BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER No.: ORDER/VV/AS/2022-23/24242 - 24245]

UNDER SECTION 15-I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF THE SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES, 1995.

In respect of:

1. Ms. Bimla Devi Jindal (PAN: ABSPJ6495R)

2. Ms. Kamini Jindal (PAN: AMIPJ8101H)

3. Mr. Lokesh Kumar Garg (PAN: AJUPL0701C)

4. Mr. Praveen Bishnoi (PAN: BRVPP0550K)

In the matter of Vikas Proppant and Granite Limited

1. Vikas Proppant and Granite Limited (hereinafter referred to as "**VPGL**" or "**Company**") is a company having its shares listed on Bombay Stock Exchange Ltd. ("**BSE**") and is under "*Permitted to trade*" category on National Stock Exchange of India Limited ("**NSE**"). Securities and Exchange Board of India ("**SEBI**") has received an anonymous complaint vide email dated June 30, 2021 against the Company, wherein, it has been alleged that – a) VPGL has shown fake fixed assets of around Rs. 150 Crore; b) fake Debtors and Creditors of around Rs. 125 Crore has been shown, which are related to VPGL; c) fake sales and purchase shown during last 4-5 years with no bank transactions and/or with associate company(ies); d) shown fake directors; and e) VPGL has pending tax liability of Rs. 11 Crore. Accordingly, vide e-mail dated July 27, 2021, the aforesaid complaint was forwarded to NSE and it was advised to conduct an independent examination in the aforesaid matter. NSE submitted its examination report vide email dated September 01, 2021, wherein, it was observed that VPGL was showing – i) revenue without any inventory or cost of material consumed; ii) mismatch in the closing balance of the related party; iii) debtors and creditors are mostly related parties; iv) irregular revenue over the years; v) irregular employee cost; vi) resignation of statutory auditors'/ promoter directors/ independent directors within short span, etc.

2. On considering the observations in preliminary examination of NSE, aforementioned anonymous complaint and preliminary examination at SEBI, a detailed investigation is

undertaken by SEBI to ascertain the violations of the provisions of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act**"), Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as "**SCRA**"), SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "**LODR Regulations**") during the period for Financial Year ("**FY"**) 2017-18, 2018-19, 2019-20 and 2020-2021 (hereinafter referred to as "**investigation period**"). During the investigation, SEBI has observed as follows:

A. The Company was originally incorporated as a public limited company with the name Adarsh Derivatives Limited under the Companies Act, 1956 on October 31, 1994. The Company name was changed to Vikas Granaries Limited, accordingly, fresh certificate of incorporation was issued on July 04, 2008. Thereafter, the Company again changed its name to Vikas Proppant & Granite Limited, and received a fresh certificate of incorporation on April 17, 2018. VPGL is an agro based industry manufacturer and also engaged in grading of Guar Gum Powder and grading of guar splits and its derivatives. Further, the Company has diversified its business from FY 2018-19 into the mining of Granite Blocks and manufacturing of Proppant.

B. As per the Annual reports of VPGL, the Noticees who served as directors of VPGL and their tenure of directorship during the investigation period is as under:

Table 1

Sl. No.	NAME	DIN / PAN	Status	Appointment Date	Cessation Date
1	Bimla Devi Jindal (Noticee No. 1)	00034997 (ABSPJ6495R)	Chairman & Managing Director	21/08/2007	23/06/2021
2	Kamini Jindal (Noticee No. 2)	05268741 (AMIPJ8101H)	Director	11/08/2012	23/06/2021

C. The Financial Overview of VPGL during the investigation period is given below (Source: Annual Reports of the company):

Table 2 (Figures in INR Lakhs)

Profit & Loss statement	**2020-21**	**2019-20**	**2018-19**	**2017-18**
Revenue From Operation	2,359.85	695.62	5277.21	-
Other Income	-	-	-	4.15
Cost of Materials consumed/Traded goods	2,236.28	-	-	-
Cash Flow Statement	**2020-21**	**2019-20**	**2018-19**	**2017-18**
Purchase of fixed assets	-	-	(8,349.16)	-

Sale of fixed assets, CWIP and capital advance	2,362.35	-0.05	-	498.06
Proceeds/(repayment) from long term borrowings	(867.50)	(693.57)	(4,231.96)	21.95
Proceeds from issue of Equity Share Capital and/or other equity	85.00	-	8,158.35	-
Balance Sheet	**2020-21**	**2019-20**	**2018-19**	**2017-18**
Equity Share Capital	5,146.75	5,061.75	5,061.75	1,811.75
Other Equity	13,617.67	14,756.37	14,716.68	5,383.30
Property, plant and equipment	15,964.48	16,373.24	16,373.24	8,026.05
Capital work-in-progress	2,841.54	4,795.13	4,795.08	4,793.10
Inventory	-	-	-	-

D. **Over Statement of Revenue from Operations and Profit:** Company has reported sales of Rs. 52.77 Crore and profit of Rs. 44.25 Crore in 2018-19 and sales of Rs. 6.96 Crore and profit of Rs. 3.92 Crore in 2019-20 without any inventory and material consumed. Revenue recorded by the Company during the investigation period was 100% with the related parties. The Environmental Clearance Certificate and Mining License was granted in January 2020 and February 2020, respectively, however, as per the GST details of VPGL, all the revenue for FY 2018-19 and 2019-20 was recorded up to February, 2020 and VPGL had itself disclosed in its annual report that 100% revenue from operations in 2018-19 and 2019-20 was from mining activities. So, it seems that VPGL was showing revenue from mining activities even before issuance of mining license. As per the annual report of FY 2018-19, there is an addition to Plant & Equipment by Rs. 2.22 Crore, however, no depreciation was charged on plant & equipment during FY 2018-19 and 2019-20. Further, no expenditure *viz.* leases rentals of plant & equipment etc. was observed in the annual report of the company during the investigation period. The above observations corroborate that the revenue from operations and profit/loss recorded by VPGL are over-stated, which do not represent the true and fair view of the financial statement for the FY 2018-19 to 2020-21, to the investors to take an informed decision.

E. **Non-Cash transactions reported in Cash Flow Statement ("CFS"):** It was observed that in the FY 2018-19 and 2019-20, VPGL had reported that, it had generated cash from operating activities and in FY 2020-21, it had used cash amounting to Rs. 1,579.85 Lakh. VPGL had purchased assets of Rs. 8,349.16 Lakh in FY 2018-19 and sold assets of Rs. 2,362.35 Lakh in FY 2020-21. Further, VPGL has reported receipt of Rs. 8,158.35 Lakh through issue of Equity Share Capital and other equity in FY 2018-19. VPGL has allotted 32,50,00,000 equity shares on preferential basis for consideration other than cash i.e. on the basis of lease rights granted by the allottees to VPGL. VPGL had neither paid any cash for purchase of assets nor received any cash towards sale or issue of equity shares during the investigation period. Further, it was observed that VPGL had not received any money against "*revenue from operations*" during the investigation period and it has wrongfully shown operating cash flow in the CFS. The above observations corroborate that the CFS of VPGL during the investigation period are mis-leading and comprises of non-cash transactions, which do not represent the true and fair view of the financial statement to the investors to take an informed decision.

F. **Related Party Transactions:** It has been observed that, in FY 2018-19 and 2019-20, entire sale of Rs. 5,277.21 lakhs and Rs. 695.62 lakh, respectively, was booked in the name of Late Mr. B.D. Aggarwal, however, as per the related party schedule at page no. 91 of Annual Report for FY 2018-19 (*as available in public domain*), no such sale was made to Mr. Aggarwal. Further, as per the corresponding figure of 2018-19 at page no. 92 of the annual report for FY 2019-20 (*as available in public domain*), VPGL has disclosed in the related party schedule that sales of Rs. 4,349.71 Lakh was made to Mr. Aggarwal. As per the related party schedule for FY 2020-21 (*as available in public domain*), it was observed that no sales were made to any related parties. However, VPGL vide email dated April 23, 2022 had itself submitted that in the FY 2020-21, entire sales were made to related parties *viz.* Vikas Chemi Gums (India) Ltd. ("**VCGIL**"), Vikas Dal and General Mill ("**VDGM**") and Vikas WSP Ltd ("**VWL**"). As per the annual report of FY 2020-21, it was observed that an amount of Rs. 927.5 Lakh had been adjusted/reduced from the loan of Mr. Aggarwal, however, neither any sale was made to him nor any payment was made to him during this period. VPGL vide email dated April 23, 2022 had clarified that sale transaction amounting to Rs. 9.28 crore (out of Rs. 52.77 Crore) made to Mr. Aggarwal was mistakenly not shown in related party in FY 2018-19, however, the same was corrected in the annual report of FY 2020-21 by reducing the outstanding loan from director. It was observed that, despite the fact that the Company being aware of mistake in the annual report available in the public domain, it had not rectified the same by uploading the revised annual report containing entire related party details for FY 2020-21.

G. **Employee Stock Option Plan**

a) As per the annual report of FY 2020-21, VPGL had passed a Resolution in its Extra Ordinary General Meeting ("**EOGM**") held on December 12, 2018 for the grant of 85,00,000 options which is convertible into 85,00,000 equity shares of face value Rs. 1/- each under Vikas Gran Employees Stock Option Plan 2018 (hereinafter referred to as "**SOP 2018**") to Vikas Gran Employee Welfare Trust ("**Vikas Trust**"). As per

Annexure VIII at page 81 of annual report of FY 2020-21, VPGL had *inter-alia* disclosed that, it had neither issued ESOP to any Senior Managerial Personnel nor to any other employee, who had received a grant in any one year of option amounting to 5% or more of option granted during the year.

b) Mr. Praveen vide email dated October 18, 2022 had provided details of shares issued to him under ESOP. He had also provided following details of his demat statement depicting the transactions executed by him:

Table 3

Date	**Transaction Particulars**	**Credit**	**Debit**	**Current Balance**	**Explanation**	**Consideration**
01-01-2018	Opening Balance			0.00		
11-11-2020	INTDEP-CR 56966906 CTRBO IN301330 40371772	45,00,000		45,00,000	Received pursuant to ESOP allotment	
30-12-2020	INTDEP-DR 67680655 CTRBO IN301330 40458854		25,00,000	20,00,000	Off Market transfer to my another Demat A/c	N.A.
05-01-2021	OF-DR TD: 292583 TX: 402669 1208160015004881		10,00,000	10,00,000	Off Market transfer to Madan Lal Gupta at the instruction of Shri Ramji	Rs. 30,50,000 received on January 20th, 2021 @ Rs. 3.05 per share
08-01-2021	OF-DR TD: 438768 TX: 765185 1208160014491813		10,00,000	0.00	Off Market transfer to Gourav at the instruction of Shri Ramji	Rs. 34,00,000 received on January 19th, 2021 @ Rs. 3.4 per share
20-09-2022	Closing Balance			0.00		

c) From the above table, it was observed that Mr. Praveen was allotted 45 lakh shares (53%) on November 11, 2020 and within a couple of month of receipt of aforesaid shares, he sold / transferred these shares and out of the total consideration received, he transferred Rs 30 lakh to Vikas Trust on January 20, 2021 and Rs 10.50 lakh to VCGIL on January 29, 2021.

d) Mr. Lokesh vide email dated September 21, 2022 has *inter-alia* informed that he had subscribed for 40 lakh shares through ESOP and he had sold 39 lakh shares in *off-market* as follows:

Table 4

Date	Transferee Name	Shares	Rate per Share	Amount
01.01.2021	Madan Lal Gupta	10,00,000	3.05	30,50,000
07.01.2021	Gourav	10,00,000	3.40	34,00,000
29.01.2021	Madan Lal Gupta	19,00,000	2.90	55,10,000

e) He had also informed that he sold remaining 1 lakh shares on the BSE platform and received a sum of Rs 2,66,191/-. Out of the total funds received by Mr. Lokesh, he had transferred Rs. 49.50 lakhs to VCGIL. Mr. Lokesh vide email dated October 18, 2022, informed that, he has also transferred Rs. 40 lakhs to Vikas Trust.

f) It was observed that shares under ESOP were issued to only two senior managerial persons *viz.* Mr. Praveen (53%) and to Mr. Lokesh (47%) and upon receipt of said shares, within two months they have either transferred the shares in off-market or sold in market. Further, proceeds received from the sale of these shares were either transferred to VCGIL or to Vikas Trust. Therefore, disclosure by VPGL in its annual return of 2020-21, that it had neither issued ESOP to any senior managerial person nor to any other employee who had received a grant in any one year of option amounting to 5% or more of option granted during the year, was observed as a false statement.

H. **Over Statement of Liabilities:** In the annual report of VPGL for FY 2020-21, it was disclosed that VPGL had unsecured loan payable of Rs. 49.50 lakhs to Mr. Lokesh and other payables of Rs. 9.15 lakhs to Mr. Praveen. Mr. Praveen vide email dated October 18, 2022 had *inter-alia* informed that he had transferred Rs. 10.50 lakhs to VPGL by transferring it in the account of VCGIL on January 29th, 2021._Mr. Lokesh vide email dated September 21, 2022 had *inter-alia* informed that he had transferred Rs. 49.50 lakhs into the account of VCGIL (*Rs. 15.50 Lakh on January 11, 2021 and Rs. 34 Lakh on January 19, 2021*). Therefore, it was observed that, though Mr. Praveen and Mr. Lokesh have transferred the aforesaid amount to VCGIL, same is shown as liabilities in the books of VPGL, which do not represent the true and fair view of the financial statement of VPGL for FY 2020-21 to the investors to take the informed decision.

