandlal and Chiraag, as referred to in the SCN, the Promoters' shareholding in RKDL as on December 07, 2012 had reached 52.29% which is close to the post IPO shareholding of 52.08%. The same lends credence to the Noticees' submission that the acquisition through BPJ, Nandlal and Chiraag were aimed at getting back the shares which were taken over by Anil Agrawal through allegedly fraudulent pledge of shares.

(c) In order to substantiate the contention that the acquisition of shares of

RKDL through control of BPJ, Nandlal and Chiraag was merely a way of getting back the shares illegally taken away by Shri Anil Agrawal and his group through fraudulent pledge, the Noticees have submitted a copy of MoU dated September 05, 2012 allegedly entered between the representative of RV Ravi Kumar on one hand and Mr. Anil Agarwal on the other hand, pertaining to transfer of 100% shares of Liquor India Limited (LIL). On perusal of the said MoU, it appears that the parties had agreed to transfer of 100% shares of LIL from Ravi Kumar Group to Anil Agrawal Group in consideration of transfer of 89 Lakh Shares of RKDL to Ravi Kumar Group. The said MoU mentions *inter alia* the following steps to be taken as responsibility of Mr. Anil Agrawal and his group:

- Memorandum of Settlement to be signed by Mr. Anil Agarwal Group on his behalf and his group and Mr. R.V. Ravikumar on his behalf and behalf of his group to arrange transfer of 89 Lakh shares of RKDL to Mr. R.V. Ravikumar and his group, to be completed on or before 10-09-2012.
- Transfer of 100% shares / transfer forms of the 3 companies, viz. BPJ, Nandlal and Chiraag, (which hold approximately 19% shares of RKDL) from the existing Anil Agrawal Group shareholders to Ravi Kumar Group proposed shareholders, to be completed on or before 10-09-2012.
- Arrange transfer of 9% shares of RKDL to 3 companies by Mr. Anil Agrawal and his group, to be completed on or before 20-09-2012.
- Hand over all blank documents signed & delivered to Mr. Anil Agrawal and his team prior to IPO including the blank instruction slips and other pledge documents or the declaration to that effect, to be completed on or before 30-09-2012.

(d) I note that in the course of proceedings in the matter of IPO of RKDL, which had culminated in SEBI order dated March 12, 2019, there is a reference to the MoU dated September 05, 2012. While the Ravi Kumar group had sought to rely upon the same, Mr. Anil Agrawal had denied signing any

MoU dated September 05, 2012. I note that while the said MoU cannot be accepted as a documentary evidence in support of the Noticees' contentions due to its disputed nature, a comparison of the actions purportedly proposed to be taken by the parties under the said MoU vis-à-vis the acts of acquisitions of BPJ, Chiraag and Nandlal by Ravi Kumar group, as referred to in the SCN, shows the following:

- It is noted that the abovementioned MoU dated September 05, 2012 refers to transfer of 100% shares of BPJ, Chiraag and Nandlal, which collectively held 19% shares of RKDL as on the date of MOU, from the existing Anil Agrawal Group Shareholders to Ravikumar Group's proposed shareholders by September 09, 2012. Incidentally, the SCN also alleges that the Noticees had acquired 19.12% Shares of RKDL (i.e. 8.44% and 5.45% held by BPJ and Chiraag as on September 10, 2012 and 5.23% shares held by Nandlal as on September 12, 2012) through the acquisition of said three companies as on September 12, 2012.
- The MoU dated September 05, 2012 also refers to Anil Agrawal group's responsibility to arrange transfer of 9% shares of RKDL to 3 companies by Anil Agarwal Group to Ravi Kumar Group, to be completed on or before 20-09-2012. Incidentally, the SCN also refers to increase in RKDL's promoter group shareholding from 42.17% as September 12, 2012 to 52.29% as on December 07, 2012 (i.e. change of 10.12%) which had happened due to acquisitions made by BPJ, Chiraag and Nandlal in several tranches of off-market transactions during September 17, 2012 to December 07, 2012.
- Thus, while the MoU dated September 05, 2012 is disputed and cannot be accepted as a reliable piece of evidence, the proximity of the dates and figures of acquisitions as referred to in the SCN with

those referred in the said MoU cannot be overlooked either.

