

proceeds utilized by the Company provided by the Respondent vis-à-vis the findings of investigation report of the SEBI (Informant Department) in respect of amount utilized under various items / heads and the objects attached to it. Accordingly, a statement containing comparison on the above aspect is given below:

Objects of the issue	Amount allegedly wrongly certified by the auditor (Rs. In Lacs)	Reconciliation provided by the Respondent in respect of alleged differences	Comments of the SEBI														
To Finance Long Term Incremental Working Capital Requirements	873.48	<p>Short term loans and advances to related parties under Note – 10 LOANS AND ADVANCES</p> <table border="1" data-bbox="613 1092 951 2208"> <thead> <tr> <th data-bbox="613 1092 809 1274">Name of the party</th><th data-bbox="809 1092 951 1274">Amount (Rs. in Lakhs)</th></tr> </thead> <tbody> <tr> <td data-bbox="613 1274 809 1444">i. Tarini Infrastructure Limited</td><td data-bbox="809 1274 951 1444">400.00</td></tr> <tr> <td data-bbox="613 1444 809 1662">ii. Tarini Wilderness Innovations Pvt Ltd</td><td data-bbox="809 1444 951 1662">65.00</td></tr> <tr> <td data-bbox="613 1662 809 1832">iii. Venture Infrastructure Limited</td><td data-bbox="809 1662 951 1832">175.00</td></tr> <tr> <td data-bbox="613 1832 809 2002">iv. B. Soilmec India Private Limited</td><td data-bbox="809 1832 951 2002">45.00</td></tr> <tr> <td data-bbox="613 2002 809 2172">v. Bantia Fintrade Private Limited</td><td data-bbox="809 2002 951 2172">100.00</td></tr> <tr> <td data-bbox="613 2172 809 2208">Total (a)</td><td data-bbox="809 2172 951 2208">785.00</td></tr> </tbody> </table> <p>Repayment of dropline</p>	Name of the party	Amount (Rs. in Lakhs)	i. Tarini Infrastructure Limited	400.00	ii. Tarini Wilderness Innovations Pvt Ltd	65.00	iii. Venture Infrastructure Limited	175.00	iv. B. Soilmec India Private Limited	45.00	v. Bantia Fintrade Private Limited	100.00	Total (a)	785.00	<p>i. Regarding payments to Tarini Infrastructure Limited, Tarini Wilderness Innovations Pvt Ltd, Venture Infrastructure Limited and B. Soilmec India Private Limited, from the copies of loan agreements submitted by the auditor, it was clear that the IPO proceeds were utilized by the Company for financing the capital expenditure of its group companies by way of loans at the interest of PLR+2%, which was in the nature of financing activities and same was not forming part of the objects of the issue disclosed in the prospectus. Thus, it was evident that the Statutory</p> <p><i>BSE</i></p>
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		<p>Overdraft facility (b) – Rs. 55.38 lakh</p> <p>Salaries Paid - Rs. 33.10 lakh</p> <p>Grand Total – Rs. 873.48 lakhs (a+b+c)</p>	<p>Auditor had wrongly certified that the Company had utilized that Rs.6,85,00,000 (sum of amounts paid to entities at sl. nos. 1 to 4) to finance long term incremental working capital requirements.</p> <p>ii. Regarding payments made to Banthia Fintrade Private Limited, from the qualification made by the Respondent in the audit report, it was clear that the statutory auditor could not verify that if the company had actually utilized Rs. 100 lakhs to meet the long-term working capital requirements of the Company. Contrary to the qualification in the audit report dated May 30, 2015, the Statutory Auditor in certificate dated May 30, 2015 had knowingly issued a false certificate that the Company had utilised Rs.100 lakhs to finance long term incremental working capital requirements.</p> <p>iii. Regarding payments</p>
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			<p>made to ICICI bank, it was noted that the ICICI bank account of the Company had a negative balance of Rs. 55,38,174 as on April 01, 2014 which was before the IPO date. After transfer of IPO proceeds in June 2014 in ICICI bank account, the negative balance in the current account of the bank turned positive and the same amounts to repayment of existing bank loan and cannot be considered as utilization of IPO proceeds for meeting long term incremental working capital requirements. It was also noted that the prospectus did not mention repayment of bank loan as one of the objects of the issue. Thus, it was evident that the statutory auditor in certificate dated May 30, 2015 had wrongly certified that the Company had utilised Rs.55,38,174 to finance long term incremental working capital requirements.</p> <p>iv. Regarding payment of</p>
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		<p>salaries, out of Rs. 48,00,000 certified by Statutory Auditor, expenditure of only Rs. 14,90,000 could be independently verified and the same was considered as utilized towards the working capital and the balance amount i.e., 33,10,000 could not be verified.</p> <p>v. Thus, based on the examination of documents relied by Statutory Auditor to issue utilisation certificate, it was observed that the Company had incurred only Rs. 14,90,000 to finance long term incremental working capital requirements as against Rs. 8,88,38,174 certified by Statutory Auditor. In view of above, the Respondent in certificate dated May 30, 2015 had wrongly certified that the Company had utilised the IPO proceeds to finance long term incremental working capital requirements to the extent of Rs.8,73,48,174 (i.e., Rs. 8,88,38,174 – Rs.</p>
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			14,90,000).
Renovation and interior of Registered Office	156.58	<p>Short term loans and advances to related parties under Note - 10 LOANS AND ADVANCES B Soilmec India Private Limited</p> <p>(a) - Rs.120 Lakhs</p> <p>CWIP (b) - Rs. 36.58 Lakhs</p> <p>Grand Total - Rs. 156.58 Lakhs</p> <p>[(a)+(b)]</p>	<p>Based on the examination of documents relied by Statutory Auditor to issue utilisation certificate, it was observed that the Company had incurred only Rs. 2,69,650/- for renovation and interior of registered office of the Company as against Rs. 1,59,27,930 certified by Statutory Auditor. In view of above, the Respondent in certificate dated May 30, 2015 had wrongly certified that the Company has utilised the IPO proceeds for renovation and interior of registered office of the Company to the extent of Rs. 1,56,58,280 (i.e., Rs. 1,59,27,930 – Rs. 2,69,650).</p>
Brand Building	18.93	<p>Salary of senior Management</p> <p>(a) - Rs. 11.90 Lakhs</p> <p>Travelling Expenses</p> <p>(b) - Rs. 2.29 Lakhs</p> <p>Payment to (c)</p> <p>Raka Advertising -Rs. 2.00 Lakhs</p> <p>Prana PR Pvt Ltd - Rs.2.74 Lakhs</p> <p>Grand Total - Rs. 18.93 Lakhs</p> <p>[(a)+(b)+(c)]</p>	<p>Based on the examination of documents relied by Statutory Auditor to issue utilisation certificate, it was observed that the Company had incurred only Rs. 54,01,662/- for brand building as against Rs. 72,95,098 certified by Statutory Auditor. In view of above, the Respondent in certificate dated May 30, 2015 had wrongly certified that the Company has utilised the IPO</p>

			proceeds for brand building to the extent of Rs. 18,93,436 (i.e., Rs. 72,95,098 – Rs. 54,01,662).
General Corporate Purposes	430	Short term loans and advances to Related Parties under Note - 10 LOANS AND ADVANCES Tarini Sugar & Distillaries Limited - Rs. 430 Lakhs	The Respondent had provided the copy of loan agreements dated July 30, 2014 entered into between the Company and Tarini Sugars & Distilleries Ltd. As observed from the said loan agreements, the Company had advanced loan of Rs. 430 lakhs for the purpose of purchase of Land and setting up of Sugar Factory by Tarini Sugars and Distilleries at Parbhani, Maharashtra and thus, it does not relate to Tarini International Limited. In view of above, it was evident that the Statutory Auditor in certificate dated May 30, 2015 had wrongly certified that the Company had utilised Rs. 4,30,00,000 for general corporate purposes of the company.
Issue Expenses	0.32	Courier expenses - Rs. 0.32 Lakhs to Seaman International Inc.	With respect to payments made to Seaman International Inc, the Statutory Auditor has neither provided the copies of invoices nor stated the nature of good bought/services availed from the vendor. Thus, the Statutory Auditor in

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			certificate dated May 30, 2015 has wrongly certified that the company has utilised Rs. 32,608/- for Brand Building. Based on the examination of documents relied by the Respondent to issue utilisation certificate, it was observed that the Company had incurred only Rs. 80,04,817/- for issue expenses as against Rs. 80,37,425/- certified by Statutory Auditor. In view of above, the Respondent in certificate dated May 30, 2015 had wrongly certified that the Company has utilised the IPO proceeds for issue expenses to the extent of Rs. 32,608 (i.e., Rs. 80,37,425 - Rs. 80,04,817).
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8.4 The Committee noted the conclusion given in the investigation report of the Informant Department which states as under:

"Conclusion: The break-up of details of utilisation of IPO proceeds certified by Statutory Auditor under each heads of objects was verified with the documents relied upon for issuing the said certificate. As discussed in the preceding paragraphs, based on the examination of documents relied by statutory auditor to issue utilisation certificate, it was observed that the company has incurred only 151.66 lakhs out of IPO proceeds for objects stated in prospectus as against 1630.98 lakhs certified by statutory auditor. In view of above, the statutory auditor in certificate dated May 30, 2015 has wrongly certified that the company has utilised the IPO proceeds for public issue expenses to the extent of Rs. 1479.32 lakhs (i.e., ₹1,630.98 lakhs - ₹151.66 lakhs). The object wise breakup of the same is as under.