

## SECURITIES AND EXCHANGE BOARD OF INDIA

## ORDER

UNDER SECTIONS 11(1), 11(2)(j), 11(4) AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH SECTION 12A OF THE SECURITIES CONTRACTS (REGULATION) ACT, 1956

IN THE MATTER OF NON-COMPLIANCE WITH THE MINIMUM PUBLIC SHAREHOLDING NORMS

IN RESPECT OF HRB FLORICULTURE LIMITED

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1. **HRB Floriculture Limited** (“the Company”) is a public listed company incorporated on February 20, 1995. The equity shares of the Company are listed on the Bombay Stock Exchange Limited (“BSE”) and the Calcutta Stock Exchange Limited.

2. Securities and Exchange Board of India (“SEBI”) had received a complaint *inter alia* alleging that the Company has wrongly disclosed its promoter shareholding after September 30, 2010 as six out of eight promoters were wrongly classified in the “public” category (in the filing of shareholding pattern for the quarter ended December 31, 2010) after decrease of the Company’s share capital post forfeiture of partly paid-up equity shares.

3. Pursuant to the complaint, SEBI initiated an examination into the allegation. In such examination, SEBI *inter alia* observed the following:

(a) During the period June 2006 – September 2010, the Company had eight promoters together holding 21,00,000 equity shares constituting 41.17% of the Company’s paid-up equity capital. The details are as under:

Period – From June 2006 to September 2010			
Sr. no.	Name of the promoter	Shareholding	
		Shares	Percentage holding %

1.	Krishan Kumar Parwal	8,64,400	16.95
2.	Sunita Parwal	80,100	1.57
3.	Basanti Devi Parwal	1,10,100	2.16
4.	Hansraj Parwal	2,00,100	3.92
5.	Nirmala Devi Parwal	95,100	1.86
6.	Ram Janki Devi Parwal	55,000	1.08
7.	Vinesh Kumar Bhargava	50,100	0.98
8.	Vinod Kumar Parwal	6,45,100	12.65
<b>Total</b>		<b>21,00,000</b>	<b>41.17%</b>

Total number of shares as per the shareholding pattern of the Company for the quarter ended September 30, 2010 was 51,00,200 shares.

- (b) During October 2010, 28,23,900 partly paid-up shares were forfeited. According to the Company (vide e-mail dated August 27, 2014) the partly paid-up equity shares were issued during its IPO during April 1996.
- (c) Post forfeiture of equity shares, the Company's capital was reduced and comprised of 22,76,300 equity shares.
- (d) The shareholding pattern of the Company for the quarter ended December 31, 2010 showed only two persons, Krishan Kumar Parwal and Sunita Parwal under the 'promoter' category holding in aggregate 9,44,500 shares (41.49%). Surprisingly, the other persons were shown as part of the public shareholding (i.e. holding more than 1%) as under:

1.	Basanti Devi Parwal	1,10,100	4.84
2.	Hansraj Parwal	2,00,100	8.79
3.	Nirmala Devi Parwal	95,100	4.18
4.	Ram Janki Devi Parwal	55,000	2.42
5.	Vinesh Kumar Bhargava	50,100	2.20
6.	Vinod Kumar Parwal	6,45,100	28.34
<b>Total</b>		<b>11,55,500</b>	<b>50.77%</b>

- (e) On perusal of shareholding pattern of the Company from September 2012 onwards, it is noted that the name of Mr. Vinesh Kumar Bhargava (holding 2.2%) did not appear in the list of public of public shareholders holding more than 1%. The other five persons continue

to hold 48.56% as part of the public shareholding. This position continues as seen from the shareholding pattern of the Company as on March 31, 2016.

