

SECURITIES AND EXCHANGE BOARD OF INDIA

INTERIM ORDER

UNDER SECTION 19 READ WITH SECTIONS 11(1), 11(4) AND SECTION 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 –

IN THE MATTER OF PRABHAT DAIRY LIMITED.

	NOTICEE	CIN/PAN
1.	PRABHAT DAIRY LIMITED	L01100PN1998PLC013068
2.	SARANGDHAR RAMCHANDRA NIRMAL	AAJPN5198B
3.	VIVEK SARANGDHAR NIRMAL	ACGPN8857L

BACKGROUND –

1. Prabhat Dairy Limited (“**PDL/Company**”) is a company listed on BSE Limited (“**BSE**”) and National Stock Exchange of India (“**NSE**”). On January 21, 2019, PDL disclosed the following information to the Stock Exchanges:
 - a. At a meeting held on January 21, 2019, the Board of Directors of PDL had approved the sale of the Company’s shareholding in its wholly owned step down subsidiary, Sunfresh Agro Industries Private Limited (“**Sunfresh Agro**”) to Tirumala Milk Products Private Limited (a wholly owned subsidiary of French dairy multinational Groupe Lactalis) (“**Tirumala Milk Products/Purchaser**”). The aforementioned sale is upon the terms and conditions contained in the **Share Purchase Agreement (“SPA”)** being entered into by the Company and Cheese Land Agro (India) Private Limited (a wholly owned subsidiary of PDL) (“**Cheese Land Agro**”) with Tirumala Milk Products, for the sale of the entire share capital of Sunfresh Agro for a total consideration of approximately ₹1227 Crore subject to customary closing adjustments.
 - b. Further, the Board of Directors of PDL also approved the sale and transfer of PDL’s dairy product business, etc. as agreed upon between the Company, its Promoters, Cheese Land Agro, Sunfresh Agro and the Purchaser (“**Business Undertaking**”) by way of a slump sale on a going concern basis to Sunfresh Agro, post completion of transfer of Sunfresh Agro’s shares to the Purchasers as contemplated above, upon terms and conditions contained in the **Business Transfer Agreement (“BTA”)** being entered amongst the Company, Sunfresh Agro

and the Purchaser, for a total consideration of approximately ₹473 Crore subject to customary closing adjustments.

c. Pursuant to and immediately upon conclusion of the Board meeting, the Company and Sunfresh Agro had entered into definitive binding agreements with the Purchaser and other parties as indicated above, for

- Sale and transfer of entire share capital of Sunfresh Agro to the Purchaser;
- Sale and transfer of the business undertaking to Sunfresh Agro by way of slump sale on a going concern basis.

2. Thereafter, on January 22, 2019, PDL disclosed the following information to the Stock Exchanges:

- a. As mentioned at paragraph 5 of the press release dated January 21, 2019, the Company intends to share a substantial portion of the proceeds from the sale with shareholders after meeting tax and transaction costs.
- b. The Company will evaluate all potential options available to return capital to shareholders of the Company in the most optimal manner, subject to applicable laws and requisite approvals, after closing of the **Transaction** (i.e. sale of its dairy business for a consideration of ₹1700 Crore), such that the above mentioned intent is achieved.
- c. The proceeds being referred to herein, refers to all proceeds to be received as part of the Transaction by the Company as well as its subsidiaries including those receivable by Cheese Land Agro.

3. On March 25, 2019, PDL disclosed the following information to the Stock Exchanges:

- a. ... As informed via communications dated January 21, 2019 and January 22, 2019 to the members, it is the intention of the Board of Directors of the Company to distribute the net proceeds of the Transaction to the members of the Company, in due course after meeting tax and indemnity obligations.
- b. For this purpose, the Board has decided that an Escrow Account shall be set up into which the net proceeds of the Transaction, after meeting tax obligations, indemnity obligations and transaction costs, will be deposited. Additionally, the Board has constituted a five member Transaction Committee consisting of at least 3 Independent Directors and not more than two

other Directors, who will oversee, supervise and manage the utilization of the net proceeds from the Transaction in the Escrow Account held in trust for the shareholders of the Company.

c. Upon successful completion of transactions, the Transaction Committee will deliberate and evaluate various options/methods available for distribution of the proceeds of transactions to the shareholders. The recommendation by Transaction Committee will be placed before the Board for final approval. It is also clarified that no part of the proceeds from the Transaction will be deployed towards residual business of the Company i.e. the animal nutrition and cattle feed business.

4. On March 27, 2019, PDL disclosed the following information [in relation to the proceedings of the EGM of PDL's shareholders for approval for the sale of entire investments (equity and preference) in Sunfresh Agro to Tirumala Milk Products and sale of dairy business undertaking of the Company to Sunfresh Agro and Tirumala Milk Products] to the Stock Exchanges:

“On invitation of the Chairman, members addressed the meeting and sought clarifications with respect to the Transaction in detail, which were then provided by the Chief Financial Officer of the Company to the satisfaction of the members. He conveyed that the net consideration which is expected to be received by the Company and its subsidiary upon the successful consummation of the Transaction is approximately ₹1700 Crore, after deduction of debt, transaction expenses and costs and customary adjustments (for debt, working capital and non-current assets) (based on the figures of debt, working capital and non-current assets as on September 30, 2018). The actual consideration will depend on the actual figures of debt, working capital and non-current assets on the closing date. From such net consideration, provisions shall be made for taxes arising out of the transaction and indemnification obligations. Approximately ₹1000–1200 Crore might be available for distribution to the shareholders. Thereafter, the Chairman directed that the poll be taken at the meeting through physical ballot.”

5. The above mentioned resolution related to the Transaction was passed in favour by a total casting of 92% votes.

6. Subsequently, on April 11, 2019, PDL informed the Stock Exchanges that the sale of the Company's shareholding in Sunfresh Agro to Tirumala Milk Products and the sale and transfer of the Company's dairy products business by way of slump sale to Sunfresh Agro post completion of transfer of Sunfresh Agro's shares, was successfully completed and closed on April 10, 2019.

7. In the month of September 2019, PDL informed the Stock Exchanges that the Company had received a letter dated September 4, 2019, from certain members of the Promoter and Promoter Group of the Company wherein they expressed their intention to acquire 49.90% of the paid up equity share capital of the Company that were presently being held by the public shareholders of the Company and consequently voluntarily delist the equity shares of the Company from the Stock Exchanges where they are listed, viz. BSE and NSE, in accordance with the Delisting Regulations (“**Delisting Proposal**”). The Board of Directors of the Company in its meeting held on September 10, 2019, had *inter alia* passed the resolution taking on record the Delisting Proposal. The Delisting Proposal was subsequently approved by the shareholders of PDL on September 16, 2019. In this regard, PDL had engaged JM Financial Limited (“**JM Financial**”) to act as Manager to the aforementioned delisting offer of its equity shares vide an appointment letter dated September 10, 2019.
8. In the above background, Securities and Exchange Board of India (“**SEBI**”) had, vide an e-mail dated September 23, 2019, forwarded a news article titled ‘*Investors short-changed by PDL’s delisting*’ to BSE and NSE. In the aforesaid news article, it was *inter alia* reported that *the Promoters of PDL had proposed to voluntary delist the Company’s shares to the extent of 49.90% held by minority investors at a floor price of ₹63.77 per share, which was a sharp discount of 20% to the earlier day’s closing price, 31% discount to January 21’s stock price and nearly half of the stock listing price of ₹113.* Further, it was reported that *the proposal to delist, although within the ambit of SEBI’s (Delisting) Regulations, was against the intent specified by the Company in March 2019 to return the proceeds to shareholders.* In the aforementioned context, SEBI had sought the comments of BSE and NSE on the following issues:
- a. Details of distribution of the proceeds deposited in the Escrow Account to the shareholders of the Company and current status;
 - b. Proposed floor price and delisting offer price of the Company;
 - c. Other issues mentioned in the article.
9. The Stock Exchanges forwarded the queries raised by SEBI to the Company on October 17, 2019, seeking their comments. Vide a reply dated October 22, 2019, the Company submitted clarifications to the queries raised by the Stock Exchanges, which were forwarded to SEBI on November 4, 2019.