- (e) Apart from the above, I note from the records that SEBI vide order dated March 12, 2019 in the matter of RKDL has clearly established the role of Shri Anil Agarwal (director of Comfort Securities Ltd and Comfort Intech Limited) in siphoning of funds of RKDL immediately after its IPO, with the help of various connected entities and had *inter alia* directed Shri Anil Agarwal and other directors of Comfort Securities Limited to return an amount of Rs.33.83 Crore, with interest, to RKDL. Further, I note that BPJ, Chiraag and Nandlal are entities which are connected to Shri Anil Agarwal and his associates, as evident from SEBI order dated April 02, 2018 in the matter of First Financial Services Ltd. Further, the MoUs dated September 10, 2012 and September 12, 2012 pertaining to purchase of shares of BPJ, Chiraag and Nandlal, as referred to in the SCN show that the shareholders of these companies included entities, viz. Skyed Network Pvt. Ltd., Carewell Consultants Pvt. Ltd., JMD Sounds Limited. M/s. Anurodh Merchandise Pvt. Ltd., Onesource Techmedia Ltd., Radhasoami Securities Pvt. Ltd., Shri B.P. Jhunjhunwala, Shri S. Krishna Rao, Matrix Systel Pvt. Ltd., M/s. Jhunjhunwala Marketing & Services Pvt. Ltd., Texchem Enterprises and Neha Cassettes Pvt. Ltd., which were found directly or indirectly connected to Shri Anil Agarwal and his associates, as evident from the SEBI Order dated March 12, 2019 in the matter of Ravi Kumar Distilleries Limited and order dated April 02, 2018 in the matter of First Financial Services Limited. Considering the same, the Noticees' contentions regarding them being forced to acquire BPJ, Chiraag and Nandlal under the aforesaid circumstances cannot be dismissed outright.
- (f) Further, it is seen from records that while the Anil Agrawal Group had complained to SEBI regarding the alleged breach of threshold limits under the SAST Regulations, 2011, there are counter-allegations levelled by RKDL and Ravikumar that Anil Agrawal Group itself had breached such threshold limits on certain days.

(g) Further, from the submissions made by RV Ravikumar to SEBI, it is noted that a number of cases, both civil and criminal, are pending before various forums and courts, including Economic Offences Wing, where the said allegation of unauthorized creation and invocation of pledge by Anil Agrawal forms part of the facts of those cases. Some of the cases / complaints filed by RKDL against Mr. Anil Agrawal Group, as reported by the Noticees, are:

| Sl. No. | Particulars of the Case                                                                                                          | Gist of the proceedings                                                                                                                                                                                                                                                                                                                                                                                       | Status as on 04.01.2021                                                                                                                                                                                                                                                                                                   |
|---------|----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.      | Hon'ble Supreme Court - Criminal Appeals in Special Leave Petitions: Case No: 000339 / 2017 & Case Nos. 000349 to 000351 of 2017 | To restore the Investigation of FIR registered by EOW, Mumbai on swindling of IPO Funds of Rs.33.00 cr by Mr.Anil Agrawal & Speed up the Investigation in the FIR registered by CB-CID, Hyderabad on the illegal grabbing of Liquors India Limited from RKDL & Ravikumar.                                                                                                                                     | Hon'ble Supreme Court has tagged all the Cases and has given direction that the Investigation against Mr.Anil Agrawal shall proceed in the matters and the Investigation Authorities shall be at liberty to take such steps as may be advised to them in accordance with the provision of law. Final disposal is pending. |
| 2.      | Company Petition u/s 111A in the matter of M/s.Liquors India Limited: C.P.No: 5 of 2013 (TP No.148/HDB/2016)                     | To return 76,24,719 (31.77%) RKDL shares illegally pledged & grabbed, Mr.Anil Agrawal demanded Rs.18.50 cr. RKDL paid 7.50 crores but could not pay the balance 11.00 crores. For this balance amount of Rs.11.00cr Mr.Anil Agrawal coerced & exchanged RKDL 27.35% shares with 100% shares Liquors India Ltd (LIL) is a (A Company acquired by RKDL from IPO & Other funds). This arrangement was reduced to | Next hearing Posted on 28.01.2021                                                                                                                                                                                                                                                                                         |