I. **Role of Company, Directors and KMPs in the mis-statement of the financial statement of VPGL:**

a) A company being a juristic person, acts through its board of directors. All its deeds and functions are the result of acts of its board of directors. Therefore, officers of a company who are responsible for acts done in the name of the company are sought to be made personally liable for acts which result in violation of laws. The directors of the listed companies have greater responsibility as they have access to inside information such as the financial position of the company, annual accounts, etc., and they take major decisions on behalf of the company, which affects the investors. Therefore, they are expected to exercise the powers in *bona fide* manner and in the interest of all stakeholders of the company.

b) Details of Directors and KMPs during the investigation period are as follows:

Table 5

Sr. No.	Name of the Entity	Position Held	From	To
1	Mr. B.D. Agarwal	Executive Director	January 31, 2006	September 21, 2020
2	Ms. Bimla Devi Jindal	Chairman and Managing Director	August 21, 2007	June 23, 2021
3	Ms. Kamini Jindal	Executive Director	August 11, 2012	June 23, 2021
4	Mr. Praveen Bishnoi	Company Secretary and Compliance Officer	June 01, 2017	Continuing
5	Mr. Lokesh Kumar Garg	Chief Financial Officer	April 25, 2019	September 03, 2021

c) From the website of National Company Law Tribunal, it is observed that, Corporate Insolvency Resolution Process ("**CIRP"**) has been initiated against the Company vide NCLT's order dated August 26, 2022, wherein it is *inter-alia* mentioned that *"The order of moratorium shall have effect from the date of this order till the completion of the corporate insolvency resolution process or until this bench approves the resolution plan under sub-section(1) of section 31 or passes an order for liquidation of corporate debtor under section 33 as the case may be."* The Company has disclosed the same on exchange website, on August 31, 2022.

d) Ms. Bimla Devi Jindal was Chairman and Managing Director ("**CMD**") of the Company during the relevant period of time. Ms. Bimla Devi Jindal was also director in Vegan Colloids Limited ("**VCL**"), VWL, VCGIL, which are found to be related parties of VPGL. Following are the details regarding her role and responsibilities in the Company during relevant period of time:

   i. As per the annual report of VPGL, she had attended all the board meetings, audit committee meetings and risk management committee during the investigation period.

ii. Ms. Bimla Devi Jindal by virtue of her negligence in the aforementioned mis-statement of financials of VPGL *viz. over-statement of revenue and profits, non-cash transactions reflected in Cash Flow Statement, non-disclosure of related party transactions, ESOP, over-statement of liabilities*, had failed in her duties as a CMD of VPGL and her actions have been detrimental to the interest of the minority shareholders of VPGL.

iii. Ms. Bimla Devi Jindal did not do any kind of due diligence so as to verify whether and how these transactions *viz. sales without mining license, environmental clearance certificate, cost of production, plant & machinery* etc. and that too 100% transactions are with related parties (*wherein she is also a director*) are taking place.

iv. Considering the materiality of transactions, she was obliged to examine the transactions of VPGL with related parties in the normal course of her duty to identify fraudulent nature of transactions, which she failed to do. Officials occupying key positions, such as that of the CMD of a listed company are obligated to take care of the interest of the company and the shareholders' interest.

v. The CEO/CFO certificate issued by Mr. Bimla Devi Jindal, in the Annual Report of VPGL for the year 2017-18 and 2018-19, inter-alia stating that *"the financials of VPGL presented true and fair view of the affairs and not containing any misleading statements"* was misleading.

e) Ms. Kamini Jindal was Executive Director ("**ED**") of the Company during the relevant period of time. Ms. Kamini Jindal was also director in VCL, VWL, VCGIL, which are related parties of VPGL. Following are the details regarding her role and responsibilities in the Company during relevant period of time:

i. As per the annual report of VPGL, she had attended all the board meetings and risk management committee meetings during the investigation period.

ii. Ms. Kamini Jindal vide corporate announcement on September 22, 2020 while informing w.r.t. demise of Mr. B.D. Agarwal, also informed that in future, she will handle the company's affairs and she was already handling affairs of the company in the direction of Late Shri B.D. Agarwal since last few years.

iii. Ms. Kamini Jindal by virtue of her negligence in the above mentioned mis-statement of financials of VPGL *viz. over-statement of revenue and profits, non-cash transactions reflected in Cash Flow Statement, non-disclosure of related party transactions, ESOP, over-statement of liabilities*, had failed in her duties as an ED of VPGL and her actions have been detrimental to the interest of the minority shareholders of VPGL.

iv. Ms. Kamini Jindal did not do any kind of due diligence so as to verify whether and how these transactions *viz. sales without mining license, environmental clearance certificate, cost of production, plant & machinery* etc. and that too 100% transactions are with related parties (*wherein she is also a director*) are taking place.

v. Considering the materiality of transactions, she was obliged to examine the transactions of VPGL with related parties in the normal course of her duty to identify fraudulent nature of transactions, which she failed to do. Officials occupying key positions, such as that of the Whole Time Directors ("**WTD**") of a listed company are obligated to take care of the interest of the company and the shareholders' interest.

f) Mr. Lokesh Kumar Garg (hereinafter referred to as "**Mr. Lokesh**" or "**Noticee No. 3**") was Chief Financial Officer ("**CFO**") of the Company during the relevant period of time. He was also a key managerial personnel ("**KMP**") in terms of Section 2(51) of the Companies Act 2013, in the Company by virtue of his designation as the CFO. Following are the details regarding her role and responsibilities in the Company during relevant period of time:

i. A CFO is a person heading and discharging the finance function of the listed entity. Therefore, he was expected to exercise the powers in *bona fide* manner and in the interest of all stakeholders of the company.

ii. The CEO/CFO certificate issued by Mr. Lokesh for the year 2019-20 and 2020-21, *inter-alia* stating that *"the financials of VPGL presented true and fair view of the affairs and not containing any misleading statements"* were misleading.

iii. He was also allotted 40 lakh shares (47%) through ESOP and immediately after receipt, these shares were transferred and out of the total consideration, an amount of Rs. 49.50 lakhs were transferred to VCGIL and Rs. 40 lakhs were transferred to Vikas Trust.

iv. A CFO is expected to exercise due care and diligence in ensuring that the transactions have requisite approvals and that they are in the best interests of the company, including the minority shareholders of the company. Thus, it is alleged that by virtue of his negligence in the above mentioned mis-statement of financials of VPGL *viz. over-statement of revenue and profits, non-cash transactions reflected in Cash Flow Statement, non-disclosure of related party transactions, ESOP, over-statement of liabilities*, had failed in his duties as CFO of VPGL and his actions have been detrimental to the interest of the minority shareholders of VPGL.

v. Mr. Lokesh did not do any kind of due diligence so as to verify whether and how these transactions *viz. sales without mining license, environmental clearance certificate, cost of production, plant & machinery* etc. and that too 100% transactions are with related parties are taking place.

vi. Considering the materiality of transactions, he was obliged to examine the transactions of VPGL with related parties in the normal course of his duty to identify fraudulent nature of transactions, which he failed to do. Officials occupying key positions, such as that of the CFO of a listed company are obligated to take care of the interest of the company and the shareholders' interest.

g) Mr. Praveen Bishnoi (hereinafter referred to as "**Mr. Praveen**" or "**Noticee No. 4**") is Company Secretary and Compliance Officer ("**CS/CO**") since June 01, 2017 and also a KMP in terms of Section 2(51) of the Companies Act 2013, in the Company by virtue of his designation as the Compliance Officer. Following are the details regarding her role and responsibilities in the Company during relevant period of time:

i. A Compliance Officer's primary responsibility is to ensure conformity with the regulatory provisions applicable to the listed entity in letter and spirit, co-ordination with and reporting to the Board, recognized stock exchange(s) and depositories with respect to compliance with rules, regulations and other directives of these authorities in manner as specified from time to time and also to ensure that the correct procedures have been followed that would result in the correctness, authenticity and comprehensiveness of the information, statement and reports filed by the listed entities under these regulations.

ii. He did not disclose the material information *viz. related party transactions, mis-statement in the financial statement*.

iii. Ms. Bimla Devi Jindal during her statement recording has informed that after the demise of Mr. B.D. Aggarwal, Mr. Praveen used to prepare the financial statement. Further, during the statement recording of Mr. Lokesh informed that after the demise of Mr. B.D. Aggarwal, he used to report to Mr. Praveen.

iv. As per Regulation 30 (1) of the LODR Regulations, every listed entity shall make disclosures of any events or information which, in the opinion of the board of directors of the listed company, is material. Further, as per regulation 30(4)(i)(b) an information is considered to be material if the omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date.

v. As per regulation 23(1) of the LODR Regulations, a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

vi. As per regulation 23(4) of the LODR Regulations, all material related party transactions shall require approval of the shareholders through resolution.

vii. In the instant case, 100% of sales transactions is with the related parties *viz.* Mr. B.D. Agarwal, VWL, VCGIL and VDGML and also other transactions *viz. loan repayment, advance to suppliers* etc. are with the related parties. All these related party transactions are not adequately disclosed in the annual reports of VPGL during the investigation period.

viii. Therefore, it has been alleged that Mr. Praveen had failed in fulfilling its responsibility as a compliance officer of the Company.

3. In view of the observation of investigation in above para 2, it has been observed that there are material mis-representation in the financial statements of VPGL in accordance with Ind

AS 7, 18 and 24 for the financial years ending on March 31, 2018 to March 31, 2021. Had the company recognized actual revenue and profits/loss in the profit and loss accounts and not represented non cash transactions in cash flow statement, adequately disclosed related party transactions etc. in the respective years, the profits/losses of the company would be significantly different from reported profits and losses. This has misled the investors who invested in the shares of the company based on the published financial figures without knowing the actual financial position of the company. This is a case, where allegedly the designated directors and KMPs i.e. Ms. Bimla Devi Jindal (Noticee No. 1) as CMD, Ms. Kamini Jindal (Noticee No. 2) as WTD, Mr. Lokesh Kumar Garg (Noticee No. 3) as CFO and Mr. Praveen Bishnoi (Noticee No. 4) as CS/CO, have mis-represented the financials of listed company and thus, were instrumental in perpetrating the fraud upon the gullible investors. These 4 Noticees have allegedly failed to act in best interests of the company, including the minority shareholders of the company and their actions have been detrimental to the interest of the stakeholders of VPGL. Such acts of the Noticees No. 1 to 4, falls under the definition of *'fraud'* and their act as discussed herein above were '*fraudulent*' as defined under Regulation 2(1)(c) of the PFUTP Regulations. Considering the above, it has been alleged that the Noticees No. 1, 2, 3 and 4 (hereinafter together referred to as "**Noticees**") have violated the following provisions of the SEBI Act, PFUTP Regulations, LODR Regulations and SBEB Regulations:

Table 6

Sl. No.	Name of Noticee	Violations observed	Penal Provisions
1.	**Ms. Bimla Devi Jindal**	**Entities at Sl. No. 1 to 4:** Sections 12A (a), (b) & (c) of the SEBI Act, 1992 read with Regulations 3 (b), (c) & (d), 4(1), 4(2) (f) PFUTP Regulations, 2003. Regulations 4(1) (a) (b) (c) (g) (h) (j), 33 (1) (a) (c) and 48 of LODR Regulations 2015 r/w Section 27 of SEBI Act, 1992. Regulations 1(4)(i) of SBEB Regulations, 2014 and Regulation 14 - Clause C (vi) (a) and (b) of SEBI Circular dated June 16, 2015. **In addition to the above:** **Entities at Sl. no. 1 and 3 for CEO/CFO Certificate:** Regulation 17(8) of LODR Regulations, 2015. **Entities at Sl. no. 4 (Compliance Officer):** Regulation 6(2) of LODR Regulations, 2015.	Adjudication Proceedings under Sections 15HA and 15HB of SEBI Act, 1992.
2.	**Ms. Kamini Jindal**		
3.	**Mr. Lokesh Kumar Garg**		
4.	**Mr. Praveen Bishnoi**		

4. The competent authority in SEBI has *prima facie* felt satisfied that there are sufficient grounds to enquire into the alleged violations of the SEBI Act, PFUTP Regulations, LODR Regulations and SBEB Regulations. Accordingly, vide *communication order* dated November 25, 2022, the undersigned has been appointed as the Adjudicating Officer under Section 15–I(1) of the SEBI Act read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') to inquire into and adjudge the alleged violations (*refer Table 6*) by the Noticees under Sections 15HA and 15HB of the SEBI Act.

5. Accordingly, in terms of Rule 4(1) of the Adjudication Rules read with section 15I of the SEBI Act and in terms of reference as advised in above *communication- order* dated November 25, 2022, the common notice to show cause no. EAD-9/ADJ/VKV-AKS/OW/60932/ 1 – 4 /2022 dated December 06, 2022 ('**the SCN**') was issued to the Noticees, calling upon them to show cause as to why an inquiry should not be held against them in terms of Rule 4 of the Adjudication Rules and penalty be not imposed under sections 15HA and 15HB of the SEBI Act for the aforesaid alleged violations. The SCN was duly served upon the Noticees *via* Speed Post Acknowledgement Due ("**SPAD**") and E-mail and details of the delivery is as follows:

Table 7

Name of Noticee	Mode of Delivery	Date of Delivery
Ms. Bimla Devi Jindal	E-mail	30/12/2022
Ms. Kamini Jindal	SPAD and E-mail	14/12/2022
Mr. Lokesh Kumar Garg	SPAD and E-mail	30/12/2022
Mr. Praveen Bishnoi	SPAD	12/12/2022

6. During the proceedings, the Noticees have sought several extensions to submit reply to the SCN in the matter. On considering the requests of the respective Noticees, the Noticees were granted extensions for filing reply to the SCN. Further, after considering the material available on the record, these Noticees were granted opportunities of hearing in terms of Rule 4(3) of the Adjudicating Rules on January 10, 2023 (Noticees No. 2 & 4), January 25, 2023 (Noticees No. 2 & 4), February 02, 2023 (Noticees No. 1 - 4) and February 13, 2023 (Noticees No. 1 - 4). Also, these Noticees were allowed to submit their replies 2-3 days prior to the scheduled dates of hearing. Accordingly, the Noticees through their respective authorized representatives had forwarded their separate replies vide e-mail dated February 11, 2023 and thereafter, availed the personal hearing on February 13, 2023. On scheduled date of hearing Advocate Varun Nathani and Advocate Pulkit Lodha i/b Mindspright Legal appeared before me on behalf of Noticees No. 1 and 2 and made submissions on the lines

of Noticees No. 1 and 2 respective replies dated February 10, 2023. During the hearing, Advocate Varun Nathani had requested for additional time to make additional written submissions, if any, in the matter and his request has been acceded to, wherein, these Noticees were granted time upto February 17, 2023. Further, Advocate Chetan Shah and Advocate Sukrut Mhatre appeared before me on behalf of Noticees No. 3 and 4 and made submissions on the lines of Noticees No. 3 and 4 respective replies dated February 11, 2023. Accordingly, I note that the hearing w.r.t. Noticees No. 1 – 4 has been concluded on February 13, 2023.