10. The summary of responses submitted by PDL to BSE is reproduced as under:

	ISSUE RAISED	REPLY SUBMITTED BY PDL
1.	<p>DETAILS OF DISTRIBUTION OF THE SAID PROCEEDS DEPOSITED IN THE ESCROW ACCOUNT TO THE SHAREHOLDERS OF THE COMPANY AND CURRENT STATUS.</p>	<p>THE TOTAL CONSIDERATION FOR THE TRANSACTION IN QUESTION WAS ₹1700 CRORE. IT WAS SUBJECT TO ADJUSTMENTS (AS AGREED WITH THE BUYER) FOR NET DEBT OUTSTANDING, WORKING CAPITAL AND MINIMUM NON-CURRENT ASSET LEVEL ADJUSTMENTS.</p> <p>POST THE COMPLETION OF NECESSARY FORMALITIES, THE PURCHASE CONSIDERATION RECEIVED WAS ₹1,316.74 CRORE (I.E. ₹696.17 CRORE WAS RECEIVED BY THE COMPANY AND ₹620.57 CRORE WAS RECEIVED BY CHEESE LAND AGRO). PART OF NET DEBT AND TRANSACTION COSTS HAVE BEEN SETTLED FROM THE RECEIPTS.</p> <p>KEEPING ASIDE THE PROVISIONS FOR PART OF INDEMNITY, TAX AND TRANSACTIONS COSTS, THE BALANCE AMOUNT OF ₹854 CRORE WAS TRANSFERRED TO THE ESCROW ACCOUNT.</p> <p>AS OF TODAY, AN AMOUNT OF ₹872 CRORE (INCLUDING INTEREST ACCRUED) IS AVAILABLE IN THE ESCROW ACCOUNT. THE COMPANY IS PRESENTLY IN THE PROCESS OF CLOSING THE WORKING CAPITAL AND OTHER ADJUSTMENTS WITH RESPECT TO THE TRANSACTION, POST WHICH THERE MAY BE A CHANGE IN THE AFORESAID AMOUNT.</p> <p>VARIOUS OPTIONS FOR DISTRIBUTION OF THE SALE PROCEEDS TO THE SHAREHOLDERS WERE EVALUATED BY THE COMPANY'S BOARD OF DIRECTORS. OPTIONS SUCH AS DISTRIBUTION OF DIVIDEND AND BUYBACK OF EQUITY SHARES WERE CONSIDERED, HOWEVER IT WAS FELT THAT THE SAID OPTIONS WERE NOT TAX EFFICIENT. IN VIEW OF THIS AND WITH AN OBJECTIVE TO PROVIDE AN EXIT OPPORTUNITY TO THE SHAREHOLDERS OF THE COMPANY, THE MEMBERS OF THE PROMOTER AND PROMOTER GROUP OF THE COMPANY DECIDED TO DELIST THE EQUITY SHARES OF THE COMPANY AT A PRICE DETERMINED IN ACCORDANCE WITH SEBI (DELISTING OF EQUITY SHARES) REGULATIONS, 2009, AS AMENDED ("DELISTING REGULATIONS"), AND ACCORDINGLY INTIMATED THE COMPANY ABOUT THEIR DECISION ON SEPTEMBER 4, 2019.</p> <p>KINDLY NOTE THAT THE SHAREHOLDERS OF THE COMPANY HAVE PASSED THE DELISTING PROPOSAL THROUGH POSTAL BALLOT WITH REQUISITE MAJORITY AS REQUIRED UNDER THE DELISTING REGULATIONS.</p>
2.	<p>PROPOSED FLOOR PRICE AND DELISTING OFFER PRICE OF THE COMPANY</p>	<p>AS DISCLOSED, PURSUANT TO OUR LETTER DATED SEPTEMBER 13, 2019, THE FLOOR PRICE FOR THE DELISTING PROPOSAL IS ₹63.77/- PER SHARE.</p> <p>THE FLOOR PRICE HAS BEEN DETERMINED IN ACCORDANCE WITH REGULATION 15(2) OF THE DELISTING REGULATIONS READ WITH REGULATION 8 OF THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011, AS AMENDED.</p> <p>THE DISCOVERED PRICE IN THE DELISTING WILL BE BASED ON THE PRICE AT WHICH BIDS PLACED ARE BY PUBLIC SHAREHOLDERS (AS PART OF THE REVERSE BOOK BUILDING MECHANISM SPECIFIED IN THE DELISTING REGULATIONS). THE ACQUIRERS, AT THEIR DISCRETION, MAY ACCEPT THE DISCOVERED PRICE OR OFFER A PRICE HIGHER THAN THE DISCOVERED PRICE OR MAKE A COUNTER OFFER TO THE PUBLIC SHAREHOLDERS OF THE COMPANY IN ACCORDANCE WITH THE DELISTING REGULATIONS.</p>
3.	<p>OTHER ISSUES MENTIONED IN THE ABOVE SAID ARTICLE</p>	<p>AS PART OF THE REVERSE BOOK BUILDING MECHANISM, EACH PUBLIC SHAREHOLDER IS FREE TO SUBMIT BIDS FOR TENDERING THE EQUITY SHARES HELD BY THEM AT ANY PRICE (ABOVE THE FLOOR PRICE) WHICH THEY MAY DEEM TO BE A FAIR EXIT PRICE. AFTER THE DETERMINATION OF THE DISCOVERED PRICE, THE ACQUIRERS, AT THEIR DISCRETION, MAY ACCEPT THE DISCOVERED PRICE OR OFFER A PRICE HIGHER THAN THE DISCOVERED PRICE OR MAKE A COUNTER OFFER TO THE PUBLIC SHAREHOLDERS OF THE COMPANY IN ACCORDANCE WITH THE DELISTING REGULATIONS. THEREFORE, IT IS SUBMITTED THAT THE ALLEGATION THAT THE PUBLIC SHAREHOLDERS OF THE COMPANY ARE BEING SHORT CHANGED IS UNFOUNDED.</p>

11. Thereafter, SEBI vide an e-mail dated November 29, 2019, advised the Stock Exchanges to independently conduct a critical analysis of the issues based on the disclosures made by PDL.

12. **BSE EXAMINATION REPORT:** Vide an e-mail dated December 12, 2019, BSE submitted its examination report *inter alia* containing the following observations:

- a. *In the Annual Report 2018–19, PDL had not provided details about the utilization of approx. ₹873 Crore, out of the proceeds of slump sale i.e. ₹1,700 Crore and no clarification was provided stating how the Company has arrived at ₹872 Crore, which they have transferred to the Escrow Account.*
- b. *PDL had specifically announced on January 22, 2019, that they intend to share a substantial portion of the proceeds from the sale with shareholders after meeting tax and transaction costs. However, available record/disclosures made by PDL doesn't demonstrate any serious efforts made by them to distribute the net proceeds to the shareholders of PDL, as was announced.*
- c. *Voluntary delisting of the Company was approved by the shareholders on September 16, 2019. Only 1.065% of Public non institution voters have voted against voluntary delisting of PDL, while rest all the shareholders who had participated, voted in favour of the voluntary delisting. As per the Notice of Postal Ballot for voluntary delisting, PDL has offered the floor price of ₹63.77. As per the shareholding pattern of PDL for the quarter ended September 30, 2019, public shareholders of the Company are holding 4,87,40,547 equity shares representing 49.90% of the paid-up capital of the Company. As per the proposed delisting offer price of ₹63.77 per share, promoters are required to pay approx. ₹310.81 Crore which is much lower than ₹872 Crore lying in the Escrow Account for the distribution to the shareholders of the Company. This appears contrary to PDL's objective in its disclosure dated January 22, 2019, that "the Company intends to share a substantial portion of the proceeds from the sale with shareholders after meeting tax and transaction costs."*
- d. *BSE had made the following recommendation/observation in the Examination Report –*
 - *Present case warrants a detailed scrutiny of the entire exercise done by PDL and therefore, SEBI may consider conducting a forensic audit of the Company.*
 - *BSE shall not process the application of the Company for voluntary delisting if and when submitted by them, until they receive the go ahead from SEBI in this regard.*

13. Subsequently, BSE vide an e-mail dated December 24, 2019 had informed SEBI that PDL had filed an Application on December 23, 2019, seeking in-principle approval of BSE for voluntary delisting.

14. **NSE EXAMINATION REPORT AND FOLLOW-UP OBSERVATIONS:** Vide an e-mail dated January 3, 2020, NSE submitted its examination report and thereafter, vide an e-mail dated January 9, 2020 also recommended as under:
- a. *Public Institutions casted 99.52% vote against the Resolution related to the transaction of sale of PDL's step down subsidiary, Sunfresh Agro to Tirumala Milk Products. However, the Resolution was passed in favour by total casting of 92%.*
 - b. *Clarifications were sought from PDL on utilization of funds / proper bifurcation of funds received from the proceeds of slump sale. Although PDL had provided certain details, the reply provided by PDL was not satisfactory and further, it appears that PDL is not able to reply on the utilization of funds. Accordingly, it is proposed that forensic audit of PDL may be conducted.*
 - c. *NSE had also mentioned that the delisting application filed by PDL will be kept on hold and will be processed only after confirmation is received from SEBI.*
15. Pursuant to the above, based on the disclosures made by PDL to the stock exchanges, SEBI had examined the matter in view of the following:
- i. *Examination reports and recommendations made by BSE and NSE;*
 - ii. *Lack of proper audit trail of utilization of funds received from the Transaction (i.e. sale of PDL's dairy business for a consideration of ₹1700 Crore);*
 - iii. *Affairs of PDL appearing to be suspicious and the price offered by the Promoters for the proposed voluntary delisting also appearing to be incommensurate with the funds available with the Company.*
16. Thereafter, in reply to SEBI's request for information as made in a meeting held between the Company and SEBI Officials on March 12, 2020, the Company had vide a reply dated March 13, 2020, provided SEBI with details of utilisation of proceeds received from the Transaction (reproduced and discussed at Table III). Pursuant to receipt of the aforementioned information/documents, SEBI had vide various e-mails in the month of March-May 2020 sought clarification from banks, etc. in relation to the examination of the matter. Subsequently, vide an e-mail dated May 11, 2020, the Company had forwarded clarifications sought on the matter by SEBI *inter alia* including a Certificate dated May 7, 2020, from its Statutory Auditor, M/s KSS and Company confirming the provision for tax payable by the Company.