4. SEBI, vide email dated August 06, 2014 had advised the Company to provide details regarding the re-classification of the said persons and disclosures made in that regard. In response, the Company vide email dated August 07, 2014, enclosed copy of letter dated November 22, 2010 sent to BSE. A perusal of the said letter indicates that the Company had confirmed to BSE the change in the status of the six persons, i.e. Hansraj Parwal, Basanti Devi Parwal, Ramjanki Devi Parwal, Vinod Kumar Parwal, Nirmala Devi Parwal and Vinesh Kumar Bhargava, from 'promoter' category to 'public' category. Further, individual letters dated October 30, 2010 from these persons stated that they were no longer associated with the Company as 'promoters' and requested the Company to confirm their status as 'public shareholders'.

5. SEBI had also advised BSE to offer comments with respect to the response from the Company. BSE, vide email dated July 01, 2015 has stated the following:

- a. The Company had re-classified the promoters' shareholding during the quarter December 2010.
- b. If the erstwhile promoters would not have been classified as public, the total holding of the promoters in December 2010 quarter would have been 92.25%.
- c. The clarification letters claimed to have been provided by the Company was not received by BSE.
- d. The promoters or Company have not submitted any disclosures under the SEBI Takeover Regulations and PIT Regulations with respect to the change in their percentage holding.

6. Thereafter, SEBI, vide letter dated October 01, 2015, while informing Mr. Krishan Kumar Parwal that BSE had not received the letter claimed to be sent to BSE and no acknowledgement of receipt was provided by them, stated that letters from the 6 persons merely stated that they are no longer associated with the promoters without indicating any reason for the re-classification as public shareholders. The said letter also stated that –

- (a) Basanti Devi Parwal, Hansraj Parwal and Ramjanki Devi Parwal have the same address as that of the continuing promoters;
- (b) The Annual Report of the Company for 2014 mentioned that Ramjanki Devi Parwal is a relative of a KMP;
- (c) From disclosures made under regulations 30(1) & (2) of the Takeover Regulations in the BSE website for the years 2012, 2014 and 2015, Vinod Kumar Parwal and Nirmala Devi Parwal were shown together with Krishnan Kumar Parwal and Sunita Parwal. It is observed that there are no disclosures for the year 2013.

7. In response, Mr. Krishan Kumar Parwal, vide letter dated October 26, 2015 *inter alia* stated as follows:

- (a) He is a promoter director of the Company since inception and presently designated as Managing Director of the Company.
- (b) It was only on the basis of specific letters from the 6 persons that the Company, under professional advice, reclassified them as public shareholders.
- (c) The said letters from the said 6 persons were duly attached with the Company's letter dated November 22, 2010. After submission of the same to BSE, the Company did not receive any response from BSE. Hence, it was considered to be in compliance with the listing requirements of the stock exchange.
- (d) The trading in the Company was suspended from 2002-2012 and the suspension was revoked during August 2012.
- (e) At the time of revocation, in the Company's profile enclosed to the BSE' notice dated August 21, 2012, the names of himself, his wife and son were only disclosed. The other family members were never active in the Company's activity and had no role or control in the day to day affairs of the Company.
- (f) Only 100 shares were traded in August 2012 and there is no participation of public in trading in the shares of the Company. Therefore, any event or happening within the Company is of no real consequence to the public at large.
- (g) Regarding the non-receipt of the Company's letter dated November 22, 2010 by BSE, it was submitted that such letter was sent by "Speed Post" service of India Post on November 23, 2010. The letters are deemed to be delivered unless they return undelivered. There is

no mechanism to obtain acknowledgement from the Dept. of Posts unless the same was sent by 'speed post with acknowledgement due'.