7. The replies/submissions of the Noticees No. 1 – 4 made during the instant proceedings are *inter alia* as follows:

A. **<u>Common Submissions by the Noticees</u>**

a. The allegations levelled against the Noticees are on the basis of surmises and conjectures and the same is done in the light of mere suspicion by the NSE. SEBI, in the process of its investigation, relied heavily on the observations of NSE, which conducted preliminary inquiry. On the bare perusal of the facts of this preliminary enquiry conducted by NSE, it is clear that this enquiry doesn't stand the test of law, as it violates the principle of natural justice, by not giving the reasonable opportunity of hearing to the Company.

b. Allegations levied in the SCN are general, unsubstantiated and vague in nature, as it nowhere makes out any specific case against the Noticees and in manner provides an opportunity or details of any allegations that the Noticees have to meet. SEBI, in the process of its investigation, relied heavily on the observations of NSE and purposely omitted the relevant content from the Statement Recording of the Noticees done on September 19, 2022 which could have aided in proving the innocence of the Noticees. This further corroborate the fact that the investigation done by SEBI is *non-est* in law and thus, the impositions of charges against the Noticees are based on unreasonable grounds.

c. The SCN issued in the proceedings is *ultra vires* the provisions of the Inquiry Rules and thus without jurisdiction. The SCN purports to impose penalty upon the Noticees and is, as such, contrary to Rule 4 of the Inquiry Rules. It is submitted that penalty can only be imposed following a three-stage process contemplated under the Inquiry Rules. In the present case, SEBI has illegally combined two discrete stages contemplated under the Inquiry Rules. The SCN is *ex facie* illegal in as much as it has been issued in contravention of the mandatory process prescribed under the Inquiry Rules.

d. The SCN issued suffers from malice in the sense that as per sub-rule 3 of Rule 4 of the Inquiry Rules, your good self shall issue notice after considering the reply submitted by the Noticee and forming an opinion that the reply is not satisfactory. However, in the captioned matter your good self has given Personal Hearing to the Noticees before even considering the reply.

e. The SCN issued did not disclose that an opinion, as required under Rule 3 of the Inquiry Rules, had been formed by the SEBI. In view of the above, the SCN deserves to be quashed as it has been issued *de hors* the process prescribed under the Inquiry Rules, and therefore the Impugned Order also to be set aside.

f. It is a well settled principle that whenever any allegations have to be levied against the Directors of a particular company, it is imperative for regulatory bodies like SEBI to show a nexus between the role of a particular director, who is acting on behalf of the company and the alleged violations of the law, which in the present case, the SCN has failed to illustrate. As per the principles of natural justice, it is imperative to show how such act/role of the director has resulted in the violations of law stated in the SCN.

g. VPGL had been carrying out operations since 1994. The Company was originally incorporated with the name Adarsh Derivatives Limited on October 31, 1994. The Company was listed on BSE w.e.f. March 11, 1996. The name of the Company was changed from Adarsh Derivatives Limited to Vikas Granaries Limited w.e.f. July 04, 2008. Further, name of the Company was changed from Vikas Granaries Limited to Vikas Proppant & Granite Limited w.e.f. April 17, 2018. Late Sh. B.D. Aggarwal became the director on January 31, 2006.

h. The books of accounts as well as the affairs of the Company were handled and managed by Late Sh. B.D. Aggarwal. He was also associated with politics for a very long time and used to take all the decisions regarding the functioning of VPGL. After his demise on September 21, 2020, Mr. Shriramji took control over the affairs of the Company. However, in the month of April 2021, Mr. Shriramji left for heavenly abode and soon after CIRP was initiated against the company.

i. VWL is a sister concern of the Company. The business activities of VWL were carried out from *B 86-87, Udyog Vihar, RIICO, Sriganganagar* and business activities of VPGL were carried out from *F 88-89, Udyog Vihar, RIICO, Sriganganagar*. Both the offices of VWL and VPGL are opposite to each other. The business premises were owned by VWL and all the documents of both the companies were maintained at one place. After the death of Mr. Aggarwal on September 21, 2020, many employees of Vikas Group went on strike in the month of January, 2021. Due to the ongoing strikes, it was decided in January 2021 to lay off the employees and as a result, the strike continued for a very long time. On December 18, 2021, Mr. Lokesh Garg was inspecting the documents regarding a land belonging to Ms. Bimla Devi Jindal, when he discovered that minutes of Audit Committee as well as Board Meetings, Sale and Purchase Book, Registered Gate Report, Allotment files were missing from the office premises. Thereafter, he lodged a First Information Report ("**FIR**") in Sriganganagar Police Station. Here it is important to note that Mr. Lokesh Garg was the CFO of the Company from April 25, 2019 to September 03, 2021 and even prior and post his designation as the CFO, he continued to be the employee of VWL and after the death of Late Sh. B. D. Aggarwal continued to assist the effective management of the Company in its affairs. In the Final Report dated December 30, 2022 forwarded to the Judicial Magistrate of Sriganganagar, the police officials confirmed that due to the strikes and law and order situation in the company premises which included business premises of VPGL and VWL, most of the documents have been missing from past one year and there is very slight chance of recovering them.

j. Due to an error of the then junior accountant, approval for sales to Late Sh. B.D. Aggarwal was missed from the Notice of the Annual General Meeting for the relevant period. However, at the AGM the same was unanimously approved by the members present at the meeting and was also disclosed in the financial results of the Company. The copy of the minutes was lost during the ongoing strikes in the Company premises which was confirmed by the police in the Final Report.

k. It is mention-worthy that on a bare perusal of the agreement between Late Sh. B.D. Aggarwal and VPGL, Mr. Aggarwal represented that he will oversee the collection of the debris as well as overdues from the ground, including fractured stone for earth filing, ground compaction and road construction activities on behalf of the Company. He also indicated that the costs involved will be borne by him. Such activities did not involve any deep digging or excavation underneath the ground and rather involved removal of debris or overdue from the ground.

l. The need for mining license or Environmental Clearance Certificate is required when the activities involve mining or deep digging of the ground or excavation of minerals or granites, etc. and not for collection of debris and overdues to settle the ground surface. As per sub-section (j) of Section 2 of the Mines Act, 1952, the activities carried on by Late Sh. B.D. Aggarwal did not fall under the scope of the word "*mining*" and thus, was not required to apply for a license.

m. The loan given by Late Sh. B.D. Aggarwal was continuing since FY 2008-09. The details of such outstanding loan has been referred in the Annual Reports available on the website of BSE. Further, sub-section (5) of Section 128 of the Companies Act, 2013 states that - *"The books of account of every company relating to a period of not less than eight financial years immediately preceding a financial year, or where the company had been in existence for a period less than eight years, in respect of all the preceding years together with the vouchers relevant to any entry in such books of account shall be kept in good order"*. In terms of the aforesaid provisions the Company do not possess the record of these old documents.

n. As per Section 132 of the Companies Act, 2013, National Financial Reporting Authority (**"NFRA"**) has been constituted to monitor and enforce the compliance with accounting and auditing standards among other functions. Thus, it is pertinent to note that the appropriate authority to enforce non-compliance of accounting as well as auditing standards is the NFRA and not SEBI. In the present case, when no adjudicating proceedings have been initiated by NFRA against the Noticees in terms of non-compliance of accounting standards, it implies that the Accounting Standards have been complied with.

o. The Noticees were not responsible for ensuring that information prepared and disclosed were in accordance with applicable standards of accounting and financial disclosure. It was the duty of the Auditors to ensure compliance of accounting standards and financial disclosure and if the same has not been complied, Noticees cannot be held liable for the same.

p. Depreciation was not charged during FY 2018-19 & 2019-20 as it was not used during those years. As per judgement of Hon'ble Karnataka High Court in the matter of *The*

Deputy Commissioner of Income Tax, Special Range-4 v. Yellamma Dasappa Hospital (2007) 290 ITR 353 (Kar), depreciation will not be allowed in case the machinery is not used.

q. Addition to Plant & Machinery was not commensurate with the nature of the business i.e. mining as well as revenue recorded during the investigation period. In this regard, it is submitted that no machinery was required for the alleged mining as the right to carry out the same was granted to Late Sh. B.D. Aggarwal.

r. With regards to the payment of lease rental of Plant & Equipment, it is once again reiterated that, as per the agreement dated April 07, 2018, it was Late Sh. B.D. Aggarwal duty to pay the same and it cannot be imposed on the Company.

s. VPGL had given right on around 160 bighas of land to Mr. Aggarwal, who also represented that all the cost whether direct or indirect, transportation expense, technical expense as well as statutory liability including any tax shall be borne by him. In other words, all the work including removal of overdues, debris sand and fractured stone and the cost associated with it would be carried out by Mr. Aggarwal on behalf of the Company. He had also represented that all the finished goods be sold to him.

t. They admit the errors recorded in the Cash Flow Statement of the Company. However, due consideration should be given to the mitigating factors existing at the relevant period. The ongoing strikes, death of Late Sh. B.D. Aggarwal, layoffs in the company contributed to the sense of chaos and fear in the company. As a result, the then Accountant of the Company made efforts to prepare the financials and in the process, might have overlooked the Cash Flow Statement.

u. With regards to the sale to Mr. Aggarwal, it is submitted that the consideration for the sales made to Mr. Aggarwal, was adjusted from *Outstanding Loan* to Mr. Aggarwal, reflecting in the books of account of the Company, amounting to Rs. 4,349.71 lakhs in FY 2018-19. Due to printing error, two rows from the Related Party table, which specifies sales to Mr. Aggarwal were left by mistake. However, the same is shown on Page 92 of the Annual Report for FY 2019-20. In light of this, it is submitted that there was no *mala fide* intention to hide anything or disclose any wrong information. As soon as the Company was made aware of the error, it reflected the same in the books of accounts for the year 2019-20.

v. With regards to non-availability of the signed copy of the balance sheet for FY 2018 - 19 in the public domain, it is submitted that the same was submitted vide letter dated 12.08.2022. It is further submitted that the error with regards to the omission of the related party transactions for FY 2018-19 was discovered when pointed out by SEBI in the Summons dated 05.05.2022.

w. It is submitted that the FY 2020-21 was very harsh as well rough for the Company. The outbreak of Covid-19 caused panic nationwide as well as within the Company, followed by the sad demise of Mr. Aggarwal. All these events created a sense of chaos and fear within the Company. Due to this reason, the then junior accountant of the Company prepared the financial statements in a haste and might have made error in reporting the sales to related parties in the financial statements for the relevant period. At the later stage, during the investigation, it was discovered that there was an error in the Annual Report for the FY 2020-21. With regard to aforesaid submissions, it is requested that no adverse inference should be drawn against him, as it was not their duty to prepare financial statements.

x. It should also be noted that loan from Mr. Aggarwal had been continuing from FY 2008-09. In the FY 2018-19, sales were made to Mr. Aggarwal and the consideration for the same was reduced from the loan payable to him. However, when Summons dated 23.03.2022 was received, it was discovered that out of sales made to Mr. Aggarwal during FY 2018-19, sales amounting to Rs. 9.28 crore was omitted from the Balance Sheet. The same was recorded in the FY 2020-21 by adjusting the same amount from the loan payable to Mr. Aggarwal. It is requested that no adverse inference should be drawn against them, as they had no intention to hide any information or to disclose wrong information.

y. In order to comply with the disclosures, the Company hired the services of a junior accountant who prepared the financial statements in a haste and might have made an error in complying with the SEBI Circular dated 16.06.2015 that no ESOP had been allotted to the Noticees No. 3 and 4, though the same was allotted to them on November 11, 2020. The said copy and paste took place with no ill intention of withholding any information from the investors or disclosing wrong information. The Company was made aware of such error in the Annual Report of FY 2020-21 in the summons dated 18.10.2022.

z. SCN fails to specify the role of the Noticees in making periodic filings, reports, statements, documents or information to enable the investors to track the performance of a listed company and how inaction on the part of the Company can be imputed on the Noticees.

aa. The SCN do not lead to the conclusion that there has been disproportionate gain or unfair advantage to the Noticees; fails to show any loss was incurred by the investors due to the Noticee's actions; and fails to show repetitive nature of defaults.

bb. The SCN does not make out any case against the Noticees and no concrete or conclusive documents, materials and evidence has been placed on record to establish any allegation, so levied against the Noticees during the investigation period.

cc. In view of the foregoing submission it is respectfully submitted that the Noticees has not violated any provisions of the SEBI Act, 1992; PFUTP Regulations, 2003; LODR Regulations, 2015; SBEB Regulations, 2014 or SEBI Circular dated June 16, 2015 and therefore the findings of the SCN must be quashed and set aside with immediate effect.

B. **<u>Specific Submissions by the respective Noticees</u>**

<u>Ms. Bimla Devi Jindal (Noticee No. 1)</u>

a. She is a widow aged 65 years and is staying alone at *House No. 123, Vinoba Basti, Sri Ganganagar, Rajasthan – 335001* after her husband, Late Sh. B.D. Aggarwal passed away on September 21, 2020. She has one adopted daughter, Ms. Kamini Jindal, who is currently residing in Pali, Rajasthan with her husband. The Noticee has been advised bed rest as she is suffering from diabetes, hypertension as well as liver problems.

b. She became director in the Company on August 21, 2007 and had resigned on June 23, 2021. She being a director in the company was never involved in the day-to-day affairs of the company as the daily affairs and management of the company was being handled by Late Sh. B.D. Aggarwal who was authorized to look after the day-to-day affairs of the company in the Board Meeting held on June 28, 2012. She was not assigned with any roles and responsibilities and had resigned from the directorship after the death of her husband, Late Sh. B.D. Aggarwal on June 23, 2021. She has always acted in the interest of the Company and she never drew any salary or remuneration from the Company.

c. She had not even completed her secondary schooling and therefore, her knowledge of accounts and its representation is NIL. Further, due to her marriage in orthodox and conservative Marwadi family, she never had the opportunity to gain any knowledge and for experience regarding accounts and accounting treatments. Therefore, due to her knowledge level and stage in life, she is incapable to give effective submission on violations in accounts of the company. Further, it is due to this very situation, though she was designated as the Managing Director of the company, she was not involved in the affairs of the company. She was totally dependent on her husband, Late Sh. B.D. Aggarwal and competent staff appointed by him to manage the affairs of the company. Therefore, in absence of her role in maintenance and/or representation of the accounts of the Company, she cannot be held responsible for any non-compliances, if any, found in regard to the same.

d. She was not aware of any arrangement between her husband and the Company and secondly, nowhere in the SCN it has been shown that she was privy to the said agreement. Therefore, she cannot be held liable for the same.

e. It is only after the death of Mr. Aggarwal that Late Sh. Shriramji intimated that a loan was granted by Mr. Aggarwal to the Company and accordingly, the same to be transferred to her account, since it was informed to her that she was the sole and rightful legal heir by operation of the provisions of the Hindu Succession Act, 2005. It was further informed to her that loan due to Mr. Aggarwal was adjusted against the amount due from Mr. Aggarwal to the Company. However, other than the information shared with her, she does not have any specific details or documents to assist further. It is further reiterated that her ignorance is due to her trust in husband, Mr. Aggarwal and also her competence level should not be held against her in these proceedings.

f. She was not aware of any mistake in the Annual Report as it relied upon the information provided to her. Also, she does not possess any knowledge in the first place to identify and if necessary, cure the deficiency as alleged. Either Late Sh. B.D. Aggarwal or any competent staff as pointed by him should be held responsible for giving effect to the transaction and its appropriate representation. She used to sign the accounts under the good faith that the same were verified by her husband and subsequently, by Late Sh. Shriramji. Some errors were due to inappropriate understanding either of law and/or transaction on part of concerned person.

Accordingly, she cannot be made responsible for acts of others and no negative inference should be drawn against her.

g. After the death of her husband, she used to receive instructions from Mr. Shriramji, who took control over the affairs of the Company. In this regard it is also important to highlight that from the perusal of the SCN, this transaction was executed immediately after the death of her husband and therefore, she was not in the emotional stage to even be informed about any workings of the Company including the ESOP. It is further submitted that even prior to the death of Late Sh. B.D. Aggarwal, her involvement was only titular and this fact was well known to Late Sh. Shriramji.

<u>Ms. Kamini Jindal (Noticee No. 2)</u>

a. She resides in Pali, Rajasthan with her husband and two sons aged 7 years and 3 years. She was made director of VPGL in the year 2012, when she was pursuing Masters of Philosophy course in Sociology from Punjab University, Chandigarh which got completed in year 2015. Since she was a student of Sociology and was interested in serving the society, she decided to contest the elections in December, 2013 and became a Member of the Legislative Assembly in Rajasthan. After becoming MLA, she got busy in her MLA duties and didn't know much about the working of the company as it was managed by her father, Late Sh. B.D. Aggarwal. She was advised bed rest in 2014-15 when she gave birth to her first child through caesarean procedure and thus, was totally involved in her homely obligations. Immediately after the completion of her MLA tenure in December ,2018, she gave birth to her second child, again through caesarean procedure in September 2019, just before the onset of Covid-19. Her second pregnancy was complicated; thus, she was on rest throughout her pregnancy period.

b. She in her capacity as a Director of VPGL always acted under *bona fide* trust on her father and used to sign the documents on his instructions. She never acted on her own volition and always acted on the instructions of her father. She resigned from the directorship on June 23, 2021 owing to the death of her father and had no control over either the decision making, functioning or operations of the Company.

c. She being a director in the Company was never involved in the day-to-day affairs of the Company. She was neither signatory in any financial institution on Company's behalf, nor she was authorised signatory for day to day affairs and signing of balance sheet, as the daily affairs and management of the Company was being handled by Late Sh. B.D.