|    |                                                                                                                                         |                                                                                                                                                                                                                                                                          |                                                                                                                    |
|----|-----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
|    |                                                                                                                                         | writing by MoU dated 05.09.2012. This Company Petition in NCLT was filed to regain control of Liquors India Limited, Hyderabad back, by Rectifying the Register of Members and to restore the 87,08,200 shares of Liquors India Limited in the name of RKDL & Ravikumar. |                                                                                                                    |
| 3. | XVI Add. District and Sessions Court, Malkajgiri, Hyderabad:<br>Civil Suit in the matter of M/s.Liquors India Limited - O.S.103 of 2013 | To rescind the above said MoU dated 05.09.2012 through which Mr.Anil Agrawal coerced & exchanged 65,64,906 RKDL Shares for 100% Liquors India Limited shares .                                                                                                           | Next hearing Posted to 09.02.2021                                                                                  |
| 4. | Police Complaint in the matter of M/s.Liquors India Limited & IPO Funds: CID-EOW, O/o The Director General of Police - FIR No.248/2013  | To convict Mr.Anil Agrawal & Others for the play played on RKDL for extorting Rs.7.50cr & Illegally grabbing Liquors India Limited from RKDL & Ravikumar, MD - RKDL.                                                                                                     | Charge Sheet filed by Police on 06.01.2020 against Mr.Anil Agrawal vide CC No.948/2020. Case posted to 20.01.2021. |

(h) In the above regard, I note from records that there is a letter dated April 27, 2017 written by Dy. Superintendent of Police, EOW, CID, TS, Hyderabad, addressed to NSDL regarding investigation in abovementioned case at serial number 04 in the Table above (i.e. Cr.No.248/2013) which *prima facie* indicates that the said case involves allegations of misappropriation of promoters' shareholding in RKDL by Anil Agrawal Group through fraudulent means.

46. Having considered all the above points, I note that the above transactions as cited in the SCN have not been disputed by the Noticees and the motive for these transactions are sought to be explained in a context which ought not to

attract the provisions of SAST Regulations, 2011. I am of the opinion that the issue of legality / validity or otherwise of the said pledge transaction and the said MoU dated September 05, 2012, which the Noticees claim to be the genesis of the subject acquisitions by them, is a crucial preliminary issue which needs to be decided before deciding whether the said acquisitions by the Noticees would trigger open offer obligations or not. I note that the said preliminary issue is intricately linked to the subject matter of various proceedings, both civil and criminal, between Ravikumar group and Anil Agrawal group which are pending before different authorities / courts, as mentioned in the Table under the preceding paragraph. In such a situation, where the facts and circumstances leading to the alleged violation of the provisions of SAST Regulations, 2011 are themselves in dispute, it does not appear appropriate to adjudicate such alleged violations. Since the facts of this case and the transactions in question are intertwined with the allegations and counter-allegations of fraud and forgery which are yet to be conclusively determined, this matter cannot be treated in the same way as any other matter involving the question trigger of open offer obligations under the SAST Regulations, 2011. The provisions of the SAST Regulations, 2011 do not operate in vacuum and must be interpreted and enforced keeping in mind the attendant circumstances and the peculiar facts and circumstances of each case. Considering all these factors in totality, I dispose of the present proceedings against the Noticees, initiated vide the SCN dated January 31, 2019, without any direction.

**Date: February 02 , 2021**

**Place: Mumbai**

**G. MAHALINGAM**

**WHOLE TIME MEMBER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**