- (h) Regarding the common address with the continuing promoters, it was stated that it was not correct to state that Basanti Devi Parwal, Hansraj Parwal and Ramjanki Devi Parwal have the same address as that of the continuing promoters. The following information was submitted:

<b>Name</b>	<b>Residence</b>	<b>Relationship with continuing promoter</b>	<b>Remarks</b>
Krishan Kumar Parwal and Sunita Parwal (husband and wife)	A-28 Shastri Nagar, Jaipur	Self	Continuing promoters
Hansraj Parwal and Basantidevi Parwal (husband and wife)	A-54A Shastri Nagar, Jaipur	Parents of Krishan Parwal	Independent super senior citizens aged 86 and 83 years respectively. Resigned from Company's board in 2005
Vinod Parwal and Nirmala Devi Parwal (husband and wife)	A-54A Shastri Nagar Jaipur	Vinod parwal is the brother of Krishan Parwal	Independent. Resigned from Company's board in 2005
Ranjanki Devi Parwal	A-28 Shastri Nagar Jaipur	Widowed aunt (father's brother's wife) of Krishan Parwal	Independent super senior citizen aged 86 years

- (i) Since 2004 onwards, significant difference started cropping up in the family and it was decided that a family arrangement/settlement should be carried out before things went out of hand. They wished to keep the family settlement as secret as possible so that even close friends and other relatives are not aware till the arrangement is amicably settled. After due deliberation and over a period of time, the family was split, assets were divided/exchanged and members started residing independently. It was decided that the management of listed company i.e. HRB should go to Krishan Parwal in the family settlement.
- (j) Pursuant to the family settlement, around October 2010, the family members who as per the family arrangement/settlement were not to be associated with running of the Company wrote letters to the Company and requested that their names may be removed from the promoter category to public category. Accordingly those persons were reclassified and placed in the public category and BSE was accordingly informed. Thereafter, i.e. from December 2010, the shareholding pattern with the above changes was filed and the same is continued to be filed.
- (k) No separate procedure was laid down for the purpose of reclassification of shares from promoter category to public category in 2010 and even now.
- (l) Since 2011, they are doing separate filings under regulation 30 of the Takeover Regulations.

8. Thereafter, vide letter dated January 20, 2016, Mr. Krishan Kumar Parwal *inter alia* stated that Hansraj Parwal, Basanti Devi Parwal, Ramjanki Devi Parwal, Vinod Kumar Parwal and Nirmala Devi Parwal are independent entities having separate addresses/ration card/electricity bill/gas connection and that they do have any say in the management and operations of the Company and not part of the promoter group.

9. From the above, it is noted that pursuant to the forfeiture of 28,23,900 shares, the equity capital comprised of 22,76,300 shares in the Company. In the disclosure of shareholding pattern of the Company for quarter that ended on December 31, 2010, the Company has represented that it has only two promoters holding 41.49%, whereas the promoter category comprised of 8 persons holding 41.17% during September 2010. If the shareholding of the said eight persons are seen together in the post-forfeiture scenario, they held 92.25%. In this context, it is important to refer

to the provisions governing the **minimum public shareholding** in listed companies and the methods prescribed by SEBI for listed companies to achieve compliance with such norms.

- a) The Securities Contracts (Regulation) Act, 1956 (SCRA) was enacted to prevent undesirable transactions in securities by regulating the business of dealings therein, and by providing for certain other matters connected therewith. Further for carrying out the mandate of the SCRA, the Securities Contracts (Regulation) Rules, 1957 (hereinafter referred to as 'SCRR') were framed by the Central Government. Section 21 of the SCRA mandates the compliance, by all listed companies, of the conditions of the listing agreement with the stock exchange. The SCRR *inter-alia*, prescribes the requirements which have to be satisfied by companies for the purpose of getting their securities listed on any stock exchange in India.
- b) The SCRR was amended vide notification of the Securities Contracts (Regulation) (Amendment) Rules, 2010 ('First amendment') by the Central Government dated June 04, 2010 and amended once again vide Securities Contracts (Regulation) (Second Amendment) Rules, 2010 ('Second amendment') in terms whereof Rule 19(2)(b) was amended and a new rule; Rule 19(A) was introduced to the SCRR respectively. The amended provisions of rule 19(2)(b) and the newly inserted rule 19(A) of the SCRR are reproduced below for reference:

***Requirements with respect to the listing of securities on a recognised stock exchange.***

19 (2) .....