Aggarwal, who was authorized to look after the day-to-day affairs of the company in the Board Meeting held on June 28, 2012.

d. She was not aware of any mining activity of the Company in detail, as she was not involved in the daily affairs and management of the company. It should also be noted that she was not aware of any agreement between Late Sh. B.D. Aggarwal and VPGL.

e. She was not aware of any financial or any other transaction executed by or between the Company and Late Sh. B.D. Aggarwal and therefore is constrained from answering this allegation. However, it is only after the death of Late Sh. B.D. Aggarwal that Late Sh. Shriramji, intimated that a loan was granted by Late Sh. B.D. Aggarwal to the Company and accordingly, the same to be transferred to her mother's account as she was the sole and rightful legal heir by operation of the provisions of the Hindu Succession Act, 2005.

f. She being a director in the Company was never involved in the day-to-day affairs of the Company, therefore, she is unable to answer any further w.r.t. various allegations made out in the SCN w.r.t. overstatement, misstatement, ESOPs, Related Party Transactions, Non-cash transactions, etc.

g. After her father death on 21st September, 2020, she was neither in the mental nor in the emotional state to put any announcement on the very next day. This announcement might have been put, on the instructions of Late Sh. Shriram ji, who looked after the affairs of the company for some time after the demise of Late Sh. B.D. Aggarwal.

h. It is admitted that, she attended the Board Meetings and Risk Management Committee meetings during the investigation period on the instructions of her father and used to go to office just for signature purpose, as she was already over occupied with her other responsibilities. Further, in relation to the transaction with related parties, it is submitted that for the FY 2018-19, 2019-20 and 2020-21, she was never a part of the Audit Committee, where the related party transactions are discussed in length. Thus, by virtue of the abovementioned submission, it is incorrect to held her liable for disclosures regarding related party transactions.

i. The violation of Section 27 of the SEBI Act, 1992, it is submitted that she was not responsible for the alleged conduct in her capacity as a Director as she exercised all due diligence to prevent the alleged misstatement of financial statements of VPGL.

Mr. Lokesh Garg (Noticee No. 3)

a. He holds the degree of Bachelors in Computer Application as well as Masters in Computer Science. He joined the sister company of VPGL i.e. Vikas WSP Limited as Clerk and Computer Operator. He was appointed as CFO of VPGL by Late Sh. B.D. Aggarwal in the month of April, 2019. He was never paid from VPGL and used to get salary from VWL. When he joined as CFO, he was not assigned with any roles and responsibilities. At that time, he was not aware about the duties/obligations of CFO, but when he came to know that the role of CFO includes financial planning of a company, he resigned.

b. He has always acted on the instructions of Late Sh. B.D. Aggarwal, who appointed him as the CFO in the company without assigning him any roles and responsibilities. He used to sign on the documents presented to him by Mr. Aggarwal.

c. His scope of work never included preparing the financial statements or accounts of the company. During his tenure as CFO followed the instructions of Late Sh. B.D. Aggarwal who solely took decisions with regards to the functioning of the Company and used to sign on the documents on the instructions of Late Sh. B.D. Aggarwal and after his death, Late Sh. Shriramji, without knowing the implications of such action.

d. It admits the errors recorded in the CFS of the Company. However, due consideration should be given to the mitigating factors existing at the relevant period i.e. ongoing strikes, death of Late Aggarwal, layoffs in the Company contributed, etc., as a result, the then Accountant of the Company made efforts to prepare the financials and in the process, might have overlooked the CFS. In this regard, no adverse inference should be drawn, as it was not his duty to prepare the CFS or any financials of the Company.

e. The amount of Rs. 49.50 lakh payable to him was in lieu of his outstanding salary. He had transferred the said amount of Rs. 49.50 lakhs to VPGL by transferring it in the account of VCGIL on instructions of Late Sh. Shriramji, who took control of the affairs of the Company after the death of Mr. Aggarwal and he is not aware why it is still shown as liabilities in the books of VPGL, as VPGL owes nothing towards him.

Mr. Praveen Bishnoi (Noticee No. 4)

a. He has completed his Company Secretary ("**CS**") course on August 25, 2016 and worked with a practicing CS in Delhi for almost six months after completion of his

CS and later, joined VPGL on June 01, 2017. He had no experience of working in a listed company. Late Sh. B.D. Aggarwal offered him the post of CS in VPGL. He had no other option and accepted the offer, as he could not travel to any other city for job opportunities, as he wanted to support his father in providing the best treatment to his mother, who was suffering from cancer at that time. He has always acted in the interest of the company and made sure that the compliances of the company are met from time to time.

b. Ms. Bimla Devi Jindal during her statement recording, informed that he used to prepare the financial statement. Further, Mr. Lokesh during his statement recording informed that after the demise of Mr. Aggarwal, Mr. Lokesh used to report to him. However, he denies the correctness as well as the veracity of such statements and warrants that no adverse inference should be taken against him in this regard. He never specialised in the preparation of financial statements of the Company but after the demise of Mr. Aggarwal, since he had been associated with the Company for a very long time and knew the internal working of the Company, he used to coordinate with the various departments of the Company to ensure timely compliances. He has no further role to play in preparation of financial statements.

C. Judgements of the Hon'ble Supreme Court, Hon'ble High Courts and Hon'ble Securities Appellate Tribunal ("**SAT**") relied upon by the Noticees in their submissions and during the proceedings are as follows:

Table 8

Cases relied upon by the Noticees in their submissions		
S.No.	**Case Name**	**Subject Matter**
1	SEBI vs. Gaurav Varshney, (2016) 14 SCC 430	Liability depends on the role one plays in the affairs of a company and not on designation or status.
2	DLF Limited v. SEBI, W.P.(C) No. 8128/2011 CM Nos. 18307-08/2011	Process regarding investigation by authority in SEBI.
3	T. Takano v. SEBI 2022 SCC OnLine SC 210	Adjudication Proceedings – Inquiry as per Adjudication Rules.
4	Natwar Singh v. Director of Enforcement (2010) 13 SCC 255	Adjudication Proceedings - Method and procedure of adjudication structured by the statute and the Rules.
5	Price Waterhouse & Co. v. SEBI in Appeal No. 6 of 2018 dtd August 13, 2010 – Hon'ble SAT	Alleged negligence cannot lead to a conclusion that the Noticees acted in a fraudulent manner, when no evidence has been produced in the SCN to show that the investors were induced.

6	Adesh Jain v. SEBI in Appeal No. 217 of 2020 dtd November 19, 2020 – Hon'ble SAT	No findings regarding involvement of a director in day-to-day affairs of the company.
7	Re Presidential Poll (1974) 2 SCC 33	Law does not expect a man to do what he cannot possibly perform (*impotentia excusat legem*).
8	Hindustan Steel vs. State of Orissa (AIR 1970 SC 253)	Technical or venial breach of the provisions of the Act or where the breach flows from a bona fide belief.
9	Adjudicating Officer vs. Bhavesh Pabari (Civil Appeal No. 11311 of 2013, dated 28.02.2019)	Grounds/ Factors to be considered for determining the quantum of penalty.
10	Ex-Naik Sardar Singh vs. Union of India (1991) 3 SCC 212)	Penalty imposed must be commensurate with the gravity of the misconduct.
11	Ranjit Thakur vs. Union of India (AIR 1987 SC 2386)	
12	The Deputy Commissioner of Income Tax, Special Range-4 v. Yellamma Dasappa Hospital (2007) 290 ITR 353 (Kar) - Hon'ble Karnataka High Court	Provisions of tax in case of non-usage of machinery.
13	Price Waterhouse Co. v. SEBI decided on 13.08.2010 – Hon'ble Bombay High Court	Noticee had no *mens rea* or even *actus reus* to commit such alleged misstatement of financial statements as he had no prior knowledge or experience in preparation of financial statements.

8. I have considered the allegation levelled in the terms of reference, reply / submissions of the Noticees and the relevant material brought on record. The Noticees have raised certain common technical objections w.r.t. due process followed in instant proceedings. In this regard, it will be appropriate to refer to the relevant provisions specified under the Adjudication Rules, reproduced herein:

*"**Appointment of adjudicating officer for holding inquiry.***

3. Whenever the Board is of the opinion that there are grounds for adjudging under any of the provisions in Chapter VI-A of the Act, it may appoint any of its officers not below the rank of Division Chief to be an adjudicating officer for holding an inquiry for the said purpose.

Holding of inquiry.

4.(1) In holding an inquiry for the purpose of adjudging under sections 15A, 15B, 15C, 15D, 15E, 15F, 15G, 15HA and 15HB, whether any person has committed contraventions as specified in any of sections 15A, 15B, 17 15C, 15D, 15E, 15F, 15G, 15HA and 15HB the adjudicating officer shall, in the first instance, issue a notice to such person requiring him to show cause within such period as may be specified *in the notice (being not less than fourteen days from the date of service thereof), why an inquiry should not be held against him.*

(2) Every notice under sub-rule (1) to any such person shall indicate the nature of offence alleged to have been committed by him.

(3) If, after considering the cause, if any, shown by such person, the adjudicating officer is of the opinion that an inquiry should be held, he shall issue a notice fixing a date for the appearance of that person either personally or through his lawyer or other authorised representative.

(4) On the date fixed, the adjudicating officer shall explain to the person proceeded against or his lawyer or authorised representative, the offence, alleged to have been committed by such person indicating the provisions of the Act, rules or regulations in respect of which contravention is alleged to have taken place.

(5) The adjudicating officer shall then give an opportunity to such person to produce such documents or evidence as he may consider relevant to the inquiry and if necessary the hearing may be adjourned to a future date and in taking such evidence the adjudicating officer shall not be bound to observe the provisions of the Evidence Act, 1872 (11 of 1872) Provided that the notice referred to in sub-rule (3), and the personal hearing referred to in sub-rules (3),(4) and (5) may, at the request of the person concerned, be waived.

(5A) The Board may appoint a presenting officer in an inquiry under this rule.

(6) While holding an inquiry under this rule the adjudicating officer shall have the power to summon and enforce the attendance of any person acquainted with the facts and circumstances of the case to give evidence or to produce any document which, in the opinion of the adjudicating officer, may be useful for or relevant to, the subject-matter of the inquiry.

(7) If any person fails, neglects or refuses to appear as required by sub-rule (3) before the adjudicating officer, the adjudicating officer may proceed with the inquiry in the absence of such person after recording the reasons for doing so."

9. In terms of foretasted provisions, I note that at the stage of Rule 3, if Board is of the opinion that there are grounds for adjudication under any of the provisions in Chapter VIA of the SEBI Act, it appoints an Adjudicating Officer. At this stage, the Board only decides whether adjudication proceedings should be initiated or not against the Noticee(s). I further note that, the formation of opinion is not a formal inquiry proceeding involving any person or persons against whom inquiry is contemplated. The participation of the person against whom inquiry is contemplated is not necessary. The Board forms its opinion, based on

whether there are *prima facie* materials or grounds for initiation of inquiry. The opinion of the Board under Rule 3 has nothing to do with the outcome of the inquiry. After the Board forms its opinion to appoint an Adjudicating Officer, comes the next stage, which is the stage under Rule 4 of an inquiry for adjudging under relevant Sections 15A to 15HB of the SEBI Act, whether any person has committed contraventions as specified in those sections. The inquiry commences with a Show Cause Notice calling upon the notice to show cause why an inquiry should not be held against Noticee(s). The Show Cause Notice has to specify the nature of offence alleged to have been committed and the penalty proposed, to enable the Noticee(s) to effectively reply to the show cause. A reading of Rule 4(3) makes it clear that, if after considering the cause, if any shown by the Noticee(s), the Adjudicating Officer is of the opinion that an inquiry should be held, he shall issue a notice fixing a date for appearance of that person either personally or through his lawyer or other authorised representative. The Noticee(s) is not required to be heard personally or through lawyer before taking a decision to proceed with an inquiry in respect of the contraventions alleged in the SCN. Decision to proceed or not to proceed with the inquiry may be taken on the basis of the reply of the Noticee to the Show Cause Notice, if any. Once it is decided to proceed with the inquiry, an opportunity of personal hearing is mandatory. The inquiry has to be conducted in accordance with law, in compliance with the principles of natural justice.

10. I note from para 2 of the communication order dated November 25, 2022 that, in this matter, *prima facie* it appeared to the Competent Authority that the Noticees have violated the provisions of the SEBI Act, PFUTP Regulations, LODR Regulations and SBEB Regulations (*refer Table 6*) and thus, approved Adjudication under the provisions of Sections 15HA and 15HB of the SEBI Act *qua* Noticees. Accordingly, the Competent Authority by exercising its power under Section 19 of the SEBI Act read with Section 15I(1) of the SEBI Act and Rule 3 of the Adjudication Rules has appointed undersigned as the Adjudicating Officer to adjudicate upon the alleged violations by the Noticees. In terms of para 4 of the aforesaid communication order, undersigned has been asked to conduct the Adjudication Proceedings in the manner specified under Rule 4 of the Adjudication Rules. Accordingly, on receipt of the said communication order and records, undersigned has issued the SCN to the Noticees in terms of Rule 4(1) of the Adjudication Rules. It is to be noted that in terms of Rule 4(1) of the Adjudication Rules, minimum fourteen days' time has been prescribed for a Noticee to show any cause regarding, why inquiry should not be initiated against him/ her, from the date of service of the SCN.

11. I note that, in the instant proceedings, none of the Noticees have filed their written submissions or shown any cause within prescribed time of 14 days' from the date of service of the SCN. Instead, the Noticees were kept on asking for extensions for filing written submissions in the matter. Since, these Noticees have failed to show any cause even after seeking extension, undersigned has relied upon the material available on record and after considering the said material, undersigned was of the opinion that the inquiry should be held in this matter against the Noticees, and accordingly notice of hearing has been issued to the Noticees in terms of Rule 4(3) of the Adjudication Rules. Further, the Noticees were also allowed with extension of time for filing replies in the matter, wherein, they were advised to file reply up to 2-3 days before the date of scheduled hearing. The Noticees after seeking extensions had filled their respective replies on February 10 – 11, 2023 and thereafter, availed the hearing on February 13, 2023.