17. In the interests of investors in the securities market and to ascertain the facts and circumstances in relation to financials of PDL, SEBI on July 17, 2020, had approved the appointment of Grant Thornton Bharat LLP (erstwhile Grant Thornton India LLP) ("**Grant Thornton/GT**") as the forensic auditor w.r.t. the financial statements of PDL for the financial years ending March 31, 2019 and March 31, 2020. The terms of reference of the aforementioned audit assignment included the following:
- i. Manipulation of books of accounts;
 - ii. Misrepresentation including of financials and/or business operations;
 - iii. Wrongful diversion/siphoning of company funds by Promoters/Directors/Key managerial persons;
 - iv. Scrutiny of Business Transfer and Share Purchase Agreements;
 - v. Various disclosure requirements and its compliances;
 - vi. Utilization of funds received out of sale proceeds;
 - vii. Payment made to advisors and their appropriateness;
 - viii. Provisions in relation to indemnity obligation, tax liability and their appropriateness;
 - ix. Any other reference communicated from time to time during the course of the audit.
18. The above mentioned appointment of the forensic auditor was informed to PDL vide a SEBI letter dated July 17, 2020. Vide the aforementioned letter, SEBI had advised PDL to cooperate and provide all the information/documents to Grant Thornton for ensuring a smooth and timely completion of the audit process.
19. On July 17, 2020, Grant Thornton had circulated a preliminary list of information/documents required from the Company (see also Table V). Further, vide an e-mail dated October 16, 2020, 2020, Grant Thornton had informed SEBI that till that date, the Company had only provided the following:
- i. Audited financial statements for the Financial Year 2018–19;
 - ii. Business Transfer Agreement;
 - iii. Share Purchase Agreement;
 - iv. Excel file containing name of bank and the loan amount repaid along with bank confirmation and no dues certificate; and
 - v. Valuation Report dated February 11, 2019, of the assets/ liabilities of dairy business of PDL (the valuation was conducted as the instance of the Company).
 - vi. GST Returns and Bank Loan Sanction Letters.

20. On July 31, 2020, PDL informed the Stock Exchanges as under:

“Due to absence of ... staff and auditors, public transportation issues ... etc. it has become difficult to complete the audit process within the extended date of 31st July, 2020. After reviewing the current situation, the Board at its meeting held on 30th July, 2020 is of the opinion that the Company shall be unable to declare the fourth quarter and audited financial results for the Financial Year 2019 – 20 on or before 31st July, 2020.

... The financial results of the Company as at and for the Financial Year ended March 31, 2020 have been delayed. The Company has also been receiving recurring queries from its shareholders about the Transaction ... Thus the Company would like to provide the information relating to the aforementioned Transaction. The Company has received ₹1316.79 Crore as disclosed in the Annual Report for the Financial Year 2018–19 post debt repayment.

Other obligations of the Company related to the transaction have been calculated as follows:

As per the indemnity clause in the BTA and SPA performance guarantee agreed with the buyer is 12% of the Transaction consideration (the definition of the Transaction consideration in the SPA and BTA is the agreed value of ₹1700 Crore). This indemnity is applicable for periods of 3, 5 and 7 years, respectively, for various purposes – ₹204 Crore.

Management estimate of transaction costs and taxes on the sale of shares and business sale, as verified by the Statutory Auditor of the Company – ₹234 Crore.”

21. Thereafter, SEBI had received an e-mail dated September 9, 2020, from a shareholder of PDL raising issues regarding the independence of the forensic auditor and also the delisting offer. In the aforementioned e-mail, it was submitted that: *“Considering the fact that the forensic audit would inter alia include in its scope the sale transaction and consequent delisting offer and recent accounting period, the possibility of self-review threat cannot be ignored. Further it also gives rise to Familiarity Threat considering Mr. Anoop Krishna was a Director as well as Chairman of the Audit Committee of Prabhat Dairy Limited. Considering the threats to independence, the purpose of the entire exercise gets compromised and the SEBI’s objective to protect investor interest is also jeopardized. ... The delisting offer was given by promoters post the sale transaction so that the minority shareholders can also get part of the sale proceeds. It is very important here that the distribution is to be done in fair and equitable manner. Considering SEBI’s authority, my earnest request to you is that promoters should be instructed / forced to offer fair exit price for the delisting*

offer. However, by holding / delaying the delisting process, the minority shareholders are being deprived of a fair exit price.”

22. SEBI, while informing PDL that although the forensic auditor had commenced the audit on July 17, 2020 and the forensic auditor had continued to follow up with the Company through weekly e-mails and telephonic phone calls to the Managing Director and Company Secretary despite which no information was received, had interceded in the matter vide e-mails dated August 7, 2020, August 17, 2020, September 8, 2020 and September 16, 2020, and had advised the Company to cooperate with the forensic auditor for providing requisite data/information for a smooth and timely completion of the audit process.
23. Thereafter, SEBI had vide a letter dated September 24, 2020, advised Vivek Nirmal, Managing Director of PDL to disclose to the Stock Exchanges the aforesaid letter and the following disclosures which were earlier specified in the SEBI letter dated September 16, 2020, viz.
 - a. Informing the shareholders about the problems faced by PDL in providing the data/information/document to the forensic auditor including the delay caused in the delisting proposal along with the proposed timelines for delisting, if any.
 - b. Informing the shareholders that the delisting of PDL will be completed only after the completion of forensic audit.
24. In reply to the above mentioned letter, vide a letter dated September 28, 2020, PDL submitted that the guidance with regards to the issue of independence of the forensic auditor had not been addressed by SEBI. In the said letter, it was stated that the Company had received another e-mail dated September 27, 2020 from its shareholder addressed to SEBI, wherein further material was submitted to substantiate the claim regarding non-independence of the forensic auditor. In the aforesaid letter dated September 27, 2020, it was submitted as under:
 - i. *Grant Thornton as a consulting firm works under one brand and houses different works under different entities essentially to limit the exposure risks while also evading regulatory eyes.*
 - ii. *That they use common website and brand name to market themselves, suggest how closely the work is carried out. From an outsider perspective, the services are being offered by Grant Thornton group and the group entities names would be of least concern to them.*

- iii. *Sharing the link of Grant Thornton websites, service section wherein they are marketing all the services under one brand: <https://www.grantthornton.in/en/services/>*
 - iv. *GT Restructuring Services LLP with whom Anoop Krishna is associated and Grant Thornton Bharat LLP (formerly Grant Thornton India LLP) have common partners / directors.*
 - v. *The above firms have a common registered office situated at: L-41, Connaught Circus, New Delhi, Central Delhi -110001, India.*
 - vi. *They also use common email ids (_____@in.gt.com).*
 - vii. *Anoop Krishna, derives good part of his income from GT group and as such would be involved in major decision and strategy matters considering his overall experience which should not be ignored when the independence of the auditor is being debated. SEBI may call for the details of income received by Mr. Anoop Krishna and also verify his income tax return for the last 2-3 years.*
25. The Company had also forwarded a legal opinion, which it had obtained to evaluate the concern raised by its shareholder regarding non independence of the forensic auditor. In the aforesaid legal opinion, it was stated that *“based on the fact presented, there is a likelihood of bias if Grant Thornton is allowed to continue as the forensic auditor of the Company in question.”*
26. Vide an e-mail dated September 28, 2020, SEBI had sought comments from Grant Thornton on the issues raised by Vivek Nirmal specifically in respect to Anoop Krishna. Vide a reply dated September 30, 2020, the forensic auditor had offered the following clarification:
- i. *In a professional services firm constituted as partnerships, a director/senior advisor is a fairly junior position and should not be construed to have same level of authority or responsibility as a director has in a company registered under the Companies Act, 2013. Such responsibility and authority in respect of a partnership firm rest with the “designated partners” under the provisions of The Limited Liability Partnership Act, 2008 and the other partners at the Firm;*
 - ii. *Anoop Krishna is an independent consultant/contractor who is on a part-time retainer basis with GT Restructuring Services LLP who has been assigned the designation of “Director/Senior Advisor”. Anoop Krishna is not an employee, partner or a designated partner under the provisions of The Limited Liability Partnership Act, 2008 in GT Restructuring Services LLP.*
 - iii. *Anoop Krishna is also not an employee, partner or a designated partner under the provisions of The Limited Liability Partnership Act, 2008 in GTBL. He is not and never has been in the chain of command of GTBL or GT Restructuring Services LLP or any business unit of either*

entity or of any entity that uses "Grant Thornton" or GT in its name. He is neither a leader of any business unit of these entities to which various service lines report. Anoop Krishna was formerly an Independent Director of PDL and ceased to be a Director of that Company well before GT was appointed to undertake the forensic audit. Therefore, Mr. Anoop Krishna is in no position either in terms of authority or responsibility to influence the engagement for Prabhat Dairy Limited carried out by the Forensic Team of GTBL.

- iv. In addition to the above and in continuation to our response dated 11 September 2020, we reiterate that there are strict "Ethical dividers" within the Firm which ensures that there is no impact on the independence, legal, regulatory, professional and contractual obligations of the Firm or on the services provided to its clients. The ethical dividers and processes include:
- a. Completely separate teams for the forensic engagement and other engagements;
 - b. No sharing of Client's information or data between the different functions
 - c. No communications between members of the different functions on details of the engagements or on relevant matters related to the engagements
 - d. Specific undertakings from team members confirming their awareness of the requirements and acknowledging their contractual obligation to comply
 - e. Appropriate and adequate monitoring of compliance
- v. Thus, having regard to the above stated safeguards in place, our assessment of this matter is that there is no actual or potential threat (including the Self Review threat and Familiarity threat) to our independence or objectivity in the forensics audit of Prabhat Dairy Limited.

27. Upon an examination of the above mentioned reply received from Grant Thornton in light of the representations made by the Company, Independent Director and its shareholder, SEBI vide a letter dated October 7, 2020, informed the Company that there was no conflict of interest on independence of the forensic auditor and accordingly, the request for change in the forensic auditor was not warranted. SEBI once again, advised PDL to disclose the SEBI letter dated September 24, 2020 to the Stock Exchanges on or before October 8, 2020.

