

SECURITIES AND EXCHANGE BOARD OF INDIA
SETTLEMENT ORDER
IN RESPECT OF

Settlement Application No.	Applicant	PAN
7736/2024	MRN CHAMUNDI CANEPOWER AND BIOREFINERIES PRIVATE LIMITED	AAOCM1786G

1. MRN Chamundi Canepower and Biorefineries Private Limited (hereinafter referred to as “**Applicant**” / “**Company**”) filed a *suo-motu* settlement application under the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as “**Settlement Regulations**”) proposing to settle by neither admitting nor denying the findings of fact and conclusions of law, the enforcement proceedings that may be initiated against it for the violation of Section 67(3) of the Companies Act, 1956 and consequential violation of Sections 56, 60, 60B, 64, 68A(2), 72 and 73 of the Companies Act, 1956.
2. Brief facts of the case are as follows:
 - (a) Two companies; Nirani Sugars Limited and Shri Sai Priya Sugars Limited engaged in the manufacturing of sugar and allied products got dissolved and merged with the Applicant by virtue of a composite scheme of amalgamation approved by the Bangalore Bench of the National Company Law Tribunal (hereinafter referred to as “**NCLT**”) on January 10, 2024.
 - (b) During the financial years 2005-06, 2010-11, 2012-13 and 2013-14, Nirani Sugars Limited had allotted certain equity shares to farmers that was alleged to be in violation of Section 67(3) of the Companies Act, 1956, since more than 49 persons were allotted the said shares. The financial year wise details of the number of persons to whom the shares were offered and allotted by Nirani Sugars Limited are as follows:

Date of allotment	Financial Year	No. of Equity Shares allotted ("Eligible Equity Shares")	No. of persons to whom allotment was made	Face value per equity share (₹)	Issue price per equity share (₹)
April 01, 2005	2005-06	899,998	1,706	100	100
December 08, 2010	2010-11	1,362,000	1,599	100	100
March 15, 2011	2010-11	1,955,864	2,977	100	100
May 15, 2012	2012-13	2,198,202	3,003	100	100
June 02, 2012	2012-13	923,770	1,232	100	100
March 20, 2014	2013-14	2,482,942	3,130	100	100

(c) During the financial year 2013-14, Shri Sai Priya Sugars Limited had also allotted certain equity shares to more than 49 persons and such allotment was alleged to be in violation of Section 67(3) of the Companies Act, 1956.

(d) The details of the number of persons to whom the shares were offered and issued by Shri Sai Priya Sugars Limited are as follows:

Date of allotment	Financial Year	No. of Equity Shares allotted ("Eligible Equity Shares")	No. of persons to whom allotment was made	Face value per equity share (₹)	Issue price per equity share (₹)
March 25, 2014	2013-14	75,52,900	1,067	10	10

(e) The Applicant in its settlement application informed that subsequent to the amalgamation, as sanctioned by NCLT, its promoters, provided an exit opportunity to the existing eligible shareholders and made payments i.e. purchase consideration to all the participating shareholders through an escrow account opened in this regard. The Applicant in this regard submitted a certificate from an Independent Chartered Accountant duly certifying that the exit offer was made.

- (f) Subsequent to completion of the exit offer, the Applicant filed a petition with NCLT, Bengaluru Bench for compounding of the offence under Section 67(3) of the Companies Act, 1956.
3. Pursuant to receipt of the settlement application, the authorized representatives of the Applicant had a meeting with the Internal Committee (hereinafter referred to as “**IC**”) of SEBI on August 01, 2024. IC noted that the Applicant had filed a petition for compounding before NCLT, Bengaluru Bench and sought the status of the said petition. The Applicant informed that it would be filing an application before NCLT to expedite the matter.
 4. Thereafter, the Applicant vide an email dated October 25, 2024, informed that NCLT, Bengaluru Bench, has passed a final order on its petition of compounding levying a compounding fee of ₹ 64,88,000/- (Rupees Sixty four lakh, eighty eight thousand only) and disposed of the said petition.
 5. In view of the aforesaid, another IC meeting was held on November 19, 2024, wherein the authorized representatives of the Applicant and IC of SEBI deliberated on the terms of the settlement. Thereafter, vide email dated November 28, 2024, the Applicant proposed revised settlement terms of ₹ 56,00,000/- (Rupees Fifty six lakh only) to settle any enforcement proceeding that may be initiated against it for the violations as stated above at paragraph 1.
 6. The High Powered Advisory Committee (hereinafter referred to as “**HPAC**”) in its meeting held on December 24, 2024, considered the revised settlement terms proposed by the Applicant and recommended that the case may be settled upon payment of ₹ 56,00,000/- (Rupees Fifty six lakh only) by the Applicant as settlement amount towards the settlement terms.
 7. The recommendation of the HPAC was approved by the Panel of Whole Time Members of SEBI on February 05, 2025. Subsequently, Notice of Demand for the said amount was issued to the Applicant on February 06, 2025. The

Applicant informed about the remittance of the aforesaid settlement amount on February 18, 2025 and SEBI has confirmed credit of the same.

8. On the basis of the facts stated above, in exercise of the powers conferred under Section 15JB read with Section 19 of the SEBI Act and in terms of Regulation 23 of the Settlement Regulations, it is hereby ordered that any proceedings that may be initiated for the violations as mentioned at paragraph 1 above, are settled in respect of the Applicant on the following terms:
 - i. SEBI shall not initiate any enforcement action against the Applicant for the said violations, and
 - ii. Passing of this Order is without prejudice to the right of SEBI under Regulation 28 and Regulation 31 of the Settlement Regulations to initiate appropriate action against the Applicant, if SEBI finds that:
 - (a) any representation made by the Applicant in the present settlement proceedings is subsequently found to be untrue;
 - (b) the Applicant have breached any of the clauses/ conditions of undertakings/ waivers filed during the present settlement proceedings; and
 - (c) there was a discrepancy while arriving at the settlement terms.
9. This Settlement Order is passed on this 1st day of April, 2025 and shall come into force with immediate effect.
10. In terms of Regulation 25 of the Settlement Regulations, a copy of this Order shall be sent to the Applicant and shall also be published on the website of SEBI.

AMARJEET SINGH
WHOLE TIME MEMBER

KAMLESH C VARSHNEY
WHOLE TIME MEMBER