(b) (i) *At least twenty five per cent of each class or kind of equity shares or debentures convertible into equity shares issued by the company was offered and allotted to public in terms of an offer document; or*  
(ii) *At least ten per cent of each class or kind of equity shares or debentures convertible into equity shares issued by the company was offered and allotted to public in terms of an offer document if the post issue capital of the company calculated at offer price is more than four thousand crore rupees:*

*Provided that the requirement of post issue capital being more than four thousand crore rupees shall not apply to a company whose draft offer document is pending with the Securities and Exchange Board of India on or before the commencement of the Securities Contracts (Regulation) (Amendment) Rules, 2010, if it satisfies the conditions prescribed in clause (b) of sub-rule 2 of rule 19 of the Securities Contracts (Regulation) Rules, 1956 as existed prior to the date of such commencement:*

*Provided further that the company, referred to in sub clause (ii), shall increase its public shareholding to at least twenty five per cent, within a period of three years from the date of listing of the securities, in the manner*

*specified by the Securities and Exchange Board of India.*

***Continuous Listing Requirement.***

*19A. (1) Every listed company [other than public sector company] shall maintain public shareholding of at least twenty five per cent.:*

*Provided that any listed company which has public shareholding below twenty five percent, on the commencement of the Securities Contracts (Regulation) (Amendment) Rules, 2010, shall increase its public shareholding to at least twenty five per cent, within a period of three years from the date of such commencement, in the manner specified by the Securities and Exchange Board of India.*

*Explanation: For the purposes of this sub-rule, a company whose securities has been listed pursuant to an offer and allotment made to public in terms of sub-clause (ii) of clause (b) of sub-rule (2) of rule 19, shall maintain minimum twenty five per cent public shareholding from the date on which the public shareholding in the company reaches the level of twenty five percent in terms of said sub-clause.*

*(2) Where the public shareholding in a listed company falls below twenty five per cent at any time, such company shall bring the public shareholding to twenty five per cent within a maximum period of twelve months from the date of such fall in the manner specified by the Securities and Exchange Board of India.*

*(3) Notwithstanding anything contained in this rule, every listed public sector company shall maintain public shareholding of at least ten per cent.:*

*Provided that a listed public sector company-*

*(a) which has public shareholding below ten per cent, on the date of commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2010 shall increase its public shareholding to at least ten per cent, in the manner specified by the Securities and Exchange Board of India, within a period of three years from the date of such commencement;*

*(b) whose public shareholding reduces below ten per cent, after the date of commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2010 shall increase its public shareholding to at least ten per cent, in the manner specified by the Securities and Exchange Board of India, within a period of twelve months from the date of such reduction.*

- c) In terms of the amended provisions of **rules 19(2)(b) and 19A** of the Securities Contracts (Regulation) Rules, 1957 ("the **SCRR**"), all listed companies in the private sector were mandated to achieve and maintain the minimum public shareholding of 25% of each class or kind of equity shares or debentures convertible into equity shares issued by such companies. Those companies with public shareholding of less than 25% are required to achieve the same, within a period of three years from the date of commencement of the first amendment i.e. by June 03, 2013 in the manner specified by the Securities and



Exchange Board of India (SEBI).