28. Vide a disclosure dated October 8, 2020, PDL informed the Stock Exchanges as under:

"The Company has entered into a definitive sale agreement on January 21, 2019 with Tirumala Milk Products to sell the entire dairy business of PDL vide a Business Transfer Agreement ("BTA") and sale of its subsidiary Sunfresh Agro by way of a slump sale on a going concern basis for a total consideration of ₹1700 Crore (excluding adjustment for net debt outstanding and working capital

adjustment as agreed with the Purchaser). The aforesaid sale was subject to certain conditions precedent, viz. CCI, shareholders, bankers, etc.

...

An amount of **₹1316.79 Crore** has been received as during the FY 2019-20 post certain adjustments as per the Business sale agreements. Due to COVID-19, there was a nationwide lockdown, and the Company could not complete the working capital adjustments and complete the business transaction with the buyer. The management believes that the same will be completed in a short time during the FY 2020-21. The accounting impact will be given once the transaction is completed.

Other obligations of the Company related to the transaction have been calculated as follows:

- a. As per the indemnity clause in the Business Transfer Agreement (BTA) and Share Purchase Agreement (SPA) performance guarantee agreed with the buyer is 12% of the transaction consideration. This indemnity is applicable for periods of 3, 5 and 7 years, respectively, for various purposes. - ₹204 Crore.
- b. As per management estimate transaction costs and taxes, calculations were verified by Statutory Auditors - ₹234 Crore.

Post the sale of dairy business, the Company intends to focus on the business of animal feeds and nutrition. ...”

29. PDL had also disclosed the SEBI letter dated September 24, 2020 to the Stock Exchanges on October 8, 2020.

PRIMA FACIE INTERIM FINDINGS:

I have considered the material available on record. In light of the same, I shall now proceed to deal with the instant matter.

30. The present shareholding of the Company as obtained from the BSE website is as under:

TABLE I – SHAREHOLDING IN PDL			
	NAME	NO. OF SHARES	% SHAREHOLDING
A.	PROMOTER/ PROMOTER GROUP		
1.	NIRMAL FAMILY TRUST – SARANGDHAR RAMCHANDRA NIRMAL	4,55,60,584	46.54
2.	SARANGDHAR RAMCHANDRA NIRMAL	11,25,000	1.15
3.	VIVEK SARANGDHAR NIRMAL	11,25,000	1.15
4.	KISHOR SARANGDHAR NIRMAL	11,25,000	1.15
	TOTAL	4,89,35,584	50.10
B.	PUBLIC SHAREHOLDING	4,87,40,547	49.90
C.	TOTAL (A + B)	9,76,76,131	100.00

31. The composition of the Board of Directors as on September 30, 2020 (as obtained from the BSE website) is as under:

TABLE II – BOARD OF DIRECTORS OF PDL				
	NAME	DESIGNATION	INITIAL DATE OF APPOINTMENT	DATE OF APPOINTMENT IN CURRENT TERM
1.	SARANGDHAR RAMCHANDRA NIRMAL	EXECUTIVE DIRECTOR, CHAIRPERSON, MANAGING DIRECTOR	1.05.2012	1.03.2020
2.	VIVEK SARANGDHAR NIRMAL	EXECUTIVE DIRECTOR, MANAGING DIRECTOR	25.11.1998	1.03.2020
3.	ABDUL SAMAD	NON-EXECUTIVE INDEPENDENT DIRECTOR	29.05.2019	30.09.2020
4.	BHASKAR HANMANTA GAIKWAD	NON-EXECUTIVE INDEPENDENT DIRECTOR	29.05.2019	30.09.2020
5.	VAIBHAV SOPAN PARJANE	NON-EXECUTIVE INDEPENDENT DIRECTOR	29.05.2019	30.09.2020
6.	RUCHA GUNJAN AHUJA	NON-EXECUTIVE INDEPENDENT DIRECTOR	24.09.2020	

COMPLAINTS RECEIVED BY SEBI:

32. SEBI had received a complaint on September 16, 2020, from the minority institutional investors of the Company, viz. TVS Shriram Growth Fund 1B (7.6% shareholding in the Company), India Agri Business Fund Limited (14.4% shareholding in the Company) and Societe De Promotion Et De Participation Pour La Cooperation Economique (8.7% shareholding in the Company) *inter alia* stating: “... It has (now) been more than 17 months since the closing of the Transaction and yet, so far, the Transaction’s net proceeds have not been distributed to the Company’s shareholders and we do not have the confirmation as to whether the monies are still locked in this Escrow Account. Despite repeated follow ups, no further conclusive explanations have been provided by the management or Company’s advisors in this regard. ... Moreover, kindly note that the Transaction

should have been properly recorded in the Company's accounts and that the Company's failure to publish its financial statements for year ending March 31, 2020 on time deprives all the investors, in particular, the approximately 17,000 minority shareholders to have access to a complete and reliable information in respect of such Transaction and the Company. Even as we were following up with the Company's legal representatives for an appropriate and early distribution, the Company made a disclosure to the Stock Exchanges on July 23, 2020 under Regulation 30 of the LODR Regulations 2015, stating that a forensic audit has been commissioned by SEBI. ... Hence, we, as institutional investors would like to submit that while the forensic audit/investigation progresses, SEBI may kindly consider reminding the Company's legal representatives to comply with their public undertakings and that the process for distribution of monies to the shareholders/exit can be undertaken in parallel. ... In particular, we would be very grateful if you could kindly consider, amongst other, to take the following measures:

- a. Direction to the Company's legal representatives to clearly communicate to the shareholders the exact amount of distributable proceeds placed into the Escrow Account or any other account and clarify inconsistencies between the amount currently placed into such accounts and the amount publicly communicated to the Company's shareholders/the market (₹1000 – ₹1200 Crore, as indicated above).
- b. Direction to the Company's legal representatives to carry out distribution of the Transaction's net proceeds as publicly announced to the market at the earliest. ...”

33. SEBI had also received a complaint on SCORES on October 13, 2020 *inter alia* stating that: “The accounts for the year ended Mach 31, 2020, were declared on October 8, 2020. The huge manipulation in the accounts is very blatant. The Company has commenced delisting process and is deliberately depressing Book Value of the shares. As the Company has already sold its entire dairy business in a slump sale to (Tirumala Milk Products), for which the entire payment was received by the Company on 10-04-2020, it has not adjusted the capital gains/profits to the Profit and Loss Account. In fact, it has started unconnected businesses, without approval of the minority shareholders or even intimation to them. The formation of subsidiaries is also suspicious, as they may be used to siphon off the funds received due to slump sale. All this and more will probably be detected in the forensic audit, and SEBI will have to use all its powers to ensure compliance of the Company. This is probably the last hope of the minority shareholders.”

34. SEBI had also received several complaints from other shareholders of the Company, one of which is reproduced below wherein it was *inter alia* stated:

“You may be aware that the said company made a slump sale of its dairy business in Q1–2019 pursuant to which a net sum of ₹1600 Crore was received by the Company. The Company was and has been committed to distribute the proceeds of the said sale transaction to its shareholders. In September 2019, the Promoters expressed their intention to delist the equity shares of the Company. By opting for the delisting route, in my view the promoters chose a very efficient way to return to their investors their equity along with accumulated profits. The shareholders’ approval for the voluntary delisting was granted on October 16, 2019. However, it has now been more than 10 months, but there has been no progress on the delisting of the Company. I understand that the Company has been in constant touch with the Board and stock exchanges; however, there has been no progress in the matter, as the approvals are stuck for some reason or the other. I am also made to believe that you are in receipt of complaints from few investors regarding the declared floor price of ₹63.77 as an attempt to short change the investors. However, you will appreciate that the floor price is determined by your Regulations and not in control of the promoters. In any event, the investors are free to tender their shares at their desired value/price in the RBB process of the delisting, and hence such complaints may be suitably dealt with by you. ... In view of the above, and the intention of the Promoters, to delist the Company, please grant the necessary approvals from your end so that delisting may be commenced. As regards your forensic audit, the same may be simultaneously pursued by you against the Company which shall continue to exist irrespective of the success/failure of the delisting.”

35. The details of utilization of proceeds from the Transaction, as provided by the Company vide its letter dated March 13, 2020, is summarized as under:

TABLE III – UTILIZATION OF PROCEEDS OF TRANSACTION BY PDL			
	DETAILS	AMOUNT (₹ IN CRORE)	
A.	FUND INFLOWS		
	TRANSACTION CONSIDERATION		1700.00
	AGREED DEBT REPAYMENTS		180.85
	TOTAL		1880.85
B.	FUND OUTFLOWS		
1.	DEBT OUTSTANDING AS ON 31.03.2019	REPAYMENT FOR	
		PDL	SUNFRESH AGRO
	WORKING CAPITAL (FUND BASED LIMITS)		
	AXIS BANK LTD.	79.62	12.48
	YES BANK LTD.	69.86	14.44
	SOCIETE GENERALE	60.00	
	STATE BANK OF INDIA	34.85	
	BANK OF BARODA	30.00	30.00
	HSBC BANK	20.00	25.00
	DBS BANK LTD.	15.00	20.00
	ICICI BANK LTD.	14.18	
	IDFC BANK LTD.		29.77
	HDFC BANK LTD.		26.60
	WORKING CAPITAL (NON – FUND BASED LIMITS)		
	RABO BANK	26.45	19.49
	TERM LOAN		
	HSBC BANK	36.00	
	VEHICLE LOANS		
	KOTAK MAHINDRA BANK	0.12	
	ICICI BANK LTD.	0.25	
	TOTAL	386.33	177.78
2.	PAYMENT TO ADVISORS		
	KOTAK MAHINDRA CAPITAL CO. LTD.	23.88	
	VERITAS LEGAL	0.45	
	TOTAL	24.33	
3.	TRANSFER FOR PROVISIONS (INDEMNITY OBLIGATION UNDER BTA AND SPA AND TAX AND TRANSACTION COST)		
	PDL	78.00	
	PDL	185.00	
	CHEESE LAND AGRO	175.00	
	TOTAL	438.00	
C.	TOTAL UTILIZATION (B1+ B2 + B3)		1026.44
D.	TRANSFER FOR PROPOSED DISTRIBUTION (A – C)		854.41