12. I have perused the judgement of Hon'ble Supreme Court judgement in the matter of *T. Takano (Supra)* and *Natwar Singh (Supra)* and I note that the principles prescribed under the aforesaid judgements has been duly complied with, while conducting instant adjudication proceedings against the Noticees and all the stages mentioned in Adjudication Rules has been duly followed, such as – a) para 4 of the SCN has a clear mention of the *prima facie* opinion formed by the competent authority of SEBI to enquire into the alleged violations of the SEBI Act, PFUTP Regulations, LODR Regulations and SBEB Regulations by the Noticees; b) issuance of the SCN in terms of Rule 4(1); c) granting minimum 14 days' time to the Noticees for showing cause to the SCN in terms of Rule 4(1); d) explanation of nature of offence in paras 2, 3 and 4 of the SCN in terms of Rule 4(2); e) in absence of any replies from the Noticees, granted hearing after considering the material available on record in terms of Rule 4(3); and (f) conducted hearings in terms of Rule 4(4) and 4(5). In view of the above, I found no infirmity or deviation from the stated Adjudication Rules, while conducting instant proceedings as per the direction of the Competent Authority. I also note that, during instant proceedings due regard has been given to the principle of natural justice while granting extensions and adjournments to the Noticees. Considering the above facts and circumstances, I found no merits in such technical objections of the Noticees.

13. The Noticees have further contended that SEBI in its investigation has relied heavily upon the observations of NSE and the investigation done by SEBI is *non-est* in law. In this regard, I note that on July 27, 2021 SEBI had forwarded the Complaint dated June 30, 2021 against VPGL to NSE for an independent examination. Thereafter, NSE submitted

its examination report on September 01, 2021. On considering the allegations made in the June 30, 2021 complaint; observations and preliminary examination of NSE; and preliminary examination of the documents available and disclosures by SEBI, a detailed investigation has been undertaken by the SEBI. Pursuant to detailed investigation of SEBI, investigation report has been presented before the Competent Authority on October 21, 2022 and action proposed in the said report has been approved by the Competent Authority on October 26, 2022. Considering the aforementioned facts, I am of the opinion that, SEBI had carried out the preliminary examination as well as detailed investigation in this matter for a year, wherein, all the financials, annual reports of VPGL for FY 2017-18 to 2020-21, replies of VPGL and other entities has been assessed in details. Further, the statement recording of the entities has been undertaken during the proceedings. Therefore, contentions of the Noticees regarding heavy reliance upon the observations of NSE are devoid of any merits and thus, rejected hereby.

14. I note that, in their replies, the Noticees have contended that the relevant content from their statement recording during the investigation have been purposefully omitted by the SEBI. In this regard, I found that these Noticees have duly signed their recorded statements under the oath, wherein, it has been *inter alia* mentioned that "*The statement is given by me voluntarily without fear, coercion, threat or inducement. All the above questions were asked and properly explained to me by the SEBI Officials in Hindi language. This statement is recorded as stated by me and understood by me in proper way and this statement was also explained to me before signing…. also acknowledge that I shall be responsible for the statements and the averments made herein above.*" I further found that the statements recorded by the SEBI during the investigation of the Noticees were explained to the Noticees properly and they have signed the said statements after understanding the recorded contents. Considering the above facts and circumstances, I found the claim of the Noticees of purposeful omissions to be false and baseless. I have also perused the judgement of Hon'ble Delhi High Court in the matter of *DLF Limited (Supra)* and I found that the subject matter of that case can easily be distinguished from the instant matter. Further, the said judgement is related to the process of hearing and investigation, wherein, investigation was ordered by the Whole Time Member ("**WTM**") of SEBI and the DLF had filed petition, challenging the process adopted during that proceedings. However, in this case all the process has been duly followed and investigation has been conducted and concluded, prior to the initiation of instant proceedings.

15. After dealing the technical objections raised by the Noticees, I proceed to deal the matter on the merit. Before proceeding further, it will be appropriate to refer to the relevant provisions of the SEBI Act, 1992, PFUTP Regulations, 2003, LODR Regulations, 2015, SBEB Regulations, 2014 and Circular dated June 16, 2015, alleged to be violated by the respective Noticees in this matter. The content of the said provisions are as follows:

SEBI Act, 1992

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

12A. *No person shall directly or indirectly—*

(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

PFUTP Regulations, 2003

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely: —

(f) knowingly publishing or causing to publish or reporting or causing to report by a person dealing in securities any information relating to securities, including financial results, financial statements, mergers and acquisitions, regulatory approvals, which is not true or which he does not believe to be true prior to or in the course of dealing in securities;

LODR Regulations, 2015

4. Principles governing disclosures and obligations.

(1) The listed entity which has listed securities shall make disclosures and abide by its obligations under these regulations, in accordance with the following principles:

(a) Information shall be prepared and disclosed in accordance with applicable standards of accounting and financial disclosure.

(b) The listed entity shall implement the prescribed accounting standards in letter and spirit in the preparation of financial statements taking into consideration the interest of all stakeholders and shall also ensure that the annual audit is conducted by an independent, competent and qualified auditor.

(c) The listed entity shall refrain from misrepresentation and ensure that the information provided to recognised stock exchange(s) and investors is not misleading.

(g) The listed entity shall abide by all the provisions of the applicable laws including the securities laws and also such other guidelines as may be issued from time to time by the Board and the recognised stock exchange(s) in this regard and as may be applicable.

(h) The listed entity shall make the specified disclosures and follow its obligations in letter and spirit taking into consideration the interest of all stakeholders.

(j) Periodic filings, reports, statements, documents and information reports shall contain information that shall enable investors to track the performance of a listed entity over regular intervals of time and shall provide sufficient information to enable investors to assess the current status of a listed entity.

6. Compliance Officer and his Obligations.

(2) The compliance officer of the listed entity shall be responsible for-

(a) ensuring conformity with the regulatory provisions applicable to the listed entity in letter and spirit.

(b) co-ordination with and reporting to the Board, recognised stock exchange(s) and depositories with respect to compliance with rules, regulations and other directives of these authorities in manner as specified from time to time.

(c) ensuring that the correct procedures have been followed that would result in the correctness, authenticity and comprehensiveness of the information, statements and reports filed by the listed entity under these regulations.

(d) monitoring email address of grievance redressal division as designated by the listed entity for the purpose of registering complaints by investors:

Provided that the requirements of this regulation shall not be applicable in the case of units issued by mutual funds which are listed on recognised stock exchange(s) but shall be governed by the provisions of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

33. Financial results.

(1) While preparing financial results, the listed entity shall comply with the following:

(a) The financial results shall be prepared on the basis of accrual accounting policy and shall be in accordance with uniform accounting practices adopted for all the periods.

(c) The standalone financial results and consolidated financial results shall be prepared as per Generally Accepted Accounting Principles in India:

Provided that in addition to the above, the listed entity may also submit the financial results, as per the International Financial Reporting Standards notified by the International Accounting Standards Board.

17. Board of Directors.

***(8)** The chief executive officer and the chief financial officer shall provide the compliance certificate to the board of directors as specified in Part B of Schedule II.*

48. Accounting Standards.

The listed entity shall comply with all the applicable and notified Accounting Standards from time to time.

<u>SBEB Regulations, 2014</u>

1. Short title, commencement and application.

(4) The provisions of these regulations shall apply to any company whose shares are listed on a recognised stock exchange in India, and has a scheme:

(i) for direct or indirect benefit of employees; and

SEBI Circular - CIR/CFD/POLICY CELL/2/2015 – June 16, 2015

Requirements specified under the SEBI (Share Based Employee Benefits) Regulations, 2014

Regulation 14 - Disclosures by the board of directors

C. Details related to ESOS

(vi) Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to -

(a) senior managerial personnel;

(b) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and

16. I note that, during the instant proceedings, the Noticees have admitted few of the charges made out against them in the SCN such as: - a) errors recorded in the Cash Flow Statement of the Company; b) error in not recording sale of 4,349.71 Lakh to Mr. B.D. Aggarwal for FY 2018-19 in Annual Report under related party schedule; c) non-availability of the signed copy of the balance sheet for FY 2018-19 in the public domain at relevant point of time; d) omission of sales of Rs. 9.28 from balance sheet of FY 2018-19; and e) not disclosing information of issuance of ESOP to Senior Managerial Personnel or any other employee in annual report of FY 2020-21. However, for the aforesaid admitted errors/ omissions/ non disclosures, the Noticees has tried to set off burden from themselves and together stated that either Late B.D. Aggarwal or Late Sriramji or some junior accountant or auditors were responsible for the same. The Noticees have further stated that due to the events of death of Mr. Aggarwal and Mr. Shriramji in short span during pandemic years and strike in the Company, an environment of chaos and fear has been created and same has led to aforesaid errors/ omissions/ non disclosures. Before proceeding further with the charges and submissions w.r.t. the Noticees, it would be appropriate to elaborate their roles in the Company by virtue of the position and role they were holding at the relevant point of time. In this regard, I note as follows:

(a) **<u>Ms. Bimla Devi Jindal</u>**

i. She was Chairman and Managing Director ("**CMD**") of the Company from August 21, 2007 – June 23, 2021. She was also director in Vegan Colloids Limited ("**VCL**"), VWL, VCGIL, which are found to be associate companies of VPGL.

ii. As per the annual report of VPGL, she had attended all the board meetings, audit committee meetings and risk management committee during the investigation period.

iii. She has issued CEO/CFO certificate in the Annual Report of VPGL for the year 2017-18 and 2018-19.

(b) **<u>Ms. Kamini Devi Jindal</u>**

i. She was Executive Director ("**ED**") of the Company from June 01, 2017 to June 23, 2021. She was also director in VCL, VWL, VCGIL, which are found to be associate companies of VPGL.

ii. As per the annual report of VPGL, she had attended all the board meetings and risk management committee meetings during the investigation period and same has been duly admitted by her.

iii. Vide corporate announcement on September 22, 2020, while informing w.r.t. demise of Mr. B.D. Agarwal, also informed that in future, she will handle the Company's affairs and she was already handling affairs of the company in the direction of Late Shri B.D. Agarwal since last few years.

(c) **<u>Mr. Lokesh Garg</u>**

i. He was CFO of the Company from April 25, 2019 to September 03, 2021.

ii. He has issued CFO certificate for the year 2019-20 and 2020-21.

iii. He was also allotted with 40 lakh shares (47%) through ESOP and immediately after receipt, these shares were transferred and out of the total consideration, an amount of Rs. 49.50 lakhs were transferred to VCGIL and Rs. 40 lakhs were transferred to Vikas Trust by him.

(d) **<u>Mr. Praveen Bishnoi</u>**

i. He is a Company Secretary and Compliance Officer ("**CS/CO**") in the Company since June 01, 2017.

ii. He was also allotted with 53% shares of the Company through ESOP and immediately after receipt, either transferred the shares in off-market or sold in market and out of the total consideration, an amount of Rs. 10.50 lakhs were transferred to VPGL by transferring it in the account of VCGIL on January 29th, 2021 by him.

iii. Ms. Bimla Devi Jindal during her statement recording has informed that after the demise of Mr. B.D. Aggarwal, Mr. Praveen used to prepare the financial statement. Further, during the statement recording of Mr. Lokesh informed that after the demise of Mr. B.D. Aggarwal, he used to report to Mr. Praveen.

17. It is a well-known fact that a company being a juristic person, acts through its board of directors, who individually and collectively hold the position of trust and have fiduciary duties towards the company, the shareholders and other stakeholders. All its deeds and functions are the result of acts of its board of directors. Therefore, officers of a company who are responsible for acts done in the name of the company are sought to be made personally liable for acts which result in violation of laws. The directors of the listed companies have greater responsibility as they have access to inside information such as the financial position of the company, annual accounts, etc., and they take major decisions on behalf of the company, which affects the investors. Therefore, they are expected to exercise the powers in *bona fide* manner and in the interest of all stakeholders of the company. As per the Section 2(60) of the Companies Act, 2013, "*officer in default*" has been defined as follows:

"

(60) "officer who is in default", for the purpose of any provision in this Act which enacts that an officer of the company who is in default shall be liable to any penalty or punishment by way of imprisonment, fine or otherwise, means any of the following officers of a company, namely: —

(i) whole-time director;

(ii) key managerial personnel;

(iii) where there is no key managerial personnel, such director or Directors as specified by the Board in this behalf and who has or have given his or their consent in writing to the Board to such specification, or all the Directors, if no director is so specified;

(iv) any person who, under the immediate authority of the Board or any key managerial personnel, is charged with any responsibility including maintenance, filing or distribution of accounts or records, authorises, actively participates in, knowingly permits, or knowingly fails to take active steps to prevent, any default;

(v) *any person in accordance with whose advice, directions or instructions the Board of Directors of the company is accustomed to act, other than a person who gives advice to the Board in a professional capacity;*

every director, in respect of a contravention of any of the provisions of this Act, who is aware of such contravention by virtue of the receipt by him of any proceedings of the Board or participation in such proceedings without objecting to the same, or where such contravention had taken place with his consent or connivance;

18. I further note that the term "*managing director*" has been defined in Section 2(54) of the Companies Act, 2013, as "*who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.*" I also note that, as per Rule 2(1)(k) of the Companies (Specification of definitions details) Rules, 2014 "*Executive Director*" means a Whole Time Director as defined in clause (94) of section 2 of the Company Act, 2013. Further, as per the said clause whole-time director includes a director in the whole-time employment of the company. Therefore, in terms of provisions of Section 2(60) of the Companies Act, 2013, a "*managing director*" and an "*executive director*" being whole time directors are to be considered as "*officer who is in default*" for the purpose of making him liable for penalty or punishment, in case the Company had committed a default or contravened the provisions of the SEBI Act. In this regard, Section 27 of SEBI Act 1992 (w.e.f. 08-03-2019), provides as under:

27. (1) Where a contravention of any of the provisions of this Act or any rule, regulation, direction or order made thereunder has been committed by a company, every person who at the time the contravention was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the contravention] was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such contravention.

(2) Notwithstanding anything contained in sub-section (1), where a contravention under this Act has been committed by a company and it is proved that the contravention has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly.

Pari materia provisions exists in SCRA, 1956 (Section 24)

19. In case of Managing Director, courts have held that he is, *prima facie*, deemed to be in charge and responsible for the conduct of business and management of the company and, therefore, liable for defaults {*Garda Chemical Pvt LTD V. R Parthasarthy, Asst. Collector Central Excise [1984] 2 ECC 384 [Bom]*}. Therefore, by virtue of their positions in the Company i.e., Noticees No. 1 being a CMD and Noticee No. 2 being ED, respectively, of the Company, it can be fairly stated that they were in-charge of the day-to-day affairs of the business activities/ decisions of the Company during the relevant period. Annual Accounts, Annual Reports, Communication, Disclosures with exchanges regarding, Minutes of Board Meetings etc. were signed and endorsed by the Noticees No. 1 and 2 in this case. Therefore, they are liable for the acts of the Company with regard to the *over-statement of revenue and profits, non-cash transactions reflected in Cash Flow Statement, non-disclosure of related party transactions, ESOP, over-statement of liabilities*, etc, if established or admitted by them.