- d) In order to align the requirements in the Listing Agreement with the requirements specified in Rule 19(2)(b) and Rule 19A of SCRR and to specify the manner in which public shareholding may be raised to the prescribed minimum level, SEBI issued a Circular No CIR/CFD/DIL/10/2010 dated December 16, 2010 to suitably amend Clause 40A of the Listing Agreement. This Circular provided the following methods for complying with the minimum public shareholding requirement:
  - a. Issuance of shares to the public through prospectus;
  - b. Offer for sale of shares held by promoters to public through prospectus;
  - c. Sale of shares held by promoters through the secondary market i.e. OFS through Stock Exchange;
- e) Subsequently, SEBI issued another Circular dated February 08, 2012 which *inter-alia* provided that listed companies may achieve the minimum public shareholding requirement through Institutional Placement Programme (IPP). With a view to further facilitate listed companies to comply with the minimum public shareholding requirements within the time specified in the SCRR, SEBI issued the Circular dated August 29, 2012 which specified the following additional methods to comply with the minimum public shareholding requirements:
  - d. Rights Issues to public shareholders, with promoters/promoter group shareholders forgoing their rights entitlement.
  - e. Bonus Issues to public shareholders, with promoters/promoter group shareholders forgoing their bonus entitlement.
  - f. Any other method as may be approved by SEBI, on a case to case basis.
- f) SEBI also initiated a consultative process with these companies and market participants to elicit a concrete plan of action as regards ensuring compliance with the minimum public shareholding requirement and held a series of meetings with active companies to enable the process of complying with the minimum public shareholding requirement. All these measures and methods were taken/initiated to ensure that listed companies comply with

the minimum public shareholding norms before the due date and comply strictly in accordance with the prescribed methods.

10. In the present case, promoter and managing director Mr. Krishan Parwal has stated that as part of their internal family settlement, he and his family took over the management and accordingly the other family members and Vinesh Kumar Bhargava were re-classified as public shareholders. In this regard, it is relevant to note that no document to this effect has been produced. Further, assuming but not agreeing that the family settlement was indeed true, the same would have triggered open offer obligations under the Takeover Regulations, 1997 for acquisition of control by Mr. Krishan Parwal, his wife and son. However, there is no record that an open offer was made in this regard. Further, the agreements that were produced pertain to sale/gift of property/land. Therefore, giving credence to the 'family settlement' would be difficult.

11. It is also noted that Vinesh Kumar Bhargava is not shown in the list of public shareholders since September 2012. It is therefore inferred that he is no longer a shareholder in the Company.

12. It is important to note that –

- (a) Mr. Hansraj Parwal and Mrs. Basantidevi Parwal are the parents of promoter, Krishan Parwal.
- (b) Mr. Vinod Parwal and Mrs. Nirmala Devi are brother and sister-in-law of promoter Krishan Parwal and
- (c) Smt. Ramjanki Devi Parwal is the aunt of promoter Krishan Parwal.

As per the Takeover Regulations, 'immediate relatives' are deemed to be persons acting in concert with a person.

13. Considering that rule 19A was notified on June 04, 2010 and listed companies were afforded time of three years i.e. till June 03, 2013, and the re-classification of 6 of the promoters in the public shareholder's category from December 2010 onwards without proper justification, strongly indicates that the Company/its promoters/directors and personnel in-charge have made an attempt to evade compliance with the MPS norms and have misrepresented that the Company

has achieved compliance, by merely reclassifying 6 promoters as public shareholders. Therefore, the disclosures regarding the shareholding of the promoters and persons in control and their PACs, made under the Takeover Regulations, are also allegedly wrong and misrepresented. It is also note that from the quarter ended September 2012 onwards, Mr. Vinesh Kumar Bhargava (holding 2.2%) does not appear in the disclosures of shareholding pattern of the Company.

14. As mentioned above in this Order, the combined shareholding of Krishan Kumar Parwal, Sunita Parwal, Hansraj Parwal, Basanti Devi Parwal, Ramjanki Devi Parwal, Vinod Kumar Parwal, Nirmala Devi Parwal in the Company, reckoned from the shareholding pattern as on March 31, 2016 is 90.06% (*considering that Vinesh Kumar Bhargava is no more a shareholder*). The same would imply that the public shareholding in the Company is allegedly at a meagre 9.94%.