36. From the documents provided by the Company vide letter dated March 13, 2020, the following is observed:
- a. **Fund inflows (A):** The total transaction consideration received from the Transaction (including transaction consideration and agreed debt repayments as per the SPA dated January 21, 2019 and BTA dated January 21, 2019) amounted to ₹1880.85 Crore. As per the Escrow Statement of Account provided by the Company, the aforesaid amount was received on April 9, 2019, in the Account titled 'M/s Tirumala Milk Prabhat Dairy Escrow, Current Account – Escrow and TRA, Account No.: 000166200001902'. However, the Bank in which the Escrow Account is opened or maintained is not clear from the Statement of Account.
 - b. **Debt repayment (B1):** The debt repayments were made to a total of 12 banks and all such amounts appear to have been transferred from the Escrow Account on April 10, 2019. Some of the aforementioned transfers made to banks were independently verified by SEBI through communications to the top 5 banks to whom some of such payments were made (59% of the total debt repayment). All the aforementioned banks, viz. State Bank of India, Axis Bank, Bank of Baroda, Yes Bank and Societe Generale, have confirmed that PDL had made a debt repayment amounting to ₹331.25 Crore, to them and have concurred with the amount provided by the Company.
 - c. **Fees paid to Advisors (B2):** In respect of payment made to advisors (which appear to have been transferred from the Escrow Account on April 10, 2019), the Company has paid ₹23.88 Crore to Kotak Mahindra Capital Co. Ltd. as Advisory Fee and ₹45.35 Lakh to Veritas Legal as Professional Fee. The Company has provided evidence in the form of invoices raised by the aforementioned entities.
 - d. **Transfer for provisions (B3):** In respect of provisions, the amounts appear to have been transferred from the Escrow Account on April 10, 2019. While it is not clear from the Escrow Statement of Account as to which banks the amount have been transferred to, however, from the supporting documents it is noted that a total amount of ₹263 Crore was transferred from the Escrow Account to the Axis Bank Account of PDL (Account No. 918020084967736) and ₹175 Crore was transferred to the State Bank of India Account of Cheese Land Agro (Account No. 31244798817). Of the aforesaid amount of ₹438 Crore, the Company has stated that the provisions include (i) indemnity obligation of ₹204 Crore i.e. 12% of the transaction

consideration of ₹1700 Crore (Schedule VIII–Clause 3.2 of SPA and Schedule 11–Clause 3.2 of BTA) and (ii) 234 Crore being PDL’s management’s estimate for tax and transaction costs.

- e. **Transfer for proposed distribution (D):** As regards the remaining amount of ₹854.41 Crore, the amounts appear to have been transferred from the Escrow Account on April 10, 2019, through three transactions for amounts, viz. ₹270.57 Crore, ₹445.57 Crore and ₹138.26 Crore. The closing balance of the Escrow Account as on April 10, 2019 (as per the Statement of Account) was ₹2. Incidentally, the Escrow Statement of Account provided by the Company was for the period April 1, 2019 to January 16, 2020.
- f. In this context, the Company had earlier vide an e–mail dated January 9, 2020, informed NSE (regarding bifurcation of funds received from the Transaction and utilisation thereof along with balance available in the Escrow Account) that post the completion of necessary formalities, out of the amount of ₹1700 Crore, ₹696.17 Crore was received by the Company and ₹620.57 Crore was received by Cheese Land Agro. The aforementioned information provided by the Company is reproduced below:

TABLE IV – BIFURCATION OF FUNDS RECEIVED FROM THE TRANSACTION AND UTILISATION THEREOF ALONG WITH BALANCE AVAILABLE IN THE ESCROW ACCOUNT			
	PARTICULARS	AMOUNT (₹ IN CRORE)	PDL’S REMARKS
A.	SALE CONSIDERATION	1700.00	THE SALE CONSIDERATION WAS SUBJECT TO CERTAIN ADJUSTMENTS (AS AGREED WITH THE BUYER) FOR NET DEBT OUTSTANDING, WORKING CAPITAL AND MINIMUM NON – CURRENT ASSET LEVEL ADJUSTMENTS (“ AGREED ADJUSTMENTS ”). PLEASE NOTE THAT THE SAME HAS ALSO BEEN DISCLOSED IN NOTE NO. 34 IN THE NOTES TO FINANCIAL STATEMENTS PROVIDED IN THE COMPANY’S ANNUAL REPORT FOR THE FINANCIAL YEAR 2018–2019 (“ NOTE 34 ”).
B.	AGREED ADJUSTMENTS	383.26	PLEASE NOTE THAT THE SAME HAS BEEN DISCLOSED IN NOTE 34.
	TOTAL (A – B)	1316.74	POST THE COMPLETION OF NECESSARY FORMALITIES, OUT OF THE AMOUNT OF ₹1700 CRORE, ₹696.17 CRORE WAS RECEIVED BY THE COMPANY AND ₹620.57 CRORE WAS RECEIVED BY CHEESE LAND AGRO. THE SAME HAS BEEN DISCLOSED IN NOTE 34.
C.	PROVISIONING FOR INDEMNITY, TAX AND TRANSACTION COSTS	462.74	
D.	AMOUNT TRANSFERRED IN ESCROW ACCOUNT [(A – B) – c]	854.00	
E.	INTEREST RECEIVED ON THE AMOUNT LYING IN THE ESCROW ACCOUNT	25.00	
F.	AMOUNT LYING IN THE ESCROW ACCOUNT	879.00	THE COMPANY IS STILL IN THE PROCESS OF CLOSING THE WORKING CAPITAL AND OTHER ADJUSTMENTS WITH RESPECT TO THE TRANSACTION, POST WHICH THERE MAY BE A CHANGE IN THE AFORESAID AMOUNT.

- g. In its letter dated March 13, 2020, the Company had stated that it had enclosed bank account statements reflecting credit to PDL and Cheese Land Agro along with fixed deposit balance confirmations as on December 31, 2019, depicting the total credit of ₹878.97 Crore. However, no such documents evidencing the aforementioned were submitted to SEBI along with the said letter. Further, it is noted that pursuant to a telephonic discussion held with SEBI officials on October 19, 2020, Vivek Nirmal had assured SEBI that the Company will provide statement(s) of all bank accounts evidencing the amounts from the Transaction lying in the form of deposits with the Company on that same date. Vide an e-mail dated October 20, 2020, SEBI had informed Vivek Nirmal that contrary to the assurance provided by him, no information/documents including the bank statements had been submitted to SEBI on October 19, 2019. In reply to the aforementioned e-mail, Vivek Nirmal had, vide an e-mail dated October 20, 2020, informed SEBI that information concerning the bank accounts evidencing the amounts from the Transaction lying in the form of deposits with the Company, will be provided shortly.
37. The replies given by the Company clearly indicate that the Company has been evasive as regards the details concerning the amount stated to be lying in the Escrow Account(s) for distribution to its shareholders (₹854.41 Crore as per Table III or ₹879 Crore as per Table IV). Similar observations were also recorded by BSE and NSE during the course of their examination, which are once again reproduced below:
- a. BSE's observations: *"In the Annual Report 2018-19, PDL had not provided details about the utilization of approx. ₹873 Crore, out of the proceeds of slump sale i.e. ₹1,700 Crore and no clarification was provided stating that how the Company has arrived at ₹827 Crore which they have transferred to the Escrow Account."*
- b. NSE's observations: *"Clarifications were sought from PDL on utilization of funds / proper bifurcation of funds received from the proceeds of slump sale. Although PDL had provided certain details, the reply provided by PDL was not satisfactory and further, it appears that PDL is not able to reply on the utilization of funds. Accordingly, it is proposed that forensic audit of PDL may be conducted."*
- c. In addition to the above, vide an e-mail dated October 17, 2020, in reply to SEBI's e-mail dated October 16, 2020, Grant Thornton ("**GT**") had informed as under:

“SEBI’s Query: Whether the sale proceeds of ₹1,316.79 Crore can be ascertained from the balance sheet or from the cash flow statement based on the disclosure made to stock exchange?

GT’s Reply: We have performed preliminary analysis based on the following information filed in two statements (also attached herewith for ease of reference) with Bombay Stock Exchange:

1. Standalone balance sheet for the period April 2019 to September 2019;
2. Standalone cash flow statements for the period April 2019 to September 2019;
3. Standalone balance sheet for the year ended March 31, 2020;
4. Standalone cash flow statements for the year ended March 31, 2020;
5. Consolidated balance sheet for the period April 2019 to September 2019;
6. Consolidated balance sheet for the year ended March 31, 2020; and
7. Cash flow statements for the year ended March 31, 2020.

Based on the preliminary analysis, we were not able to directly ascertain the sale proceeds of ₹1,316.79 Crore from the aforesaid information.