20. I further note that, in terms of Section 2(51) of the Companies Act 2013, a CFO is a key managerial personnel in a company. CFO being a senior executive is responsible for managing the financial actions of a company. The CFO's duties include tracking cash flow and financial planning as well as analyzing the company's financial strengths and weaknesses and proposing corrective actions. Also, various provisions of the Companies Act 2013, cast obligations upon the managing director, whole time director and CFO with the duty of complying with the provisions of preparation of <u>true and fair books of account and financial statement of a company</u>, so that true and fair view of the state of affairs of the company can be known to the stakeholders. Therefore, in my view statute has casted several important obligations upon the CFO, and thus, a CFO should be well aware of the roles and duties he has to perform and fulfill, while holding such an important position in a company, which make him responsible towards the stakeholders of that company. Further, as per the recorded statement available on record, Ms. Bimla Devi has stated that, Noticee No. 3 has taken care preparations of financial statements of the Company after the demise of Mr. Aggarwal. Therefore, Noticee No. 3 being a CFO of the Company cannot shelve of from his responsibility by merely stating that, he was performing his duties under the direction of Mr. Aggarwal.

21. I also note that, in terms of Section 2(51) of the Companies Act 2013, a Compliance Officer is a key managerial personnel in a company. As laid down in the Regulation 6(2) of the LODR Regulations, a Compliance Officer's primary responsibility is to ensure conformity with the regulatory provisions applicable to the listed entity in letter and spirit, co-ordination with and reporting to the Board, recognized stock exchange(s) and depositories

with respect to compliance with rules, regulations and other directives of these authorities in manner as specified from time to time and also to ensure that the correct procedures have been followed that would result in the correctness, authenticity and comprehensiveness of the information, statement and reports filed by the listed entities under these regulations. Therefore, in my view statute has casted several important obligations upon a Compliance Officer, and thus, a Compliance Officer should be well aware of the roles and duties he has to perform and fulfill, while holding such an important position in a company, which make him responsible towards the stakeholders of that company. Further, as per the recorded statement available on record, Ms. Bimla Devi has stated that, Noticee No. 4 has taken care of preparations of financial statements of the Company after the demise of Mr. Aggarwal. Further, Noticee No. 3 has stated that he was reporting to Noticee No. 4 in the Company after the demise of Mr. Aggarwal. Therefore, Noticee No. 4 being a Compliance Officer of the Company cannot shelve of from his responsibility by merely stating that, he was performing his duties under the direction of Mr. Aggarwal.

22. In view of the discussion so far in above para 16-21, it is clear that the Noticees, who were either whole time directors in the Company or KMPs in the Company during relevant period of time are "*officer in default*" in terms of Section 2(60) of the Companies Act, 2013. Therefore, by merely shedding their responsibilities upon the Late B.D. Aggarwal (Executive Director at relevant time) or Late Sriramji or some junior accountant or auditors, they cannot escape the liabilities casted upon them by the statute and thus, I hold the Noticees liable for the act admitted by them w.r.t. a) errors recorded in the Cash Flow Statement of the Company; b) error in not recording sale of 4,349.71 Lakh to Mr. B.D. Aggarwal for FY 2018-19 in Annual Report under related party schedule; c) non-availability of the signed copy of the balance sheet for FY 2018 -19 in the public domain at relevant point of time; d) omission of sales of Rs. 9.28 from balance sheet of FY 2018-19; and e) not disclosing information of issuance of ESOP to Senior Managerial Personnel or any other employee in annual report of FY 2020-21.

23. With regard to the allegations of overstatement/errors/omissions/non disclosures in annual report and financial statements of the Company, I have observed as follows:

A. **Over Statement of Revenue from Operations and Profit**

(a) I note from the annual reports of the Company that during the investigation period the financial overview of the Company is as follows:

Table 9 (Figures in INR Lakhs)

Profit & Loss statement	**2020-21**	**2019-20**	**2018-19**	**2017-18**
Revenue From Operation	2,359.85	695.62	5277.21	-
Other Income	-	-	-	4.15
Cost of Materials consumed/Traded goods	2,236.28	-	-	-
Cash Flow Statement	**2020-21**	**2019-20**	**2018-19**	**2017-18**
Purchase of fixed assets	-	-	(8,349.16)	-
Sale of fixed assets, CWIP and capital advance	2,362.35	-0.05	-	498.06
Proceeds/(repayment) from long term borrowings	(867.50)	(693.57)	(4,231.96)	21.95
Proceeds from issue of Equity Share Capital and/or other equity	85.00	-	8,158.35	-
Balance Sheet	**2020-21**	**2019-20**	**2018-19**	**2017-18**
Equity Share Capital	5,146.75	5,061.75	5,061.75	1,811.75
Other Equity	13,617.67	14,756.37	14,716.68	5,383.30
Property, plant and equipment	15,964.48	16,373.24	16,373.24	8,026.05
Capital work-in-progress	2,841.54	4,795.13	4,795.08	4,793.10
Inventory	-	-	-	-

(b) From the above table, it has been observed that the Company has reported sales of Rs. 52.77 Crore and profit of Rs. 44.25 Crore in FY 2018-19 and sales of Rs. 6.96 Crore and profit of Rs. 3.92 Crore in FY 2019-20 without any inventory and material consumed. In this regard, the Noticees have submitted that, Late Sh. B.D. Aggarwal decided to enter into business of collection of excess sand, debris, fractured stone, etc. and accordingly, on April 07, 2018, Mr. Aggarwal and VPGL entered into an agreement, wherein, Mr. Aggarwal proposed to the Company that he is interested in removal of overdues and debris sand including fractured stone. Accordingly, VPGL had given right on around 160 bighas of land to Mr. Aggarwal who represented that all the cost whether direct or indirect, transportation expense, technical expense as well as statutory liability including any tax shall be borne by him on behalf of the Company and all the finished goods be sold to Mr. Aggarwal.

(c) I have perused the aforesaid agreement dated April 07, 2018 between Late Sh. B.D. Aggarwal and VGL signed by Ms. Bimla Devi Jindal on behalf of VGL, wherein, it has been mentioned that the Company intends to diversify its existing business into mining of granite blocks and manufacturing of Proppant and accordingly acquired rights on the land for this purpose. Mr. Aggarwal is the director of the Company, who is involved in day-to-day affairs of the Company. Other terms of the said agreement are as *inter alia* as follows:

"….

1. *The Company has recently entered into a contract whereby it has availed rights for around 160 Bigha land in Khasra No. 10/2, 10/7, 10/9, 10/10 & 10/12 at Kaparda, Jodhpur with mining potential needs to be explored for viability of granite extraction and also tasked with removal of overdues and debris including fractured stone overdue from entire land.*

2. *Mr. Aggarwal has represented to the Company that he is interested in removal of debris, overdues including fractured stone for earth filling, ground compaction and road construction work at the SEZ land. He has also represented that all the cost including direct, indirect, transportation expenses, technical expenses, statutory liability including any tax, etc, if any, related to above task shall be borne by him and same will be adjusted from the sales made to him. It is further agreed that <u>Mr. Aggarwal will ensure delivery of the debris/ overdues/ fractured stones so removed to the other parties as per the instructions received from the Company</u>.*

3. *The right given to Mr. Aggarwal is only limited to the right to remove debris, overdues including fractured stones from the land and he will not have any other right relating to sale, purchase, lease, sub lease etc. with respect to the land.*

4. *The Company has outstanding loan of Rs. 106,26,45,000/- due to Mr. Aggarwal as on the date of this Agreement. The material procured from the site will be sold to Mr. Aggarwal at the rate of Rs. 280 – 300 per ton after adjusting the charges and taxes borne by Mr. Aggarwal. <u>For each such sale, invoice shall be raised on monthly basis</u> by the company on Mr. Aggarwal. However, the <u>consideration for such sales shall be adjusted from the Outstanding Loan due to Mr. Aggarwal</u> as appearing in the Balance Sheet of the relevant period.*

   ……..

9. *The above agreement shall be valid for a period of 3 years from the date of this Agreement, subject to timely revision of price as mutually agreed upon between the parties.*

   ….."

(d) In terms of aforesaid agreement, I found that Mr. Aggarwal, who was also an ED at the relevant point of time, enters into an agreement with its own Company, to perform the functions of mining related works of its own Company, wherein, he was supposed to born all the expenses related to mining related works of the Company and later on the Company will sold the material procured from Mr. Aggarwal, back to Mr. Aggarwal at the rate of Rs 280 – 300 per ton. Thereafter, the Company will raise sale invoice on monthly basis to Mr. Aggarwal and said sale invoice amount will be adjusted against the loan of Rs. 106,26,45,000/- due to Mr. Aggarwal as on the date of the Agreement. On close scrutiny of the content of the aforesaid Agreement, I found that there are no fund transactions taking place at all during the whole process i.e. from the mining related works assigned to Mr. Aggarwal of its own Company to the receiving/ adjusting of sale amount. As, the only document mentioned in whole transaction is sale invoice and amount of the same was agreed to be adjusted against the outstanding loan to Mr. Aggarwal. I further note that, during the investigation as well as during the instant proceedings, none of the Noticees have been able to produce a single document apart from the said Agreement to substantiate their claim that that the Company was involved in the activity of removal of debris, overdues including fractured stone for earth filling, etc. The Noticees have failed to produce sale invoices, land records, tax receipts, sale purchase records, bank statements, etc. Even the Noticees have failed to produce the records related to outstanding loan to Mr. Aggarwal apart from the mention of same in Annual Reports of the Company.

(e) The Noticees in their replies have stated that, all the documents and records were used to be in the custody of Mr. Aggarwal and later on the documents were found to be missing and for the same an FIR was lodged in Sriganganagar Police Station. I have perused the said FIR and Final Report submitted by the Station Officer, Thana Savar, and I found that Mr. Lokesh Kumar Garg has filed the FIR in the capacity of employee of VWL and there was no mention of VPGL in the said FIR. Further, the FIR has majorly lodged for missing of land documents purchased in the name of Ms. Bimla Devi Jindal and for missing of some other documents, however, nothing specific was mentioned w.r.t. what other documents were and to which company(ies), those documents belongs to. On perusal of the Final Report, it has been observed that the detailed list of missing documents has been provided by Mr. Lokesh only on January 30, 2022 to the police during the investigation and thereafter, the mention of Vikas Group of Industries and VPGL found a mention in the said Final Report. It has been mentioned in said final report of police that sale and purchase files, minute book binder, board and committee minutes' files, allotment file, audit report file, gate report register, other documents, etc. of Vikas Group of Industries has been stolen during strike and representation by the employees and said Final Report was submitted on December 30, 2012.

(f) In such a peculiar facts and circumstances, where the Noticees does not have even a single document apart from the said Agreement in their support and apart from bald statement that Mr. Aggarwal is responsible for all the acts and omissions of the Company, I am bound to go with the material available before me on records i.e. Annual Reports of the Company for FY 2017-18 to 2020-21, Statement Recordings of Noticees and Auditor Mr. Yogesh Mahipal and replies submitted by the VPGL and other entities, which are already supplied to the Noticees during the proceedings. Therefore, as observed in Table 9, I found that the Company has merely done the book entries, wherein, without having any inventory and material consumed, they have reported sales of Rs. 52.77 Crore and profit of Rs. 44.25 Crore in 2018-19 and sales of Rs. 6.96 Crore and profit of Rs. 3.92 Crore in 2019-20. I further found that the revenue recorded by the Company during the investigation period was 100% with the related parties i.e. with their associate companies, VGL, VWL, VCGIL, VDGM, Vegan Colloids, Mansarovar Industrial Dev. Corp, Vikas Trust, etc. and requisite approvals for the same (*copies of minutes of Audit Committee and Board Meeting for FY 2018-19, 2019-20 and 2020-21*) could not be provided by the Company. The aforesaid charge also gets substantiated with the statement of the Company Auditor Mr. Yogesh Mahipal, wherein, he told that the – "*Company has taken some land on lease, on which they have done some mining activity and through which this revenue was generated.* ***<u>However, I have never seen any such product</u>****. I have not even verified whether these sales were actual or fake.*"

(g) I note from the said Agreement that the Company is having business into mining of granite blocks and manufacturing of Proppant and it has received Environmental Clearance Certificate and Mining License only in January 2020 and February 2020, respectively. However, as per the GST details of VPGL, all the revenue for FY 2018-19 and 2019-20 was recorded up to February, 2020 and VPGL had itself disclosed in its annual report that 100% revenue from its operations in 2018-19 and 2019-20 was from mining activities. Therefore, I found that VPGL in its Annual Reports was showing revenue from mining activities even before issuance of mining license.

(h) The Noticees have contended that the Company was exactly not into the business of the mining, instead, it was involved in the activities such as - "*collection of the debris as well as overdues from the ground, including fractured stone for earth filing, ground compaction and road construction activities*" and such activities did not involve any deep digging or excavation underneath the ground and rather involved removal of debris or overdue from the ground. They further stated that, Environmental Clearance Certificate is required when the activities involve mining or deep digging of the ground or excavation of minerals or granites, etc. and not for collection of debris and overdues to settle the ground surface. As per sub-section (j) of Section 2 of the Mines Act, 1952, the activities carried on by Late Sh. B.D. Aggarwal did not fall under the scope of the word "*mining*" and thus, was not required to apply for a license. In this regard, I found that, at face the aforesaid arguments looks appeasing, however, I fail to understand that, if the Company was involved in the activities of removal of debris or overdue from the ground since 2018-19, then why there was the requirement of obtaining the Environmental Clearance Certificate and Mining License in year 2020 by the Company. The Noticees have failed to provide any plausible reason for the same. Further, Company Auditor Mr. Yogesh Mahipal in his statement recording has stated that he had not seen any such product in the Company. Considering the above facts and circumstances, I reject such contention of the Noticees.

(i) From the annual report of FY 2018-19, I note that there is an addition to Plant & Equipment of Rs. 2.22 Crore, however, no depreciation was charged on plant & equipment during FY 2018-19 and 2019-20. Further, the value of addition to plant & machinery amounting to Rs. 2.22 Crore is not commensurate with the nature of the business i.e. mining, as well as revenue recorded (Rs. 52.77 Crore in 2018-19, Rs. 6.95 Crore in 2019-20) during the investigation period. Also, no expenditure *viz.* leases rentals of plant & equipment etc. was observed in the annual report of the company during the investigation period. In this regard the Noticees have stated that depreciation was not charged during FY 2018-19 & 2019-20 as it was not used during those years and placed reliance upon the judgement of Hon'ble Karnataka High Court in the matter of *The Deputy Commissioner of Income Tax, Special Range-4 v. Yellamma Dasappa Hospital (2007) 290 ITR 353 (Kar)*. The Noticees further admitted that no machinery was required for the alleged mining as the right to carry out the same was granted to Late Sh. B.D. Aggarwal. In view of such peculiar circumstances, wherein, all the mining related work has to be carried out by the Mr. Aggarwal and no machinery was required for the alleged mining, then I found no reason for the Company to purchase Plant & Equipment of Rs. 2.22 Crore. Further, no details of the equipment and machinery purchased has been provided by any of the Noticees, instead, as per them there was no requirement of such machinery in the Company. Considering the above, I opine that the purchase of Plant & Equipment of Rs. 2.22 Crore are mere book entries, especially in absence of any details and leases or rentals agreements.

(j) In view of the above facts and circumstances and discussion so far, I found that the revenue from operations and profit/loss recorded by VPGL in their Annual Reports during the investigation period are over-stated and does not represent the true and fair view of the financial statement for the FY 2018-19 to 2020-21.