15. The rationale behind the insertion of rule 19A in the SCRR, can be noted from the Press Release dated June 4, 2010, issued by the Ministry of Finance, Government of India, which *inter alia* states that "*A dispersed shareholding structure is essential for the sustenance of a continuous market for listed securities to provide liquidity to the investors and to discover fair prices. Further, the larger the number of shareholders, the less is the scope for price manipulation.*". Further, the availability of a minimum portion/number of shares (floating stock) of the listed securities with the public ensures that there is a reasonable depth in the market and the prices of the securities are not susceptible to manipulation. Moreover a dispersed shareholding structure is also essential for the sustenance of a continuous market for listed securities to provide liquidity to the investors and to discover fair prices. I also note the following observations made by the Hon'ble Securities Appellate Tribunal in the order dated July 03, 2013 passed in the matter of Gillette Limited vs. SEBI (Appeal no. 65 of 2013) :

"24. .... In our opinion, the Appellant seems to have overlooked, whether deliberately or inadvertently, the fact that the underlying philosophy behind the requirement of a minimum public holding of 25% is prevention of concentration of shares in the hands of a few market players by ensuring a sound and healthy public float to stave off any manipulation or perpetration of other unethical activities in the securities market which would unfortunately be the irrefragable consequence of the reins of the market being in the hands of a few.

25. It is pertinently noted that in the proposition put forth by the Appellant, the entire idea behind having a specific

*percentage of 25 involving a large number of the members of the public in the shareholding of listed companies, is eclipsed by the Appellants trying their best to part with as little of the promoters' shareholding as possible. ...."*

**16.** In view of the foregoing observations and considering that the promoters and persons related to the promoters (and now re-classified as public shareholders) allegedly hold around 90.06%, they would have an unfair advantage of their disproportionate stake compared to the public in the Company and also place them in a more advantageous position as compared to the promoter/ promoter groups of the compliant companies on account of violating the regulatory requirement prescribed in the SCRR by the Central Government and as specified by SEBI.

**17.** As such, in order to ensure an equitable participation of the promoter / promoter group and the directors *qua* the public shareholders in the affairs of a private sector listed company and also provide a level playing field for the promoter/ promoter groups of these companies with the promoter/ promoter groups of the other companies that have already complied with the above-mentioned provisions of SCRR and in the manner as specified by SEBI, it is imperative that this balance be restored and the disproportionate advantage arising out of non-compliance of the minimum public shareholding requirement not be permitted to be vested with the promoter/ promoter group. In view thereof, in the interest of all investors and the orderly development of the securities market, it is necessary to pass suitable directions. It also needs to be noted that SEBI had passed an *interim order* dated June 04, 2013 against 105 listed companies who did not comply with the minimum public shareholding as stipulated under rules 19(2)(b) and 19A of the SCRR within the due date i.e., June 03, 2013. In all these companies, the promoters' shareholding was in excess of 75% and consequently the minimum public shareholding was less than the stipulated 25%.

**18.** In view of the foregoing, I, in exercise of the powers conferred upon me by virtue of section 19 and under Sections 11(1), 11(2)(j), 11(4) and 11(B) of the Securities and Exchange Board of India Act, 1992 read with section 12A of Securities Contracts (Regulation) Act, 1956, pending passing of the final order, hereby:

- a.** direct freezing of *voting rights* and *corporate benefits* like dividend, rights, bonus shares, split,

etc. with respect to the excess of proportionate promoter/ promoter group shareholding (including persons allegedly shown as public shareholders) in the Company, till such time the Company complies with the minimum public shareholding requirement.