However, based on the audited financial statement of PDL for the FY 2018-19, it appears that PDL received ₹696.17 Crore and Cheese Land Agro received ₹620.57 Crore as purchase consideration. Whereas, in the standalone balance sheet of PDL for the period April 2019 to September 2019, the bank balance and cash and cash equivalent aggregated to approximately ₹699.78 Crore. Thus, one of the hypothesis could be that the bank balance of PDL (₹699.78 Crore) may include the sale proceeds of ₹696.17 Crore.”

38. In addition to the above, vide an e-mail dated October 20, 2020, Grant Thornton had provided clarifications to certain queries raised by SEBI as under:

“SEBI’s Query: Provision for indemnity.

GT’s reply: The Liabilities (standalone as well as consolidated) of Prabhat Dairy Limited (hereinafter referred to as “PDL”) as compiled from the financial information filed by PDL has been summarised in the table below:

AMOUNT (₹ IN CRORE)						
LIABILITIES	STANDALONE			CONSOLIDATED		
	31-MAR-20	30-SEP-19	31-MAR-19	31-MAR-20	30-SEP-19	31-MAR-19
NON-CURRENT LIABILITIES	-	-	-	-	-	-
CURRENT LIABILITIES						
FINANCIAL LIABILITIES						
i) BORROWINGS	-	-	-	-	-	-
ii) TRADE PAYABLES	83.14	0.50	2.61	155.56	NA	13.00
iii) OTHER FINANCIAL LIABILITIES	0.48	3.25	0.31	75.50	NA	1.01
OTHER CURRENT LIABILITIES	699.62	863.32	0.10	1,295.69	NA	0.10
PROVISIONS	0.22	0.50	0.22	0.35	NA	0.22
GOVERNMENT GRANT	-	-	-	-	NA	-
CURRENT TAX LIABILITIES (NET)	5.07	2.75	0.47	15.35	NA	2.26
NET EMPLOYEE LIABILITIES	-	-	-	-	NA	-
TOTAL	788.53	870.32	3.71	1,542.45	NA	16.59

As per the Business Transfer Agreement and Share Purchase Agreement pertaining to the sale of the entire dairy business of PDL, we noted an indemnity clause, under performance guarantee, amounting to ₹204 Crore which is 12% of the transaction consideration. The indemnity is applicable for a period of 3, 5 and 7 years respectively. As observed in the table above capturing the details of liabilities, there is no specific line item relating to Provision for Indemnity. However, we are unable to comment whether ‘Other Current Liabilities’ amounting to ₹699.62 Crore as on 31 March 2020, comprises of Provision for Indemnity, since a detailed break-up of ‘Other Current Liabilities’ as well as the access to books of accounts is not available. Further, it should be noted that we can perform a detailed review of Other Current Liabilities and comment upon the same, once we are provided with access to books of accounts of PDL.

SEBI's Query: Provision for Tax.

GT's reply: Based on the review of the standalone financial statements of Prabhat Dairy Limited, we noted Net Current tax liabilities amounting to ₹5.07 Crore for FY 2019- 20 against a corresponding figure of ₹0.47 Crore in FY 2018-19. We also noted that a short provision for tax relating to previous years has been booked as tax expense for FY 2019-20 amounting to ₹1.54 Lakh. As per the disclosure by the Company, the management has estimated transaction costs and taxes amounting to ₹234 Crore. However, we are unable to comment whether 'Other Current Liabilities' amounting to ₹699.62 Crore as on March 31, 2020, comprises of estimated transaction costs and taxes, since a detailed break-up of 'Other Current Liabilities' as well as the access to books of accounts is not available. Further, it should be noted that we can perform a detailed review of Other Current Liabilities and comment upon the same, once we are provided with access to books of accounts of PDL.

SEBI's Query: Details of expenses incurred during FY 2019-20 including the expenditure for cattle feed business (clarification whether money received from sale proceeds used for cattle feed business).

GT's reply: Based on the review of the standalone profit and loss statement for FY 2019-20, the expenditure incurred by PDL has been summarised below. Since we do not have access to the books of accounts and the bank statements of PDL, we are unable to ascertain whether the funds received out of sale proceeds (of the Transaction) have been utilised for the cattle field business.”

EXPENSES	31-MAR-20
	AMOUNT (₹ IN CRORE)
COST OF MATERIAL CONSUMED	516.48
CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE AND WORK-IN-PROGRESS	(0.61)
EMPLOYEE BENEFIT EXPENSES	5.29
FINANCE COST	0.30
OTHER EXPENSES	11.58
CALF NUTRITION PROJECT	100.77
DEPRECIATION	0.20
TOTAL	634.01

39. As mentioned earlier, on July 13, 2020, SEBI had appointed Grant Thornton to conduct a forensic audit of PDL upon the terms of reference mentioned at paragraph 17 of this Order. Vide an e-mail dated October 16, 2020, Grant Thornton had provided SEBI with the details of information requested and received as on date from PDL, which are reproduced below:

TABLE V – DETAILS OF INFORMATION REQUESTED AND RECEIVED BY GRANT THORNTON FROM PDL AS ON 20.10.2020

Sr. No	PARTICULARS	PRIORITY	STATUS	DATE REQUESTED	DATE OF RECEIPT	
1.	AUDITED FINANCIAL STATEMENT FOR THE REVIEW PERIOD	HIGH	PARTIALLY RECEIVED	17-JUL-20	05-AUG-20	
2.	EXCEL WORKINGS OF THE AUDITED FINANCIAL STATEMENTS WITH DETAILED GROUPINGS FOR EACH YEAR ENDED DURING THE REVIEW PERIOD	HIGH	PENDING	17-JUL-20	NA	
3.	DETAILED TRIAL BALANCE SHOWING ALL INDIVIDUAL ACCOUNTS AND GROUPINGS AND INFORMATION ON OPENING BALANCE, SUM OF DEBITS, SUM OF CREDITS AND CLOSING BALANCE FOR EACH YEAR ENDED DURING THE REVIEW PERIOD	HIGH	PENDING	17-JUL-20	NA	
4.	SOFT COPIES OF ALL BANK ACCOUNT STATEMENTS (CC/CA/OD INCLUDING TL ACCOUNTS/BD ACCOUNTS)	HIGH	PENDING	17-JUL-20	NA	
5.	SANCTION LETTERS AND PERIODIC RENEWAL OF SANCTIONS FOR ALL THE FACILITIES	HIGH	PENDING	17-JUL-20	NA	
6.	BUSINESS TRANSFER AND SHARE PURCHASE AGREEMENT ENTERED DURING THE PERIOD OF REVIEW	HIGH	RECEIVED	17-JUL-20	08-AUG-20	
7.	VARIOUS SECRETARIAL DOCUMENTATION FILED BY THE COMPANY WITH VARIOUS REGULATORY AUTHORITIES LIKE ROC, SEBI, ETC.	MEDIUM	RECEIVED	17-JUL-20	05-AUG-20	
8.	MINUTES OF ALL THE BOARD MEETINGS AND OTHER COMMITTEE MEETINGS LIKE AUDIT COMMITTEE MEETINGS, FINANCE COMMITTEE MEETINGS, TRANSACTION COMMITTEE, ETC. CONVENED DURING THE REVIEW PERIOD	MEDIUM	PENDING	17-JUL-20	NA	
9.	TRUST & RETENTION AGREEMENTS ENTERED WITH BANKS (IF ANY)	MEDIUM	PENDING	17-JUL-20	NA	
10.	INTERIM REPORTS (STOCK, DEBTORS BALANCE, ETC.) SUBMITTED TO BANKERS AND INTERNAL AUDIT REPORTS DURING THE REVIEW PERIOD	MEDIUM	PENDING	17-JUL-20	NA	
11.	STANDARD OPERATING PROCEDURES: A. PROCUREMENT TO PAY B. ORDER TO CASH C. EXPENSES D. PERSONNEL / HR	MEDIUM	PENDING	17-JUL-20	NA	
12.	DETAILED LISTING OF ASSETS & LIABILITIES OF THE DAIRY BUSINESS AS "HELD FOR SALE" AND ITS SUBSEQUENT ACCOUNTING TREATMENT	HIGH	PENDING	17-JUL-20	NA	
13.	VALUATION REPORT OF THE ASSETS/ LIABILITIES OF DAIRY BUSINESS	HIGH	RECEIVED	17-JUL-20	21-AUG-20	
14.	DETAILED STATEMENT OF USAGE OF THE PROCEEDS FROM THE SLUMP SALE	HIGH	PENDING	17-JUL-20	NA	
15.	CA CERTIFICATE, IF ANY FOR END UTILISATION OF FUNDS FROM THE SLUMP SALE	HIGH	PENDING	17-JUL-20	NA	
16.	CONTRACTS/ AGREEMENTS WITH RELATED PARTIES	HIGH	PENDING	17-JUL-20	NA	
17.	GST RETURNS FOR THE REVIEW PERIOD	MEDIUM	PENDING	17-JUL-20	NA	
18.	DETAILED WORKING OF PROVISIONS, WRITE-OFFS AND WRITE BACKS	HIGH	PENDING	17-JUL-20	NA	
19.	DETAILED BREAK-UP OF CHEQUES ON HAND AS ON 31 MARCH 2019 AND 31 MARCH 2020	MEDIUM	PENDING	17-JUL-20	NA	
DETAILS PERTAINING TO REVENUE AND EXPENSES		FIELDS REQUIRED				
20.	MASTERS VENDOR MASTER, CUSTOMER MASTER AND EMPLOYEE MASTER	NAME, CONTACT DETAILS, UNIQUE CODE, CREATOR AND APPROVER DETAILS, BANK ACCOUNT DETAILS, PAN, TIN, VAT NO., DATE OF CREATION OF VENDOR/ CUSTOMER/ EMPLOYEE ETC.	HIGH	PENDING	17-JUL-20	NA
21.	TRIAL BALANCE		MEDIUM	PENDING	17-JUL-20	NA