B. **Non-Cash transactions reported in Cash Flow Statement**

(a) I note that following cash transactions are reported by VPGL during the investigation period:

Table 10 (Figures in INR Lakhs)

Particulars	2020-21	2019-20	2018-19	2017-18
Cash Generated from /(used in) operating activities	(1,579.85)	1,045.69	4,423.87	(707.60)
(Purchase)/sale of fixed assets, CWIP and Capital Advance	2,362.35	(0.05)	(8,349.16)	-
Proceeds/(repayment) from long term borrowing	(867.50)	(693.57)	(4,231.96)	21.95
Proceeds from issue of equity share capital	85.00	-	3,250.00	-
Proceeds from other equity	-	153.40	4,908.35	-

(b) I note from the above table that in the FY 2018-19 and 2019-20, VPGL has reported that it had generated cash from operating activities and in FY 2020-21 it had used cash amounting to Rs. 1579.85 Lakh. VPGL has purchased assets of Rs. 8349.16 Lakh in FY 2018-19 and sold assets of Rs. 2362.35 Lakh in FY 2020-21. Further, VPGL has reported receipt of Rs. 8,158.35 Lakh through issue of Equity Share Capital and other equity in FY 2018-19. Also, VPGL has allotted 32,50,00,000 equity shares on preferential basis for consideration other than cash i.e. on the basis of lease rights granted by the allottees to VPGL and details of the same are as follows:

Table 11

Sl. No.	Date of allotment	Name of allottee	Category	Relationship with Late B.D. Agarwal	No. of Shares	Area of land
1	28/12/2018	Bimla Devi Jindal	Promoter	Wife	10 Crore	100 Bigha
2	28/12/2018	Kamini Jindal	Promoter	Daughter	1.35 Crore	13.50 Bigha
3	28/12/2018	Kanta Devi	Non-Promoter	NA	10.50 Crore	105 Bigha
4	28/12/2018	Komal	Non-Promoter	NA	10.65 Crore	106.50 Bigha
Total					**32.50 Crore**	**325 Bigha**

(c) The value of the shares and land mentioned in above table are found to be as follows:

Table 12

Particulars	No. of Shares / Area of Land	Rate (Rs.)	Total Value (Rs.)
Equity Share	32.50 Crore (shares)	2.50 (Rs. 1/- as face value and Rs. 1.5 as Securities Premium)	81.25 Crore
Land	325 Bigha (Area)	25 Lakh	81.25 Crore

(d) I have found that for the purchase of aforementioned assets, VPGL had not paid any cash in consideration. Further, VPGL had not received any cash towards sale or issue of equity shares during the investigation period. Instead 32.50 crores shares were allotted to Noticees No. 1 and 2 and two other entities in lieu of land parcel received from them. Interestingly, Noticees No. 1 and 2 being a WTD have no idea of shares allotted to them in lieu of land offer by them to the Company. Similarly, Mr. Lokesh Garg acting as CFO in the Company had no idea about such transaction. I note that, Praveen Bishnoi, Compliance Officer had mentioned in his statement that Ms. Kanta Devi and Ms. Komal have agreed to tender their lease rights in lieu of preferential allotment of shares, hence they have been identified as a Qualified Investor. Further, the word "*promoter*" against their name was due to some typographical error. However, Mr. Praveen has failed to provide any other documents such as lease agreement, land deeds, sale agreement, etc., apart from the copy of the resolution passed. I also note that, the Noticees have failed to provide any explanation in this regard and had admitted in their replies that there were errors in CFS of the Company during the relevant period of time.

(e) In view of the above facts and circumstances, I found that VPGL had not received any money against "*revenue from operations*" during the investigation period and it has wrongfully shown operating cash flow in the CFS. In my considerate opinion the CFS of VPGL are mis-leading and comprises of non-cash transactions, which do not represent the true and fair view of the financial statement.

C. **Related Party Transactions**

(a) From the balance sheet of VPGL for FY 2017-18 to 2020-21, the details noted w.r.t. related party transaction of VPGL and percentage of transaction with related parties are as follows:

Table 13 (Figures in INR Lakhs)

Particulars	2020-21	2019-20	2018-19	2017-18
		Assets		
Debt recoverable	17,146.02	17,022.68	17,554.49	16,721.73
Related Party	Vikas Chemi Gums India Ltd. (67.40%) Vikas Dall & General Mill (0.97%)	Vikas Chemi Gums India Ltd. (62.65%)	Vikas Chemi Gums India Ltd. (63.85%)	Vikas Chemi Gums India Ltd. (67.61%)
		Liabilities		
Loan from Director	4,783.42	5,710.92	6,404.49	10,626.45
Related Party	Bimla Devi Jindal (100%)	BD Agarwal (97.78%)	BD Agarwal (98.02%)	BD Agarwal (100%)
Trade Payable	13,461.18	13,078.39	13,057.83	13,058.38
Related Party	Vikas WSP Ltd. (75.53%) Vegan Colloids Ltd. (17.55%)	Vikas WSP Ltd. (81.90%) Vegan Colloids Ltd. (18.06%)	Vikas WSP Ltd. (81.87%) Vegan Colloids Ltd. (18.09%)	Vikas WSP Ltd. (81.80%) Vegan Colloids Ltd. (18.09%)
Advance to Suppliers	2,043.24	1,403.98	1,403.98	804.09
Related Party	Vikas Chemi Gums India Ltd. (47.96%)	Vikas Chemi Gums India Ltd. (69.80%)	Vikas Chemi Gums India Ltd. (69.80%)	-

(b) Details of revenue as submitted by VPGL during the investigation, vide email dated April 23, 2022 are as follows:

Table 14

Particulars	2020-21	2019-20	2018-19
Revenue (in Rs)	2359.85 Cr	695.62 Lakh	5277.21 Lakh
No. of entities to whom sales made	3	1	1
To whom sales was made	Vikas Chemi Gums (India) Ltd. Vikas Dal and General Mill Vikas WSP Ltd.	Mr. B.D. Agarwal	Mr. B.D. Agarwal

(c) Details of related party schedule during the investigation period are as follows:

Table 15 (Figures in INR Lakhs)

Sr. no	Particulars	2020-21	2019-20	2018-19	2017-18	2016-17
1	Advance to suppliers - Vikas Chemi Gums (India) Limited	980.00	980.00	980.00	0	0
2	Trade receivable - Vikas Chemi Gums (India) Ltd	11,557.41	10,666.33	11,208.63	11,306.10	11,148.97
3	Trade receivable - Vikas Dall & General Mill	166.52	0.00	-	-	-
4	Trade payable - Vikas WSP Limited	10,168.12	10,711.60	10,690.86	10,681.76	9,823.24

Sr. no	Particulars	2020-21	2019-20	2018-19	2017-18	2016-17
5	Trade payable - Vegan Colloids Limited	2,362.39	2,362.39	2,362.39	2,362.39	2,362.39
6	Other payable - Vikas WSP Limited	394.26	394.26	415	0.00	0.00
7	Other payable - Mansarovar Industrial Deve Corp	15.44	15.44	15.44	0.00	0.00
8	Allotment of ESOP - Vikas Gran Employees Welfare Trust	85.00	0.00	0.00	0.00	0.00
9	Sales - Vikas WSP Ltd	0.00	0.00	0.00	0.00	69.34

(d) From the above tables 13 - 15, I note that, in FY 2018-19 and 2019-20, entire sale of Rs. 5277.21 lakh and Rs. 695.62 lakh, respectively, was booked in the name of Late Mr. Aggarwal, however, as per the related party schedule at page no. 91 of Annual Report for FY 2018-19, no such sale was made to Mr. Agarwal. Further, as per the corresponding figure of 2018-19 at page no. 92 of the annual report for FY 2019-20, VPGL has disclosed in the related party schedule that sales of Rs. 4,349.71 Lakh was made to Mr. Aggarwal. During investigation, VPGL *inter-alia* submitted that *"I wish to inform you that while composing the annual report of 2018-2019 in pdf format by printer, two rows from the related party table were left by mistake. A signed copy of the Balance Sheet of 2018-19 is attached as annexure C of our reply dated August 12, 2022."* and provided signed copy of balance sheet for FY 2018-19.

(e) From the related party schedule for FY 2020-21, I note that no sales were made to any related parties, however, the Company in its email dated April 23, 2022 had submitted that in the FY 2020-21, entire sales were made to related parties *viz.* VCGIL, VDGM and VWL. Further, from the annual report of FY 2020-21, I note that an amount of Rs. 927.5 Lakh had been adjusted/reduced from the loan of Mr. Aggarwal, however, neither any sale was made to him nor any payment was made to him during this period. VPGL its email dated April 23, 2022 had clarified that sale transaction amounting to Rs. 9.28 crore (out of Rs. 52.77 Crore) made to Mr. Aggarwal was mistakenly not shown in related party in FY 2018-19, however, the same was corrected in the annual report of FY 2020-21 by reducing the same from the outstanding loan from directors.

(f) I have perused the aforementioned annual reports, related party schedules and balance sheet and I am of the view that there was no *mala fide* intention of the Noticees in hiding/ not disclosing the said information. Further, in their respective replies, the Noticees have admitted the aforementioned error. While noting so, I also found that the Noticees despite being aware of such error in the next FY 2019-20, they had not taken any step to upload revised Annual Report on their website and they had only taken corrective step, when error was highlighted by the SEBI. It shows the casual approach of the Noticees towards such an important financial information, which was related to the related party transactions of the Company. Therefore, in my considerate opinion the relevant Noticees are in violation of relevant provisions of the LODR Regulations in this regard.

D. **Employee Stock Option Plan**

(a) I note from the annual report of FY 2020-21 that, VPGL had passed a resolution in its EOGM held on December 12, 2018 for the grant of 85,00,000 options which are convertible into 85,00,000 equity shares of face value Re. 1/- each under Vikas Gran Employees Stock Option Plan 2018 to Vikas Trust. In this regard, the Company has received in principle approval from BSE on February 20, 2019. During the FY 2018-19, VPGL had granted the 85 Lakh stock options to Vikas Trust under SOP 2018 on March 11, 2019. During the last FY under review, the Company had allotted 85 Lakh equity shares to Vikas Trust on October 14, 2020. Further, as per Annexure VIII at page 81 of annual report of FY 2020-21, VPGL had *inter-alia* disclosed that, it had neither issued ESOP to any Senior Managerial Personnel nor to any other employee, who had received a grant in any one year of option amounting to 5% or more of option granted during the year.

(b) From the available records, I note that, on November 14, 2020, 40 lakh shares (i.e. 47%) of the Company were allotted to Noticee No. 3 and 45 lakh shares (i.e. 53%) of the Company were allotted to Noticee No. 4 on November 11, 2020 as ESOP. Admittedly, it has been found that, Noticee No. 4 within a couple of month of receipt of aforesaid shares, sold / transferred these shares and out of the total consideration received, he transferred Rs 30 lakh to Vikas Trust on January 20, 2021 and Rs 10.50 lakh to VCGIL on January 29, 2021. Similarly, Noticee No. 3 has sold 39 lakh shares of the Company received *via* ESOP in off-market to Mr. Madan Lal Gupta and Mr. Gourav for total consideration of Rs 1.196 crores and sold remaining 1 lakh shares on the BSE platform for consideration amount of Rs 2,66,191/-. Out of the total funds received by Noticee No. 3, he had transferred Rs. 49.50 lakhs to VCGIL and transferred Rs. 40 lakhs to Vikas Trust.

(c) I note that, both the Noticees i.e. Noticee No. 3 and 4 being CFO and Compliance Officer, respectively, of the Company were two senior managerial persons to whom ESOP of 85 lakh shares of the Company were issued during FY 2020-21. Further, proceeds received from the sale of these shares were either transferred to VCGIL or to Vikas Trust. Considering the above facts and circumstances, I am of the opinion that VPGL has made false statement in its Annual Return of 2020-2021 with regard to non-issuance of ESOP to any senior managerial person or to any other employee amounting to 5% or more of option granted during the year. I further note that, though the Noticee No. 3 and 4 had submitted that they had no ill intention of withholding any information from the investors or disclosing wrong information w.r.t. impugned ESOP, however, I found that these Noticees have deliberately hidden such an important financial information from the general investors and have misled the investors by making false statement in Annual Return of 2020-2021 of the Company, as they were the integral part of whole allotment process and further financial transactions detailed above.

E. **Over Statement of Liabilities**

(a) I note from the annual report of FY 2020-21 that, VPGL had shown unsecured loan payable of Rs. 49.50 lakhs to Mr. Lokesh and other payables of Rs. 9.15 lakhs to Mr. Praveen. During the investigation, vide e-mail dated October 18, 2022, Mr. Praveen had *inter-alia* informed that he had transferred Rs. 10.50 lakhs to VPGL by transferring it in the account of VCGIL on January 29th, 2021. Similarly, Mr. Lokesh vide email dated September 21, 2022 had *inter-alia* informed that he had transferred Rs. 49.50 lakhs into the account of VCGIL (*Rs. 15.50 Lakh on January 11, 2021 and Rs. 34 Lakh on January 19, 2021*). Further, during the instant proceedings, Mr. Lokesh has submitted that Rs. 49.50 lakh payable to him was in lieu of his outstanding salary. He had transferred the said amount of Rs. 49.50 lakhs to VPGL by transferring it in the account of VCGIL on instructions of Late Sh. Shriramji and he is not aware why it is still shown as liabilities in the books of VPGL. He clarifies that VPGL owes nothing towards him.

(b) Considering the aforementioned facts and the submissions of the Noticees No. 3 and 4 during the investigation and instant proceedings, I found that Mr. Praveen and Mr. Lokesh have transferred the aforesaid amount to VCGIL and same has been shown as liabilities in the books of VPGL and therefore, in my opinion same does not represent the true and fair view of the financial statement of VPGL for FY 2020-21.

24. In view of the observations and discussion so far, it is evident that there are material mis-representation in the financial statements of VPGL for the FY 2017-18 to 2020-2021 and such mis-representation are not in accordance with Ind AS 7, 18 and 24 of Indian Accounting Standard. In this regard, the Noticees have contended that, as per the Section 132 of the Companies Act, 2013, NFRA has been constituted to monitor and enforce the compliance with accounting and auditing standards among other functions. I note that, in terms of Regulation 33(1) of the LODR Regulations, the listed entity while preparing the financial results shall have to comply with uniform accounting practices; and standalone financial results and consolidated financial results of a listed entity shall be prepared as per Generally Accepted Accounting Principles in India. Further, as per the Regulation 48 of the LODR Regulations the listed entity shall comply with all the applicable and notified Accounting Standards from time to time. I further note that Ind AS 7 is related to statement of cash flow, Ind AS 18 is related to accounting of revenue recognition and Ind AS 24 is related to Related Party transaction disclosures. In the instant case error and omissions related to CFS and Related Party transaction has admitted by the Noticees. Further, in above paras it has been found that the Company has overstated its revenue and profits and grossly misrepresented the financial figures. I also found that there was no realization from the sale of any good and product by the Company, instead, I found them to be mere book entries, wherein, the sale amount used to be adjusted from an outstanding loan of Mr. Aggarwal mentioned in the books of the Company. Therefore, I found that the principles stated in aforesaid Indian Accounting Standards 7, 18 and 24 has been violated in this case and the Noticees are liable for their act of mis-representation as per the stated provisions of the LODR Regulations.

25. The Noticees have contended that the loan was given to Mr. Aggarwal in FY 2008-09 and has been referred in Annual Reports since then. Further, in terms of Section 128(5) of the Companies Act, 2013, a company is under the obligations to maintain the books of account for of 8 years. In this regard, I have perused the aforesaid provisions and I note that the language mentioned under the said provisions is "*not less than eight financial years*", it means the documents should have to be preserved at least for eight years. Further, the loan granted to Mr. Aggarwal was continuing since FY 2008-09 and still outstanding on the books of the Company i.e. it was not repaid totally during this period. In FY 2008-09, the outstanding loan amount to Mr. Aggarwal was Rs. 110 crores and till FY 2017-18 the outstanding loan amount remains Rs. 106.26 crores i.e. hardly any repayment of loan has taken place during this period. Post FY 2017-18, the outstanding loan amount reduced substantially to Rs.

64.04 crores in FY 2018-19, Rs. 57.10 crores in FY 2019-20 and Rs. 47.83 crores in FY 2020-21 and same was due to the adjustment of sale invoice raised by the Company from Mr. Aggarwal. In my considerate view, there is no justification for not maintaining the book of records for such a high value loan made to Mr. Aggarwal by the Company. Further, the documents of the loan needed to be preserved by a lender till the time same remains unpaid. I am of a view that the aforesaid provision of Section 128(5) of the Companies Act, 2013 are related to those transactions which are completed and not with regard to those transactions which are still ongoing. Considering the same, I found no merits in such contentions of the Noticees and reject the same hereby.

26. I note that, under Section 12A of the SEBI Act and Regulation 3 of the PFUTP Regulations the expression "*any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations,"* has to be understood in the sense of a term having legal signification (as opposed to its ordinary English or non-legal technical sense). From the provisions in Section 12A of the SEBI Act and Regulations 3 and 4 of the PFUTP Regulations it is clear that prohibition contained therein are wide enough to include all kinds of market misconduct and abuse. Hon'ble Supreme Court in *N. Narayanan v. Adjudicating Officer, SEBI* (2013) 12 SCC 152, held that-

"Prevention of market abuse and preservation of market integrity is the hallmark of Securities Law. Section 12A read with Regulations 3 and 4 of the Regulations 2003 essentially intended to preserve 'market integrity' and to prevent 'Market abuse'. The object of the SEBI Act is to protect the interest of investors in securities and to promote the development and to regulate the securities market, so as to promote orderly, healthy growth of securities market and to promote investors protection. Securities market is based on free and open access to information, the integrity of the market is predicated on the quality and the manner on which it is made available to market. 'Market abuse' impairs economic growth and erodes investor's confidence. Market abuse refers to the use of manipulative and deceptive devices, giving out incorrect or misleading information, so as to encourage investors to jump into conclusions, on wrong premises, which is known to be wrong to the abusers. The statutory provisions mentioned earlier deal with the situations where a person, who deals in securities, takes advantage of the impact of an action, may be manipulative, on the anticipated impact on the market resulting in the "creation of artificiality".

27. When seen in context of prohibitions under Section 12A and Regulations 3 and 4 read with definition of the term '*fraud'* under Regulation 2(c), it is deducible that they depend upon '*dealing in securities'* or employing any device, scheme or artifice to defraud *'in connection with dealing in or issue of securities'* or engaging in any act, practice, course of business which

operates or would operate as fraud or deceit upon any person *'in connection with any dealing in or issue of securities.'* In this case, the Noticees have mis-represented the financials of listed company and therefore, the Noticees were involved in knowing misrepresentation of the truth or concealment of material fact and active concealment of a fact by a person having knowledge or belief of the fact. By such misrepresentation of the truth or concealment of material fact, these Noticees have influenced the investors investment decision. Further, Regulation 4(1), prohibits indulgence in *"fraudulent and unfair trade practices"* in securities. In *SEBI v. Kishore R. Ajmera, (2016) 6 SCC 368* Hon'ble Supreme Court has observed that –

"the SEBI Act and the Regulations framed there under are intended to protect the interests of investors in the Securities Market which has seen substantial growth in tune with the parallel developments in the economy. Investors' confidence in the Capital/Securities Market is a reflection of the effectiveness of the regulatory mechanism in force. All such measures are intended to preempt manipulative trading and check all kinds of impermissible conduct in order to boost the investors' confidence in the Capital market. The primary purpose of the statutory enactments is to provide an environment conductive to increased participation and investment in the securities market which is vital to the growth and development of the economy. The provisions of the SEBI Act and the Regulations will, therefore, have to be understood and interpreted in the above light."

28. Hon'ble Supreme Court, while dealing further with the scope of the prohibitions contained in the PFUTP Regulations, while reemphasized its above ruling further held in the matter of *SEBI Vs Kanhaiyalal Baldevbhai Patel (CIVIL APPEAL NO. 2595 OF 2013)* decided on September 20, 2017 held that –

"… it can be inferred that as a matter of principle, while interpreting this regulation, the court must weigh against an interpretation which will protect unjust claims over just, fraud over legality and expediency over principle. Once this rule is clearly established, individual cases should not pose any problem."

29. The aforesaid prohibitions contemplate deployment of a fraudulent or unfair or manipulative '*device*', '*scheme*', '*artifice*' or '*contrivance*' with a design or purpose or plan or motive to '*defraud*', to '*deceive*', to '*manipulate*', to '*induce*', etc. *'in connection with dealing in securities'* and apply even in cases where the <u>acts or omissions or concealments committed</u>, whether in a deceitful manner or not, by any person while dealing in securities to induce any person to deal in securities would amount to *fraudulent* act. Hon'ble Supreme Court in the above referred *Kanhaiyalal Baldevbhai Patel* case also held that –*"The emphasis in the definition in Regulation 2(c) of the 2003 Regulations is not, therefore, of whether the act, expression, omission or*

concealment has been committed in a deceitful manner but whether such act, expression, omission or concealment has/had the effect of inducing another person to deal in securities." Hon'ble Supreme Court further held that the definition of "*fraud*" expands beyond what can normally be understood to be a '*fraudulent*' act. The emphasis is on act of inducement. It further held that for scrutinizing the cases under the PFUTP Regulations, mere inference, rather than proof, that the person induced would not have acted in the manner that he did but for the inducement is sufficient. No element of dishonesty or bad faith in the making of the inducement would be required.

30. Accordingly, when the financials of the Company are grossly mis-represented continuously in its Annuals Reports, then it is also established that it gave false impression to public that there was growth in its business and it is earning good revenues and profits. Such acts and omissions and concealment on their part would induce the investors to deal in securities of the Company in manner in which they would not have but for such acts, omission or concealment. Thus, if the allegations in this case are established on facts, it can safely be inferred that the management and KMPs of the Company have employed fraudulent, manipulative and unfair device, plan or artifice in connection with dealing in securities of the Company. I, therefore, do not agree with such contentions of the Noticees and hold that, since the allegations in this case are established against the Noticees, it would consequently follow that the acts omissions and concealment of the relevant Noticees would attract the prohibitions under section 12A (a), (b), (c) of the SEBI Act read with Regulations 3(b), (c), (d) and 4(1) and 4(2)(f) of the PFUTP Regulations.

31. I note that, in this matter, it has been found that the respective Noticees at relevant point of times were involved in day-to-day business of the Company and same has been discussed in detail in paras 16-21 of this order. Therefore, the principle set out *via* Hon'ble Supreme Court in its judgement in the matter of *Gaurav Varshney (Supra)* and *Adesh Jain (Supra)* has been considered by me while deciding the case. Further, by virtue of their positions in the Company i.e. Noticees No. 1 and 2 being whole time director in the Company, Noticee No. 3 being CFO and Noticee No. 4 being Compliance Officer are reasonably considered under the statute to perform certain duties and responsibilities clearly stated and laid down in the respective Acts and Regulations. In the instant matter these Noticees have not only failed to perform and fulfill their duties and responsibilities but also were found to be involved in the act of omissions and concealment, therefore, in my considerate view the reliance placed on the judgement of Hon'ble Supreme Court in the matter of *Re Presidential Poll (1974)* and Hon'ble Bombay High Court in the matter of *Price Waterhouse Co. (Supra)* is

out of place. I note there are sufficient evidence produce in the SCN and supplied to the Noticees, to show that there was deliberate defiance and negligence on their part while presenting true and fair view of the Company.

32. In view of the above facts and circumstances, I found that the overstated revenue, profits and liabilities of the Company, 100% transactions with the associated companies, outstanding loan of tune of Rs. 110 crores to Mr. Aggarwal without any documents, questioning Agreement between VPCL and Mr. Aggarwal, etc. during the relevant period of time clearly indicates that the management and KMPs of the Company, as an unseen thread, were controlling the whole book entries back and forth, in what appears to be wizardry of creating an illusion of cash flow, revenue and profit out of nothing. Considering the facts and circumstances as discussed hereinabove, I am of the view that the Noticees in a clever subterfuge, put in place a web of cash flow, revenue, profit, sale-purchase, machinery, etc. among group companies and related parties in a bid to create a make-believe of profitable business, when there was actually no infusion of funds, cash flows, revenue and profits from the business. In my considerate opinion, those Agreement, related party transactions, cash flow, purchase of plant and machinery, adjustment of outstanding loans are nothing but sham transactions without any underlying product. Under such peculiar facts and circumstances, I found that the Noticees No. 1, 2, 3 and 4 have violated the following provisions of the SEBI Act, PFUTP Regulations, LODR Regulations and SBEB Regulations:

(a) **Noticees No. 1 – 4 have violated:**

i. Sections 12A (a), (b) & (c) of the SEBI Act, 1992 read with Regulations 3 (b), (c), (d) & 4(1), 4(2) (f) of the PFUTP Regulations, 2003.
ii. Regulations 4(1) (a) (b) (c) (g) (h) (j), 33 (1) (a) (c) and 48 of the LODR Regulations 2015 r/w Section 27 of SEBI Act, 1992.
iii. Regulations 1(4)(i) of SBEB Regulations, 2014 and Regulation 14 - Clause C (vi) (a) and (b) of SEBI Circular dated June 16, 2015.

(b) **Noticees No. 1 and 3 have violated -** Regulation 17(8) of LODR Regulations, 2015 pursuant to issuance of CEO and CFO certificate, respectively.

(c) **Noticee No. 4 have violated -** Regulation 6(2) of LODR Regulations, 2015 being a Compliance Office.

33. Accordingly, the Noticees No. 1 – 4 are respectively liable for penalty under Section 15HA and 15 HB of the SEBI Act as applicable at the relevant time. The said provision of section 15HA and 15HB reads as under: -

SEBI Act.

15HA. Penalty for fraudulent and unfair trade practices.

If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.

15HB.Penalty for contravention where no separate penalty has been provided.

Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.

34. While determining the quantum of penalty, it is important to consider the factors stipulated in Section 15J of the Act, 1992 which reads as follows:-

15J - Factors to be taken into account by the adjudicating officer

While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default."

Explanation.—*For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section;*

35. In this case, from the material available on record, it can be seen that VPGL has substantially overstated its actual revenue and profits during FY 2017-18 to 2020-21. Although the extent of loss suffered by the investors as a result of misrepresentation of the financial result in this case cannot be computed, however, it is certain that such false information related to important financial parameters has all the element to misled the gullible investors while trading in the scrip of the Company. Further, the act of omission, concealment and error had continued year on year, therefore, in my view the Noticees were repetitively disseminating the untrue and unfair financial information in the public domain

knowingly. I am also of the view that, Noticees No. 1 and 2 being at the helm of the Company as whole time director and Noticees No. 3 and 4 holding important positions of CFO and Compliance Officer, respectively, were the beneficiary of the fraudulent schemes in form of shares received by them through preferential allotment and through ESOP, respectively, and thus, they have played integral role in perpetrating such fraud on investors and stakeholder of the Company.

36. Therefore, it is incumbent upon SEBI to take stern view with regard to the market abuse and fraudulent practices, particularly when persons tasked with protecting the interest of the company and its shareholders are themselves involved in perpetrating fraud. Noticee No. 1 and 2 being the part of management i.e. CMD and ED of the Company and Noticees No. 3 and 4 being CFO and Compliance Officer, respectively, are wholly responsible for fraudulent and unfair practices undertaken by the Company in this case. In my considered opinion the deliberate defiance and indulgence in fraudulent activity by the persons - who being in charge of affairs of the Company holding fiduciary duties towards investors - should be dealt with sternly and the penalty in such cases should serve as effective deterrence.

37. I have perused the judgement relied upon by the Noticees w.r.t. quantum of penalty based on gravity, factors for determining penalty and technical and venial nature of breach and I note that, the act committed in this case by no means can be said as technical and venial in nature, instead, I found that the Noticees were well aware of omissions, errors and mis-representation in the financial statements and annual reports of the Company at relevant point of time. In the facts and circumstances of this case, I deem it worth relying the observations of Hon'ble Supreme Court in its judgment dated April 26, 2013 in the matter of *N. Narayanan v. SEBI*, wherein it specifically cautioned SEBI in the following words – "*SEBI, the market regulator, has to deal sternly with companies and their Directors indulging in manipulative and deceptive devices…… SEBI has, therefore, a duty to protect investors, individual and collective, against opportunistic behavior of Directors and Insiders of the listed companies so as to safeguard market's integrity…..*"

38. In view of the above guiding principles, factors under section 15J, judgement of Hon'ble Supreme Court in the matter of Bhavesh Pabari, gravity of default and mitigating factors, and exercising the powers conferred upon me under Section 15I of the SEBI Act read with Rule 5 of the Adjudication Rules, I hereby impose following penalty on the Noticees *viz.* Ms. Bimla Devi Jindal, Ms. Kamini Jindal, Mr. Lokesh Kumar Garg and Mr. Praveen

Bishnoi under section 15HA and 15HB of the SEBI Act. In my view, the said penalty is commensurate with the violations committed by these Noticees in this case:

Noticee	Amount of Penalty
Ms. Bimla Devi Jindal (Noticee No. 1)	₹25,00,000/- (Rupees Twenty-Five Lakhs Only)
Ms. Kamini Jindal (Noticee No. 2)	₹25,00,000/- (Rupees Twenty-Five Lakhs Only)
Mr. Lokesh Kumar Garg (Noticee No. 3)	₹10,00,000/- (Rupees Ten Lakhs Only)
Mr. Praveen Bishnoi (Noticee No. 4)	₹10,00,000/- (Rupees Ten Lakhs Only)

39. The Noticee shall remit / pay the said total amount of penalty within 45 days of receipt of this order by way online payment on SEBI website at following tabs on SEBI website www.sebi.gov.in –

ENFORCEMENT -> Orders -> Orders of AO -> Pay Online

In case you face any difficulties in payment of penalties, you may contact the support at portalhelp@sebi.gov.in .

40. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act, 1992 for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

41. In terms of Rule 6 of the Adjudication Rules, copies of this order are sent to the Noticee and also to SEBI.

Date: February 28, 2023
Place: Mumbai

Vijayant Kumar Verma
Adjudicating Officer