- i. For the purpose of above direction, proportionate promoter/promoter group shareholding shall be computed on the basis of the public shareholding in the company; e.g. if public shareholding in a company after the deadline is less than 25%, say 10%, in such case, the proportionate promoter shareholding would be 30% (i.e. three times the existing public shareholding). Thus the excess promoter/promoter group holding i.e. 60% shall be frozen till the minimum public shareholding requirement is complied with.
- ii. In case of more than one entity in the promoter/promoter group in a company, the excess promoter holding for the purpose of taking action shall be computed on a proportionate basis. For illustrating the example above, if there are three promoters; A, B and C with shareholdings of 45%, 35% and 10% respectively; the excess promoter holding of 60% shall be allocated as follows:
  1. A:- (60% multiplied by  $[45\%/45\%+35\%+10\%]$ ) = 30.00%
  2. B:- (60% multiplied by  $[35\%/45\%+35\%+10\%]$ ) = 23.33%
  3. C:- (60% multiplied by  $[10\%/45\%+35\%+10\%]$ ) = 06.67%

Total = 60.00%

Based on the above, the excess shareholding of the promoters (including persons allegedly shown as public shareholders) of the Company that should be frozen is presented in the following table:

Sl. No.	Name of the promoter / shareholder	Shareholding (as on March 31, 2016)	Excess shareholding to be frozen (%)
1	Krishna Kumar Parwal	37.97	25.40
2	Sunita Parwal	3.52	2.35
3	Vinod Kumar Parwal	28.34	18.96
4	Nirmala Devi Parwal	4.18	2.80
5	Basanti Devi Parwal	4.84	3.24
6	Ramjanki Devi Parwal	2.42	1.62
7	Hansraj Parwal	8.79	5.88
	<b>TOTAL</b>	<b>90.06</b>	<b>60.24</b>

- b. prohibit the promoters/promoter group including persons allegedly shown as public shareholders, as mentioned in sr. nos. 3 to 7 in the Table in sub-paragraph (a) above and the directors of the Company from buying, selling or otherwise dealing in securities of Company, either directly or indirectly, in any manner whatsoever, except for the purpose of complying with minimum public shareholding requirement till such time the Company complies with the minimum public shareholding requirement.
- c. restrain the shareholders forming part of the promoter/promoter group including persons allegedly shown as public shareholders, as mentioned in the Table in sub-paragraph (a) from holding any new position as a director in any listed company, till such time the Company complies with the minimum public shareholding requirement;
- d. restrain the directors of Company from holding any new position as a director in any listed company, till such time the Company complies with the minimum public shareholding requirement.

**19.** This order is without prejudice to the right of SEBI to take any other action, including the following against the Company, their promoters and directors including persons allegedly shown as public shareholders, as mentioned in the Table in paragraph 16(a), or issuing such directions in accordance with law:

- a. Levying monetary penalty under adjudication proceedings;
- b. initiating criminal proceedings by way of prosecution proceedings
- c. moving the scrip to trade-to-trade segment;
- d. excluding the scrip from F&O segment;
- e. any other action/direction as may be deemed appropriate.

For the above purpose, this Order shall be treated as a show cause notice and the above persons may show cause as to why such proposed action should not be initiated against them.

**20.** The Board/audit committee of the Company shall, at the end of each quarter, submit compliance report, to the stock exchanges where the shares of Company are listed, giving the extent to which compliance has been achieved and the efforts taken therefor.

21. Copies of this order shall be served on the stock exchanges, depositories and the Company to enable them to take necessary steps to implement the order. The stock exchanges and depositories shall collaborate for the purpose of implementing the order. Depositories shall rely on the filings made with the stock exchanges for ascertaining the promoters, their shareholding and public shareholding. Stock exchanges shall provide the aforesaid data to the depositories to enable them to take necessary action as mentioned above.

22. The persons against whom this Order is being passed may file their replies, if any, within 21 days from the date of this order. The persons mentioned herein may also, if they so desire indicate in their replies whether they wish to avail of the opportunity of personal hearing before the Securities and Exchange Board of India at its Head Office at SEBI Bhavan, Plot C4-A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051 on a date and time to be fixed on a specific request.

23. This order shall come into force with immediate effect.

**PRASHANT SARAN**  
**WHOLE TIME MEMBER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**

**Date: June 15<sup>th</sup>, 2016**

**Place: Mumbai**