	VENDOR TRIAL BALANCE AND CUSTOMER TRIAL BALANCE	NAME, VENDOR/ CUSTOMER CODE, MOVEMENT FOR EACH OF THE YEARS DURING THE REVIEW PERIOD				
22.	REGISTERS	VOUCHER NO. VOUCHER DATE, NAME OF THE PARTY, PARTY CODE, QUANTITY, AMOUNT INVOLVED, MATERIAL CODE, MATERIAL DESCRIPTION, DOCUMENT TYPE, DISCOUNT AVAILABLE/ PROVIDED, VENDOR INVOICE NO. AND DATE, GRN NO. AND DATE, PO/SO NO. AND DATE, SHIP TO/ BILL TO PARTY, TAXES	MEDIUM	PENDING	17-JUL-20	NA
	PURCHASE REGISTER (IMPORT/DOMESTIC) AND SALES REGISTER (EXPORT/DOMESTIC)					
	PURCHASE ORDER DUMP AND SALES ORDER DUMP	ORDER No./ ORDER DATE, NAME OF THE PARTY, AMOUNT INVOLVED, MATERIAL CODE AND DESCRIPTION, CREATOR DETAILS AND APPROVER DETAILS AND DATE OF CREATION OF PO/ SO	MEDIUM	PENDING	17-JUL-20	NA
23.	DEBTORS AGEING REPORT, CREDITORS AGEING REPORT AND INVENTORY AGEING REPORT (IF APPLICABLE)		MEDIUM	PENDING	17-JUL-20	NA
DETAILS PERTAINING TO ASSETS, LIABILITIES AND EQUITY		FIELDS REQUIRED				
24.	FIXED ASSET/ CWIP					
	FIXED ASSET REGISTER	ASSET CODE, ASSET NAME, DATE OF PURCHASE, DATE OF CAPITALISATION, COST OF ASSETS, DEPRECIATION AND WRITTEN DOWN VALUE	MEDIUM	PENDING	17-JUL-20	NA
	DETAILS PERTAINING TO LAND ALONG WITH THE AGREEMENTS	ALONG WITH THE PLOT NO. / SURVEY NO. AND DETAILED ADDRESS AND DATE OF PURCHASE	MEDIUM	PENDING	17-JUL-20	NA

	VOUCHER WISE BREAK-UP OF CWIP ADDITIONS	VOUCHER NO., VOUCHER DATE, VENDOR NAME AND AMOUNT INVOLVED, INVOICE NO. AND DATE	MEDIUM	PENDING	17-JUL-20	NA
	DETAILS OF CWIP CAPITALISATION (VOUCHER-WISE BREAK-UP OF CAPITALISATION OF CWIP)	DATE OF CAPITALISATION AND COPY OF BOARD RESOLUTIONS OR ANY OTHER SUPPORTING DOCUMENT TO SUBSTANTIATE	MEDIUM	PENDING	17-JUL-20	NA
25.	BANKS & LOANS AND ADVANCES BANK BOOK DUMP ALONG WITH NARRATION AND OFF-SETTING ACCOUNT DETAILS		HIGH	PENDING	17-JUL-20	NA
26.	DISBURSEMENT DETAILS OF THE LOANS INFUSED DURING THE REVIEW PERIOD	ALONG WITH THE DATE, ACCOUNT NO. AND AMOUNT, WHERE THE FUNDS WERE DISBURSED	HIGH	PENDING	17-JUL-20	NA
27.	LEDGER DUMPS RELATING TO THE FOLLOWING WITH PROPER NARRATION AND OFF-SETTING ACCOUNT DETAILS REVENUE AND RECEIVABLES LOANS AND ADVANCES GIVEN TO PARTIES AND/ OR TAKEN FROM PARTIES BORROWINGS FROM BANKS BORROWINGS FROM PARTIES CAPITAL WORK IN PROGRESS FIXED ASSETS		HIGH	PENDING	17-JUL-20	NA

40. In addition to the above, vide another e-mails dated October 16, 2020 and October 20, 2020, Grant Thornton had also provided SEBI with details of correspondence, telephone calls, etc. indicating the efforts made by the forensic auditor to follow-up on the request for information made to PDL, which are reproduced below:

TABLE VI – DETAILS REGARDING EFFORTS MADE BY GRANT THORNTON TO FOLLOW-UP ON THE REQUEST FOR INFORMATION MADE TO PDL						
Sr. No	DATE	MODE	FROM	TO	REMARKS	RESULTS
1.	17 JULY 2020	EMAIL	GT	COMPANY	FIRST EMAIL FOR PRELIMINARY LIST OF REQUIREMENTS	INITIAL EMAIL
2.	21 JULY 2020	TELECON	GT	DIPTI	THAT THE DATA WILL BE SHARED (NO DATE COMMITTED)	NO CONCRETE RESPONSE
3.	23 JULY 2020	EMAIL	GT	COMPANY	REMINDER FOR DATA	NO CONCRETE RESPONSE
4.	24 JULY 2020	EMAIL	COMPANY	GT	WILL SHARE THE DATA SOON (NO DATE COMMITTED)	NO DATE COMMITTED
5.	27 JULY 2020	TELECON	GT	DIPTI	THAT THE DATA WILL BE SHARED (NO DATE COMMITTED)	NO DATE COMMITTED
6.	31 JULY 2020	EMAIL	GT	COMPANY	REMINDER FOR DATA AND SET THE PRIORITY OF DATA	NO CONCRETE RESPONSE

TABLE VI – DETAILS REGARDING EFFORTS MADE BY GRANT THORNTON TO FOLLOW-UP ON THE REQUEST FOR INFORMATION MADE TO PDL

Sr. No	DATE	MODE	FROM	To	REMARKS	RESULTS
7.	31 JULY 2020	EMAIL	COMPANY	GT	INTIMATING THAT THE LIST IS SHARED INTERNALLY (NO DATE COMMITTED)	NO DATE COMMITTED
8.	4 AUGUST 2020	EMAIL	GT	COMPANY	REMINDER FOR DATA	COMMITTED 5 AUGUST
9.	4 AUGUST 2020	EMAIL	COMPANY	GT	THAT THE DATA WILL BE SHARED FROM 5 AUGUST 2020	COMMITTED 5 AUGUST
10.	5 AUGUST 2020	EMAIL	COMPANY	GT	RECEIVED BASIC DATA	RECEIVED FEW BASIC DOCUMENTS
11.	8 AUGUST 2020	EMAIL	COMPANY	GT	(AS SUMMARISED AT THE START OF THIS EMAIL)	
12.	10 AUGUST 2020	TELECON	DIPTI	GT	THAT THE DATA WILL BE SHARED (NO DATE COMMITTED)	NO DATE COMMITTED
13.	12 AUGUST 2020	TELECON	GT	VIVEK	DISCUSSED DATA REQUIREMENT	NO DATE COMMITTED
14.	13 AUGUST 2020	EMAIL	GT	COMPANY	REMINDER FOR DATA	NO CONCRETE RESPONSE
15.	20 AUGUST 2020	TELECON	GT	VIVEK	DISCUSSED DATA REQUIREMENT	NO DATE COMMITTED
16.	20 AUGUST 2020	EMAIL	GT	COMPANY	REMINDER FOR DATA	NO CONCRETE RESPONSE
17.	21 AUGUST 2020	EMAIL	COMPANY	GT	SHARED VALUATION REPORT DATED 11 FEBRUARY 2019	RECEIVED VALUATION REPORT
18.	25 AUGUST 2020	TELECON	GT	VIVEK	MULTIPLE CALLS WENT UNANSWERED	CALL UNANSWERED
19.	25 AUGUST 2020	EMAIL	GT	COMPANY	REMINDER FOR DATA	NO CONCRETE RESPONSE
20.	25 AUGUST 2020	TELECON	DIPTI	GT	THAT THE DATA WILL BE SHARED (NO DATE COMMITTED)	NO DATE COMMITTED
21.	27 AUGUST 2020	TELECON	GT	VIVEK	CALLED TWICE AND WENT UNANSWERED	CALL UNANSWERED
22.	28 AUGUST 2020	TELECON	GT	VIVEK	WENT UNANSWERED	CALL UNANSWERED
23.	28 AUGUST 2020	EMAIL	GT	COMPANY	REMINDER FOR DATA	NO CONCRETE RESPONSE
24.	28 AUGUST 2020	EMAIL	COMPANY	GT	THAT THE DATA WILL BE SHARED (NO DATE COMMITTED)	NO DATE COMMITTED
25.	1 SEPTEMBER 2020	EMAIL	GT	COMPANY	REMINDER FOR DATA	NO CONCRETE RESPONSE
26.	3 SEPTEMBER 2020	TELECON	GT	VIVEK	WENT UNANSWERED	CALL UNANSWERED
27.	4 SEPTEMBER 2020	TELECON	GT	VIVEK	WENT UNANSWERED	CALL UNANSWERED
28.	4 SEPTEMBER 2020	EMAIL	GT	COMPANY	REMINDER FOR DATA	NO CONCRETE RESPONSE
29.	4 SEPTEMBER 2020	TELECON	DIPTI	GT	THAT THE DATA WILL BE SHARED (NO DATE COMMITTED)	NO DATE COMMITTED
30.	11 SEPTEMBER 2020	EMAIL	GT	VIVEK	REMINDER FOR DATA	NO RESPONSE
31.	17 SEPTEMBER 2020	EMAIL	GT	VIVEK	REMINDER FOR DATA	NO RESPONSE
32.	22 SEPTEMBER 2020	EMAIL	GT	VIVEK	REMINDER FOR DATA	NO RESPONSE
33.	24 SEPTEMBER 2020	EMAIL	GT	VIVEK	REMINDER FOR DATA	NO RESPONSE
34.	30 SEPTEMBER 2020	EMAIL	GT	VIVEK	REMINDER FOR DATA	NO RESPONSE
35.	5 OCTOBER 2020	EMAIL	GT	VIVEK	REMINDER FOR DATA	NO RESPONSE
36.	9 OCTOBER 2020	EMAIL	GT	VIVEK	REMINDER FOR DATA	
37.	9 OCTOBER 2020	EMAIL	DIPTI	GT	RESPONDED THAT THE COMPANY WILL START PROVIDING DATA	NO DATE COMMITTED
38.	9 OCTOBER 2020	EMAIL	GT	DIPTI	REQUESTED FOR A DEFINITE DATE	NO RESPONSE
39.	13 OCTOBER 2020	EMAIL	GT	DIPTI	REMINDER FOR DATA	NO RESPONSE
40.	15 OCTOBER 2020	EMAIL	GT	DIPTI	REMINDER FOR DATA	
41.	15 OCTOBER 2020	EMAIL	DIPTI	GT	SHARED BASIC DATA: 1. GST RETURNS; 2. BANK SANCTION LETTERS	
42.	16 OCTOBER 2020	EMAIL	GT	DIPTI	UPDATE OF DATA RECEIVED AND REMINDER TO SHARE OTHER CRITICAL DATA.	
43.	20 OCTOBER 2020	EMAIL	GT	VIVEK	REMINDER FOR DATA	

41. Upon a consideration of the preceding paragraphs, it is noted that SEBI vide e-mails/letters dated August 7, 2020, August 17, 2020, September 8, 2020, September 16, 2020 and September 24, 2020, had advised the Company to cooperate with the forensic auditor for providing requisite data/information for a smooth and timely completion of the audit process. However, as noted from Tables V and VI above, as on October 20, 2020, the Company had only provided 3 of the 27 documents/information sought by the forensic auditor, viz. documents indicated at sr. no. 6, 7 and 13, despite repeated request for information/documents by the forensic auditor. The Company had provided GST Returns and Bank Loan Sanction Letters vide an e-mail dated October 15, 2020. I note that the appointment of Grant Thornton by SEBI, in July 2020, was primarily to conduct a forensic audit of PDL *inter alia* for ascertaining whether or not there was (a) manipulation of books of accounts of the Company; (b) misrepresentation by the Company including of financials and/or business operations; (c) wrongful diversion/siphoning of Company funds by Promoters/Directors/Key managerial persons and (d) Business Transfer and Share Purchase Agreements. In this context, it is noted that the Company and its Managing Director have repeatedly failed to cooperate with the forensic auditor despite multiple efforts from Grant Thornton to obtain the information/documents needed for ensuring the commencement of the forensic audit directed by SEBI. In addition, the Company and its Managing Director have also failed to adhere to the directions of SEBI for cooperating with the forensic auditor, which were communicated vide the aforementioned e-mails/letters. I note that unless the forensic audit is conducted, SEBI will not be in a position to determine whether or not the Company has indulged in misstatement of accounts, diversion of funds to its subsidiaries/associates, etc. which money belongs to its shareholders. While some information has emerged on the basis of a preliminary examination, only a detailed forensic audit could bring out the complete picture and the extent of the misstatement/misappropriation, if any. The Company appears to wilfully deny substantial information/documents to the forensic auditor appointed by SEBI. Further, some of the recent complaints received by SEBI against PDL (as brought out in the preceding paragraphs) point towards the Promoters/Directors – Noticee nos. 2 and 3, trying to defraud the investors of their promised dues, related to the Transaction.
42. In addition, as directed vide SEBI letters dated September 16, 2020, September 24, 2020 and October 7, 2020, PDL was advised (a) to inform its shareholders about the problems faced by the Company in providing the data/information/document to the forensic auditor including the delay caused in the delisting proposal along with the proposed timelines for delisting, if any and also (b) to inform its shareholders that the delisting of PDL will be completed only after the completion of forensic audit. In this context, it is noted that from the disclosure made by the Company on October

8, 2020 that the aforementioned information has not been made available or provided to its shareholders; rather, the Company has merely disclosed the contents of the SEBI letter dated September 24, 2020, as it is, without its explanation for the problems in furnishing documents/information to the forensic auditor or the reasons for delay in delisting. Incidentally, vide an e-mail dated October 9, 2020, the Independent Directors had informed SEBI that the Company had discussed the aforementioned SEBI letters in a meeting of the Audit Committee held on October 8, 2020 and it was also emphasized by them that the Company must provide the information to the forensic auditor at the earliest.

43. Having regard to the aforementioned, at this stage, it is necessary to adopt some urgent measures to safeguard the interests of minority investors/shareholders of PDL and protect the integrity of the securities market by ensuring that the proceeds of the Transaction are secured for the benefit of its investors. However, having regard to the material available on record, the directions in these proceedings are limited to only PDL and its Promoters/Directors, viz. Sarangdhar Ramchandra Nirmal and Vivek Sarangdhar Nirmal as they have *prima facie* failed to cooperate with the forensic auditor appointed by SEBI and have not furnished the requisite information and documents as detailed at Table V, which leaves an apprehension of fund diversion. Further, the conduct of the Company and its Promoters/Directors does not inspire confidence in investors and exhibits blatant unwillingness to be transparent about the financial dealings. The stark opaqueness on the side of the Company and its Promoters/Directors as regards the availability of the Transaction proceeds for distribution to the shareholders of the Company (as had been publicly announced earlier) has aroused suspicion and anxiety in the minds of investors and other stakeholders.
44. Given that the facts clearly make out a *prima facie* case of non-cooperation by the Company and its Promoters/Directors, I am of the considered view that the non-interference by the Regulator at this stage would result in irreparable injury to interests of the securities market and the investors. Section 11(4)(f) of the SEBI Act, 1992 ("**SEBI Act**") casts an obligation on the Board, in appropriate cases, to direct any intermediary or any person associated with the securities market in any manner not to dispose of or alienate an asset forming part of any transaction which is under forensic audit/investigation either pending investigation nor upon completion of such investigation. The facts in this case compel me to take urgent steps by invoking the powers under Section 11(4)(f) of the SEBI Act to direct the transfer by the Company of ₹1292.46 Crore [payment of ₹1316.79 Crore received from the Transaction during the FY 2019-20 post certain adjustments (as publicly announced earlier by PDL) less payment of ₹24.33 Crore paid to Advisors]

to an Escrow Account and restrain the Company and its Promoters/Directors from disposing or alienating such amounts till the conclusion of the forensic audit/investigation by SEBI in the matter. Considering the facts and circumstances of the case, the balance of convenience lies in favour of SEBI.

ORDER –

45. In view of the foregoing, in order to protect the interest of the investors and the integrity of the securities market, I, in exercise of the powers conferred upon me in terms of Section 19 read with Sections 11(1), 11(4) and 11B of the SEBI Act, hereby issue the following directions –

- (i) Noticee no. 1 i.e. PDL is directed to deposit within **seven working days** from the date of receipt of this Order, the amount of **₹1292.46 Crore** to an interest bearing Special Escrow Account [**“Escrow Account in Compliance with SEBI Order dated October 20, 2020 – A/c (in the name of the Company)”**] in a Nationalized Bank. The Audit Committee of PDL shall directly monitor the process of creation of this Special Escrow Account and its funding as directed by this Order and furnish a Compliance Report to SEBI by October 30, 2020.
- (ii) The subsequent operations in the above mentioned Special Escrow Account shall be monitored by JM Financial as its manager till the completion of the forensic audit. Further, JM Financial shall allow debits from the Special Escrow Account only for the purposes of administrative expenses of PDL. The funds in the Special Escrow Account shall not be used by PDL for any other lines of business (including for deployment towards its residual business i.e. animal nutrition and cattle feed business), as committed in its disclosure to the stock exchanges on March 25, 2019.
- (iii) PDL shall furnish a weekly statement of debits/credits/balance in the above mentioned Special Escrow Account commencing from October 30, 2020, to JM Financial till the completion of the forensic audit.
- (iv) In case of failure to comply with the above directions, Noticee nos. 2 and 3 i.e. Sarangdhar Ramchandra Nirmal and Vivek Sarangdhar Nirmal, shall be restrained from disposing, selling or alienating, in any other manner, their assets or divert funds, except for the purpose of compliance with the direction at paragraph 45(i).

- (v) Noticee nos. 1, 2 and 3 are directed to cooperate with the forensic auditor appointed as per the SEBI letter dated July 17, 2020 and shall furnish all information/documents to the forensic auditor/SEBI within **seven working days**. The Audit Committee of PDL is directed to ensure that all data /information may be provided to the forensic auditor/SEBI within **seven working days**.
46. Noticee nos. 1, 2 and 3 may file their replies to SEBI within 14 days from the date of receipt of this Order. They may also indicate in their replies whether they wish to avail an opportunity of personal hearing in the matter.
47. This Order shall come into force with immediate effect.
48. This Order is without prejudice to any other action that SEBI may initiate under the securities laws, as deemed appropriate, against the above mentioned persons/entities.
49. A copy of this Order shall be forwarded to the Stock Exchanges, Depositories, Registrar and Share Transfer Agents and Banks to ensure necessary compliance.

Place: Mumbai
Date: October 20, 2020

G. MAHALINGAM
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA