



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

By Speed Post AD/Email

**CHIEF GENERAL MANAGER & ADJUDICATING OFFICER
ENQUIRIES AND ADJUDICATION DEPARTMENT - 5**

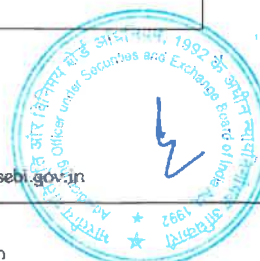
EAD5/MC/HP/37788/. /2021

December 16, 2021

1.	Viaan Industries Limited (PAN: AABCH2363M) Lotus Grandeur 1501/1502, Veera Desai Road Extension, Andheri West Mumbai, Maharashtra - 400053 Email: info@v-ind.com; companysecretary@v-ind.com	2.	Pankaj Bubna (PAN: BCJP3577P) 105, Cotton Street, 3rd floor Kolkata West Bengal - 700007 Email: pankajbubna88@gmail.com; pankaj_bubna@rediffmail.com
3.	Shyama Charan Kumar (PAN: ARIPK8626K) 26/6, Raja Brojendra Narayan Street, 2nd floor, Kolkata, West Bengal - 700007 Email: sckr2010@gmail.com	4.	Vikram Agarwal (PAN: ACRPA9720E) 25B, Raja Raj Ballav Street, Kolkata, West Bengal - 700003
5.	Talent Investment Co Private Limited (PAN: AABCT2302A) 158 Lenin Sarani 3rd Floor, Room No 7b, Kolkata - 700013, West Bengal. Email: talent.investment@rediffmail.com	6.	Arrowspace Commodities Private Limited (PAN: AAKCA1506C) 1/G, Khudiram Bose Sarani, Saltee Plaza, 6th Floor Room No 607, Cabin 12, Near Nager Bazar, Kolkata - 700080 Email: arrowspacecommodities2019@gmail. com
7.	Ocian Advisory Private Limited (PAN: AABCO6057F) 1/G, Khudiram Bose Sarani, Saltee Plaza, 6th Floor Room No 608, Cabin M9, Near Nager Bazar, Kolkata - 700080, West Bengal Email: npplorissa@gmail.com	8.	Marubhumi Vintrade Private Limited (PAN: AAHCM6630Q) C/O Sukdeb Bairagi 1/A, Promod Nagar, P.O Rabindra Nagar, Kolkata Hooghly, West Bengal - 700065 Email: sarthakgroup321@gmail.com; ramcharnicommerce@gmail.com

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051.
दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर.एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.
Tel.: 2644 9950 / 4045 9950 (IVRS), 2644 9000 / 4045 9000 Fax : 2644 9019 to 2644 9022 Web : www.sebi.gov.in





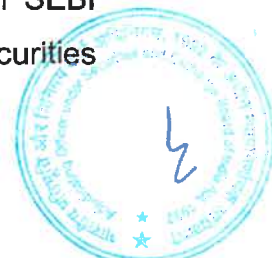
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9.	Amarjyoti Commercial Private Limited (PAN: AAJCA8323J) FE-6/2, Vidyasagar Pally, Post Office - Jyangra (Baguhati), Kolkata - 700059, West Bengal Email: amarjyoti_commercial@yahoo.com
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Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and Rule 4(1) of Securities Contracts (Regulation) (Procedure for Holding Inquiry and imposing penalties) Rules, 2005 in the matter of preferential allotment of shares by Viaan Industries Ltd

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') has initiated adjudication proceedings against Viaan Industries Limited (**Noticee 1/Company/VIL**), Pankaj Bubna (**Noticee 2**), Shyama Charan Kumar (**Noticee 3**), Vikram Agarwal (**Noticee 4**), Talent Investment Co Private Limited (**Noticee 5**), Arrowspace Commodities Private Limited (**Noticee 6**), Ocian Advisory Private Limited (**Noticee 7**), Marubhumi Vintrade Private Limited (**Noticee 8**) and Amarjyoti Commercial Private Limited (**Noticee 9**) pursuant to investigation in the matter of preferential allotment of shares by VIL for the period from June 05, 2013 to December 31, 2013 (**IP/investigation period**). The Noticees 1 to 9 are collectively referred to as '**Noticees/You**'.
2. Adjudication proceedings have been initiated against
 - a) Noticee 1 under Section 23E of the Securities Contracts (Regulation) Act, 1956 ('**SCRA**') for the alleged violation of Clause 43 of the erstwhile Listing Agreement (which is now Regulations 32 of SEBI (LODR) Regulations, 2015) and under Section 15HA of SEBI Act, 1992, ('**SEBI Act**') for the alleged violations of Section 12A(a),(b),(c) of SEBI Act read with Regulation 3(a),(b),(c),(d) and Regulations 4(1), 4(2) (f) and (r) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities





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Market) Regulations, 2003 (hereinafter referred to as 'PFUTP Regulations').

- b) Noticee 2 to 4 under Section 15HA of SEBI Act for the alleged violation of Section 12A(a), (b), (c) of SEBI Act read with Regulation 3(a), (b), (c), (d) and Regulations 4(1), 4(2) (f) and (r) of PFUTP Regulations.
- c) Noticee 5 to 9 under Section 15HA of SEBI Act for the alleged violation of Section 12A(a), (b), (c) of SEBI Act read with Regulation 3(a), (b), (c), (d) and Regulation 4(1) of PFUTP Regulations.
3. The undersigned was appointed as Adjudicating Officer (hereinafter referred to as 'AO') under Section 15-I of the SEBI Act read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and Section 23-I of SCRA read with Rule 3 of Securities Contracts (Regulation) (Procedure for Holding Inquiry and imposing penalties) Rules, 2005 (hereinafter referred to as 'Adjudication Rules'), vide Order dated June 02, 2021 to inquire into and adjudge under Section 15HA of SEBI Act and Section 23E of SCRA the aforesaid alleged violations against the Noticees. Copy of the communicate dated June 04, 2021 appointing the undersigned as Adjudicating Officer is placed as **Annexure 1**.

Background of the Company:

4. The company was incorporated as Hindusthan Safety Glass Industries Limited on October 19, 1982 as public limited Company. It was listed exclusively on Calcutta Stock Exchange prior to 2014 and thereafter it was listed on BSE with effect from February 20, 2014 by complying with direct listing norms. Till 2014, the main object of the Company was trading in glass articles. The current business activity of the Company is trading consumer goods/electronic items. Registered office address of the Company is Lotus Grandeur 1501/1502, Veera Desai Road Extension, Andheri West, Mumbai – 400053, Maharashtra.





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Management of the Company:

5. The details of the management of the Company, during investigation period, when the preferential allotment was approved and completed, is given below:

Sl. No.	Name of entity	Designation	Date of appointment	Date of cessation
1	Pankaj Bubna	Executive Director	14/11/2013	17/03/2015
2	Shyama Charan Kumar	Independent/ Non-Executive Director	20/07/2011	17/03/2015
3	Vikram Agarwal	Independent/ Non-Executive Director	14/02/2014	17/03/2015

Financial Results:

6. Financial results of the Company around the investigation period are given below:

Particulars	Year ended	
	Mar 2014	Mar 2013
Total Income	7.29	27.10
Expenditure before dep, int and taxes	5.08	3.05
Profit before dep, int and taxes	2.21	24.05
Provision for tax	0.89	7.43
Exceptional item	20.12	-
Profit after tax	(18.8)	16.62

(Rs. in lakhs)

Listing and trading status of the Company:

7. During the period under Investigation, the shares of VIL were exclusively listed on CSE and there was no trading in the scrip at CSE. VIL applied to BSE in September 2013 for listing of its shares under direct listing norms. The shares got listed in 2014 and only thereafter started trading. Trading at BSE commenced on February 20, 2014. There was no trading in the scrip of VIL during the IP. Presently, the company is trading under GSM-0 category.





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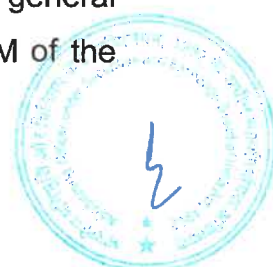
Details of preferential allotment of the Company:

8. The Board of Directors of VIL in its meeting dated June 05, 2013 passed a resolution to allot 28,10,000 equity shares on preferential basis to strategic investors at an issue price of Rs.10/- aggregating to Rs.2,81,00,000/-. Following the approval of shareholders, the Board of Directors of the company allotted 28,10,000 equity shares of Rs.10/- each aggregating Rs. 2.81 crores to eight non-promoters, claimed by VIL as strategic investors, on July 22, 2013. The resolution of Board of Directors of VIL dated June 05, 2013 is placed as **Annexure 2**. The details of the allotments, are as under:

Sl No.	Name of Allottee	Shares allotted	Issue size (Amt in Rs.)	Lock in up to
1	Amardhan Mercantile Pvt. Ltd ("Amardhan")	300000	30,00,000	21-07-2014
2	Virat Vintrade Pvt.ltd ("Virat")	300000	30,00,000	21-07-2014
3	Rolex Tie-up Pvt. Ltd ("Rolex")	300000	30,00,000	21-07-2014
4	Aman Dealtrade Pvt.Ltd ("Aman")	200000	20,00,000	21-07-2014
5	Daffodil Traders Pvt. Ltd ("Daffodil")	260000	26,00,000	21-07-2014
6	Talent Investment Co. Pvt. Ltd (Noticee 5)	500000	50,00,000	21-07-2014
7	Arrowspace Commodities Pvt. Ltd (Noticee 6)	350000	35,00,000	21-07-2014
8	Ocian Advisory Pvt. Ltd (Noticee 7)	600000	60,00,000	21-07-2014
	Total	28,10,000	2,81,00,000	

Objective of preferential allotment:

9. In the Board Resolution dated June 05, 2013, it was stated that the issue was being proposed to be made to strategic investors to improve the financial and operation performance of the company through better liquidity position and also to raise resources to fund the future growth plans of the company both organically or inorganically, to meet long term working capital requirements and for general corporate purposes. As per the explanatory statement for notice of EGM of the





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members of the company dated July 02, 2013, the object of the preferential issue was for the growth and expansion of the business. The shareholders of the company approved the same in the EoGM held on July 02, 2013. Board Resolution dated June 05, 2013 is placed as **Annexure 2**.

Utilization of issue proceeds:

10. It was observed that there were 3 directors on the board of VIL when the proposed allotment was approved. During that time, Noticee 2 was Executive Director and the other two directors i.e. Noticee 3 and Noticee 4 were shown as Independent/ Non-Executive Directors. All these Directors were present in the meeting which approved issue of shares on preferential basis. A copy of the minutes of the meeting evidencing the same is placed as **Annexure 3**. Both the Non-Executive/ Independent Directors had attended all the Board meetings and even the meetings of the Audit Committee. This is supported It was observed that Noticee 3 had signed the Balance Sheet for FY ending 2013 and 2014 along with Noticee 2. He was also signatory to the Bank account no. 00080350002886 in HDFC Bank for VIL during the period as informed by HDFC vide email dated March 02, 2021. Noticee 4 had also signed the Balance Sheet for FY ending 2013. This indicates that the said two directors did not conduct themselves as Independent Directors.
11. Letters dated February 26, 2021 were sent to both the Independent Directors separately at the address provided by VIL vide letter received on November 23, 2020 for their comments on the above mentioned observations. Letter to Noticee 4 was delivered on March 06, 2021 but no reply was received from him. Letters to Noticee 2 and Noticee 3 could not be delivered to them. The letters and delivery status of the letters are placed as **Annexure 4**.
12. Post requisite approvals, shares were allotted to the investors and VIL raised an amount of Rs. 2,81,00,000/-. As per VIL letter received on November 23, 2020 (Copy of letter placed as **Annexure 5**), post receipt of allotment money, the funds





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were transferred to Noticee 8, Viewlink Dealers Pvt Ltd (Viewlink) and JIT Finance Pvt Ltd (JIT). These three entities gave shares of other unlisted companies to VIL, the details of which are as below:

Name of the entity to whom preferential allotment proceeds were transferred	Name of the company whose shares are transferred	Transfer of shares as per the submission of VIL/ share bill
Noticee 8	Touchwin Commercial Pvt Limited ("Touchwin Comm")	14450 shares @Rs. 1000 = Rs. 1.445 cr
Viewlink	Touchwin Dealcom Pvt Ltd ("Touchwin Dealcom")	2100 shares @ Rs. 1000 = Rs. 2.1 cr
JIT	Guru Kripa Bio Fertilizers Pvt Ltd ("Guru Kripa")	1100 shares @Rs. 10,000 = Rs. 1.1 cr
Total		Rs. 2.755 cr

13. Though VIL had raised an amount of Rs. 2.81 crores through preferential allotment, however, the amount that was invested in purchasing shares of unlisted companies was Rs. 2.755 crores. It was observed from the bank statement of Noticee 8 that it had transferred Rs. 5.5 lacs to VIL on September 28, 2013. This is equal to the difference between the allotment money received by VIL i.e. 2.81 crores and receipt of shares of unlisted companies by VIL worth Rs. 2.755 crores as given in the table above.

14. The Annual Reports of VIL for the Financial Year (FY) ending 2014, 2015, 2016, 2017 and 2018, provide details of the investments as under:

in (Rs. Crs)

Name of the company whose shares are transferred	Amt of investment as per Balance Sheet of VIL for 2014	Amt of investment as per Balance Sheet of VIL for 2015	Amt of investment as per Balance Sheet of VIL for 2016/ 2017	Amt of investment as per Balance Sheet of VIL for 2018
Touchwin Comm	1.445	1.445	0.2725	0.2725
Touchwin Dealcom	0.133	0.133	0.133	0.133
Guru Kripa	1.1	1.1	0.4	0
	2.678	2.678	0.8055	0.4055

15. As per the Balance Sheet for FY ending 2014, the amount invested was shown as Rs. 2.678 crores only. Therefore, there is a discrepancy in the submission made by VIL vide letter received on November 23, 2020 regarding amount used for





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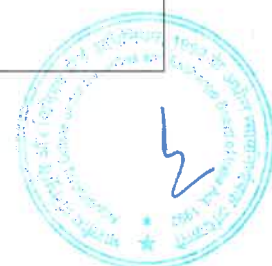
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purchase of shares of unlisted companies with the information given by VIL in its Annual reports.

16. Further, VIL only provided share bills wherein it is mentioned that transferors are transferring shares of the companies to VIL but the share transfer forms are not on record. VIL, vide email dated March 22, 2021 (copy of email placed as **Annexure 6**) replied that the respective purchases of equity shares was done in the year of 2013 when the old management was in charge. However, the new management took over the Company around in the year 2014. VIL further informed that they are in the process of contacting the old management and the companies whose shares were allotted to VIL to get pending information from their side. However, no reply was received in this regard. In terms of Section 128 of Companies Act, 2013 read with the Secretarial Standard-I on Board meeting, every company is required to maintain books and papers for a period of at least 8 years.

17. From the MCA website, the following details of the preferential allottees were noted. Copy of MCA master data is placed as **Annexure 7**.

Sr. No.	Name of the transferor	Address as per MCA as on 22.01.2021	Date of incorporation	Directors as of January 2021
1.	Virat	7/1A Grant Lane, 4th Floor, Room No .401 Kolkata WB 700012	22/02/2011	Manish Sureka and Niladri Chandra
2.	Rolex	7/1A Grant Lane, 4th Floor, Room No .401 Kolkata WB 700012	12/02/2011	Lalit Sureka and Prabir Chatterjee
3.	Amardhan	7/1A Grant Lane, 4th Floor, Room No .401 Kolkata WB 700012	14/02/2011	Lalit Sureka and Manish Sureka
4.	Daffodil	Ananta Bhavan, 94 Vivekanand Nagar, Andul Road, Po:Podrah, Near Westbank Hospital, 3rd Floor, Howrah Howrah WB	23/03/2012	Niladri Chandra and Prabir Chatterjee
5.	Aman	Ananta Bhavan, 94 Vivekanand Nagar, Andul Road, Po:Podrah, Near Westbank Hospital, 3rd Floor, Howrah WB	24/03/2012 (co under strike off)	Durga Chandra Nandy and Mrinmay Ghosh





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6.	Noticee 5	158 Lenin Sarani 3rd Floor, Room No 7b Kolkata WB 700013	15/09/1984	Raj Kumar Harlalka and Anita Harlalka
7.	Noticee 6	1/G Khudiram 8 Bose Sarani, Saltee Plaza, 6th Floor Room No 607, Cabin 12, Near Nager Bazar Kolkata	05/01/2012	Kunal Chatterjee and Krishan Kumar Prasad
8.	Noticee 7	1/G Khudiram Bose Sarani, Saltee Plaza, 6th Floor Room No 608, Cabin M9, Near Nager Bazar Kolkata	18/03/2011	Rajib Dey, Rupak Dey, Mukesh Poddar

18. Summons dated February 02, 2021 were sent to the allottees at their registered office addresses as available at MCA to provide information regarding the details of the allottees, source of funds and relation of the allottees amongst each other. Summons sent to Noticee 5, Rolex, Amardhan and Virat were returned undelivered. Summons to remaining 4 allottees were delivered but no reply was received from them. Subsequently, email as per records of MCA was also sent to the allottees on February 09, 2021 which did not bounce back. Reminders were sent to all of them through separate emails on February 25, 2021 but no reply was received. Summons, delivery acknowledgments and emails are placed as **Annexure 8**.

19. Since no information was received from the allottees, relationship between VIL, the allottees and the entities to whom allotment proceeds were transferred was analyzed based on the publicly available information on MCA website.

20. Most of the allottees were private limited companies and were in existence for not more than 2-3 years when allotment took place. The address of registered office of Virat, Rolex and Amardhan is the same i.e. 7/1A Grant Lane, 4th Floor, Room No. 401 Kolkata WB 700012. Manish Sureka is a common director in Virat and Amardhan, while Lalit Sureka is a common director in Amardhan and Rolex. Prabir Chatterjee is a common director in Daffodil and Rolex. The address of registered office of Daffodil and Aman is the same i.e. Ananta Bhavan, 94 Vivekanand Nagar, Andul Road, Po:Podrah, Near Westbank Hospital, 3rd Floor, Howrah, West





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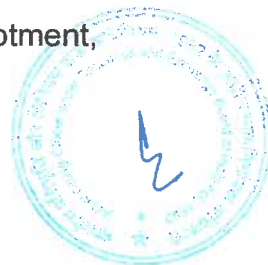
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Bengal. Therefore, all these 5 allottees, namely Virat, Rolex, Amardhan, Daffodil and Aman are related to each other on the basis of common addresses and common directors. The address of registered office of Noticee 6 and 7 is the same i.e. 1/G Khudiram Bose Sarani, Saltee Plaza, 6th Floor Room No 607, Cabin 12, Near Nager Bazar Kolkata. Therefore, Noticee 6 and 7 are related to each other on the basis of common address.

21. JIT Finance, to which the allotment money was transferred by VIL has the same registered office address as Virat, Rolex and Amardhan i.e. 7/1A Grant Lane, 4th Floor, Room No .401 Kolkata Kolkata WB 700012 and a common director namely Manish Sureka with Virat and Amardhan. As per documents available on MCA (documents placed as **Annexure 9**), Kamal Kumar Aggarwal, one of the shareholders of Noticee 6 holding 45.45% has the same address as Touchwin Dealcom. Therefore, Noticee 6 and the entity whose shares were given to VIL, viz. Touchwin Dealcom are also related. Also, Noticee 8 holds 4.91% of the paid up capital of Viewlink Dealers Pvt Ltd.

22. From the above, it was observed that all the allottees and entities to whom the funds were transferred were directly/indirectly connected/related to each other.

23. To corroborate the information on records, summons were issued to VIL on October 28, 2020 to provide information with respect to attendees of board meeting approving the preferential allotment, copy of minutes of meeting wherein decision for liquidating the amount in unquoted shares was taken and utilization of preferential allotment proceeds and its subsequent liquidation. Summons are placed as **Annexure 10**. Although VIL replied to the Summons vide its letter received on November 23, 2020 but the information was incomplete. Thereafter, VIL was again summoned, vide letter dated February 02, 2021, to provide details regarding realization of amount invested in those companies. Vide letter received on February 16, 2021 (letter placed as **Annexure 11**), VIL provided the information with respect to attendees of board meeting approving the preferential allotment,





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and utilization of preferential allotment proceeds. However, VIL did not provide copy of minutes of meeting wherein decision for liquidating the amount in unquoted shares was taken on the ground that it has tried to give maximum information available in record and that management is in the process to find pending information. In terms of Section 128 of Companies Act, 2013 read with the Secretarial Standard-I on Board meeting, every company is required to maintain books and papers for a period of at least 8 years.

24. VIL, vide letter received on February 16, 2021 stated that the amounts have been transferred in tranches by different private limited companies at the same price at which they were purchased by VIL without any profit or loss. On the Bank statement of VIL for the account no. 915020049574158 held with Axis Bank, a transaction of Rs. 17,50,000 for an amount received from Sketch Agency Pvt Limited, the company officials have mentioned with hand on the statement that the amount has been received for "Guru Kripa". VIL was not able to provide complete details with respect to the dates and amount received for liquidation of the said investments. VIL also did not given any explanation or reason for receiving the amount from Sketch Agency Pvt Limited. Despite several summons, four allottees have not replied as to the object and source of investment. The emails sent to all allottees did not bounce back but no reply was received. From the above, it appears that the transactions are only accommodation entries.

25. Summons dated February 25, 2021 were issued to Noticee 8, JIT and Viewlink dealers at the latest addresses available on MCA website seeking information regarding the details of the, source of funds and relation with VIL and the allottees but the same could not be delivered. Summons and their delivery acknowledgments are placed as **Annexure 12**.





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Alleged violation of Clause 43 of Listing Agreement:

Clause 43 of the Erstwhile Listing Agreement, as applicable during the IP, read as follows:

"(1) The Company agrees that it will furnish on a quarterly basis a statement to the Exchange indicating the variations between projected utilisation of funds and/or projected profitability statement made by it in its prospectus or letter of offer or object/s stated in the explanatory statement to the notice for the general meeting for considering preferential issue of securities, and the actual utilisation of funds and/or actual profitability.

(2) The statement referred to in clause (1) shall be given for each of the years for which projections are provided in its prospectus/ letter of offer/ object/s stated in the explanatory statement to the notice for considering preferential issue of securities and shall be published in newspapers simultaneously with the unaudited/ audited financial results as required under clause 41.

(3) If there are material variations between the projections and the actual utilisation/ profitability, the company shall furnish an explanation therefore in the advertisement and shall also provide the same in the Directors' Report."

26. The Company did not submit mandatory disclosures to BSE with regard to misutilization of preferential proceeds duly ratified by the shareholders of the company within 3 months from intimation. Therefore, it is alleged that the Company has violated Clause 43 of the Listing Agreement, as applicable during the IP, in respect of variation/deviation in the utilization of preferential allotment proceeds. This was done later in the AGM of VIL held on September 25, 2018 only after persuasion from BSE.





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Fund flow analysis:

27. It was observed from the information received from VIL that its banker was HDFC Bank (HDFC). Banker to the allottees from which the funds were received by VIL was also HDFC.

28. Counter party details and relevant bank statements were received from HDFC vide emails dated November 03, 2020, November 27, 2020, December 18, 2020, December 20, 2020 and March 02, 2021. The information received from HDFC is placed as **Annexure 13**.

29. On analyzing the bank statements of the respective allottees during the period under investigation, the following was observed: (the relevant part of bank statements is placed as **Annexure 14**)

i) Statement of Amardhan- HDFC Bank Account no. : 0008100001283

Account opening date: 28/09/2012

Current status: Closed

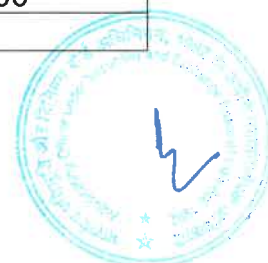
Date		Transferor	Transferee	Amount (In Rs.)
	Opening balance prior to transfer			21,309.25
16/07/2013		Tycoon	Amardhan Mercantile	70,50,000.00
16/07/2013		Amardhan Mercantile	VIL	30,00,000.00
	Closing balance post transfer			40,81,309.00

ii) Statement of Virat - HDFC Bank Account no. : 0008100001273

Account opening date: 28/09/2012

Current status: Closed

Date		Transferor	Transferee	Amount (In Rs.)
	Opening balance prior to transfer			57,790.57
16/07/2013		Tycoon	Virat	30,00,000.00
16/07/2013		Virat	VIL	30,00,000.00
	Closing balance post transfer			57,790.57





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iii) Statement of Rolex - HDFC Bank Account no. : 0008100001308:

Account opening date: 29/09/2012, Current status: Closed

Date		Transferor	Transferee	Amount (In Rs.)
	Opening balance prior to transfer			12,485.13
16/07/2013		Tycoon	Rolex	45,00,000.00
16/07/2013		Rolex	VIL	30,00,000.00
	Closing Balance post transfer			15,12,485.13

iv) Statement of Aman- HDFC Bank Account no. : 00147630000193:

Account opening date: 15/10/2012, Current status: No debit

Date		Transferor	Transferee	Amount (In Rs.)
	Opening balance prior to transfer			180,052.03
16/07/2013		Tycoon	Aman	20,00,000.00
16/07/2013		Aman	VIL	20,00,000.00
	Closing Balance post transfer			180,052.03

v) Statement of Daffodil - HDFC Bank Account no. : 00147630000296:

Account opening date: 15/10/2012, Current status: No debit

Date		Transferor	Transferee	Amount (In Rs.)
	Opening balance prior to transfer			38,653.81
16/07/2013		Tycoon	Daffodil	26,00,000.00
16/07/2013		Daffodil	VIL	26,00,000.00
	Closing Balance post transfer			38,653.81

vi) Statement of Talent - HDFC Bank Account no. : 00140350005298:

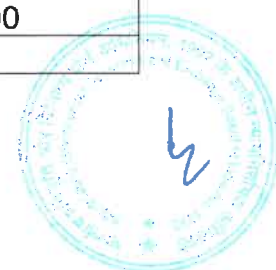
Account opening date and Current status: Not mentioned in the statement

Date		Transferor	Transferee	Amount (In Rs.)
	Opening balance prior to transfer			127.65
16/07/2013		Amarjyoti	Talent	50,00,000.00
16/07/2013		Talent	VIL	50,00,000.00
	Closing Balance post transfer			127.65

vii) Statement of Arrowspace - HDFC Bank Account no. : 00080350002766:

Account open date and Current status: Not mentioned in the statement

Date		Transferor	Transferee	Amount (In Rs.)
	Opening balance prior to transfer			46,864.99
16/07/2013		Amarjyoti	Arrowspace	25,00,000.00
16/07/2013		Amarjyoti	Arrowspace	10,00,000.00
16/07/2013		Arrowspace	VIL	35,00,000.00
	Closing Balance post transfer			46,864.99





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viii) Statement of Ocian - HDFC Bank Account no. : 00080350002999:

Account open date: Not mentioned in the statement

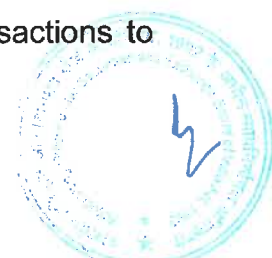
Current status: Not mentioned in the statement

Date		Transferor	Transferee	Amount (In Rs.)
	Opening balance prior to transfer			Rs. 14,775.28
16/07/2013		Amarjyoti	Ocian	60,00,000.00
17/07/2013		Ocian	VIL	30,00,000.00
17/07/2013		Ocian	VIL	30,00,000.00
	Closing Balance post transfer			14,775.28

30. From the above table and bank statements, it is observed that none of the allottees had sufficient opening balance in their bank account prior to transfer of funds related to preferential allotment. Amardhan, Virat, Rolex, Aman and Daffodil received money from a party called Tycoon Commosales Private Limited (Tycoon) just before they transferred money to VIL for preferential allotment. Out of these allottees, exact amount was transferred by Tycoon to Virat, Aman and Daffodil on the same day.

31. Noticee 5 and 6 received the exact amount of allotment money from Noticee 9 on the same day before the money was transferred to VIL by them. Noticee 7 had received the amount from Noticee 9 on July 16, 2013 but transferred that amount to VIL on July 17, 2013. Once the amount was received in the account of VIL, VIL transferred the entire amount to three companies namely Noticee 8, Viewlink and JIT.

32. Account statement of Bank account no. 0080350002835 of Noticee 8 in HDFC Bank revealed that it had received an amount of Rs. 1.5 crores from VIL on the same day i.e. July 16, 2013 when VIL received the allotment money in its account. After receipt of the amount, Noticee 8 transferred Rs. 1.1 crores to Noticee 9 on the same day i.e. July 16, 2013. Noticee 9 funded 3 allottees namely, Noticee 5, Noticee 6 and Noticee 7 as well. Thus, it is observed that a part of the amount funded by Noticee 9 came back to it. Also, the Bank statement of Noticee 9 and Tycoon were examined. There were numerous debit and credit transactions to



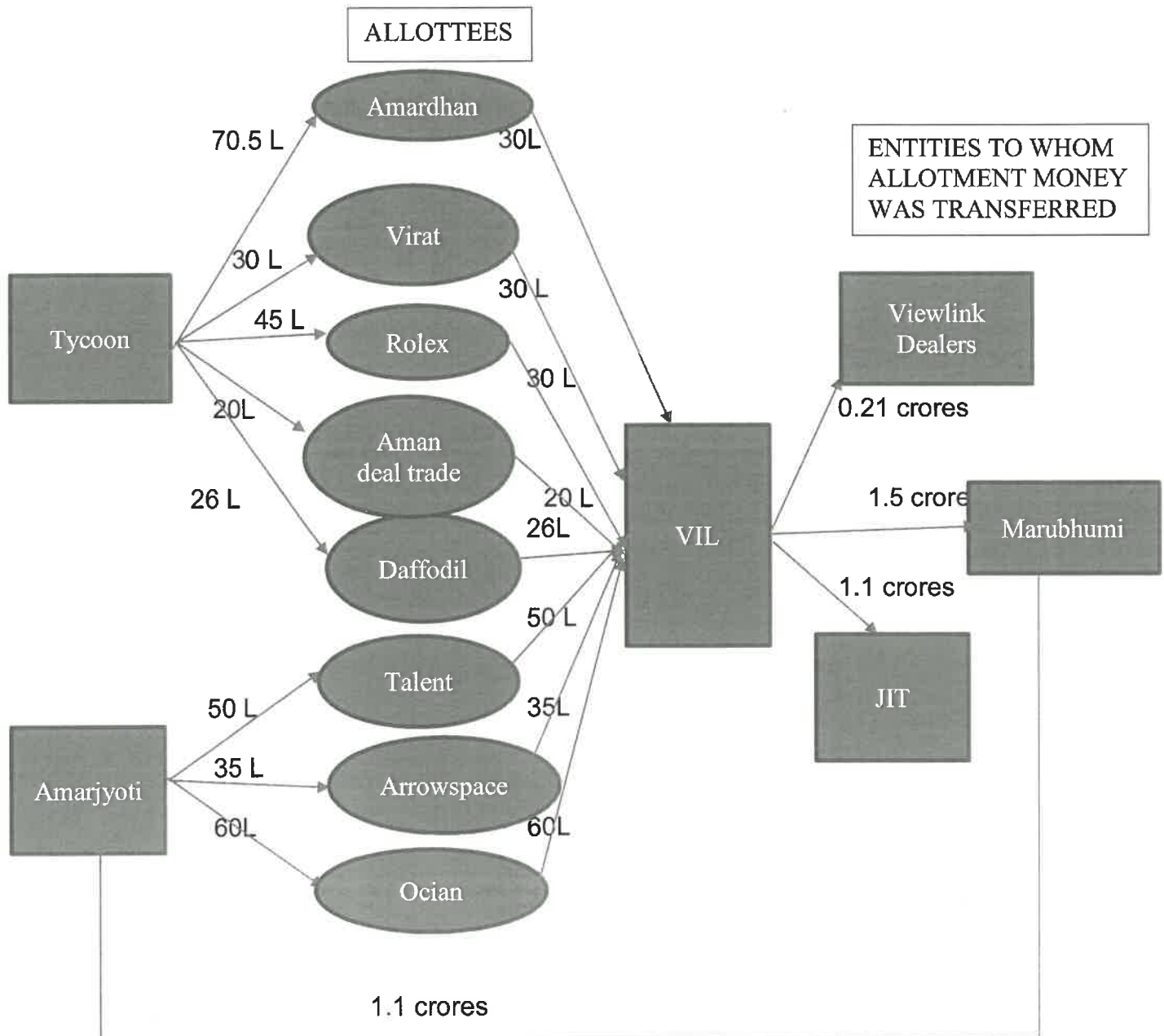


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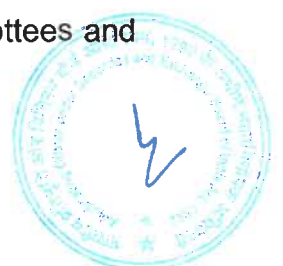
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numerous unrelated entities on a single day in the statement which indicates that Noticee 9 and Tycoon were being used as vehicle for making accommodation entries.

33. The details of the fund movement is also shown in the table below:



34. Emails were sent to Noticee 9 and Tycoon on their respective email IDs available on MCA seeking information on the reasons for transfer of funds to allottees and





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receipt of funds from Noticee 8. Email to Tycoon did not bounce back but no reply was received from Tycoon. Email to Noticee 9 bounced back and could not be delivered. Hence, summons were issued to Noticee 9 on the address available on MCA but the summons returned undelivered. Summon is placed as **Annexure 15**.

35. The authorized and paid up share capital of VIL prior to preferential allotment was Rs. 50,00,000/-. The paid up capital increased to Rs. 3.05 crores post issue of preferential allotment. BSE norms for direct listing of companies listed exclusively on Regional Stock Exchanges, as existing at that time, prescribed that minimum issued, paid up and listed capital of the company should be at least Rs. 3 crores and net worth should at least be positive for the company to qualify for listing. The said norm was applicable with effect from January 21, 2013. The same is placed as **Annexure 16**.

36. In light of the above, it is observed that the preferential allotment was made to enable the company to increase its paid up capital to 3 crores for direct listing on BSE instead of making any strategic investment in the company for its wellbeing. This is supported by the fact that the allottees were claimed to be strategic investors by VIL in the Board meeting dated June 05, 2013 and Shareholders meeting dated July 02, 2013 approving the preferential allotment. However, they exited from the company at the earliest once the lock-in period was over. From the disclosures available on BSE website, it is observed that three of them sold the shares to new promoters at the time of open offer in 2015 and others sold the shares in the open market in 2014 once the lock-in period was over.

37. In view of the above, it was observed that to increase the paid up capital, VIL deployed a dubious device/scheme in the garb of preferential allotment. The object of the issue as presented to the shareholders was to raise resources to fund the future growth plans by investment of strategic investors in VIL, however, the allotment proceeds were invested in shares of unlisted companies at seemingly exorbitant prices instead of investing in promoting the business and about 80% of





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the proceeds were liquidated without any profit or loss. Hence, it is alleged that VIL mis-utilized the proceeds of the preferential allotment.

38. VIL received shares of a private unlisted company namely Touchwin Commercial Pvt Ltd from Noticee 8 by paying Rs. 1.445 crore. Noticee 8 then transferred Rs. 1.1 cr to Noticee 9 which had funded three of the allottees for Rs. 1.45 crores i.e. Noticee 5 (Rs. 50 Lakh), Noticee 6 (Rs. 35 Lakh) and Noticee 7 (Rs. 60 Lakh). Therefore, it is alleged that VIL has funded the said three allottees through Noticee 9. Thus, these five entities viz Noticee 5, 6, 7, 8 and 9 had aided and colluded with VIL by recording various artificial transactions/accommodation entries.

39. In view of the above, it is alleged that VIL has violated Section 12A (a), (b) and (c) of SEBI Act read with Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(f) and (r) of PFUTP Regulations. Further, the three allottees namely Noticee 5, 6 and 7 and the entities Noticee 8 and 9 have violated Section 12A (a), (b) and (c) of SEBI Act read with Regulations 3(a), (b), (c), (d) and 4(1) of PFUTP Regulations.

40. The aforesaid alleged fraudulent act by VIL was done with the knowledge of the directors including the Independent/Non-executive directors of VIL. Noticee 2 was the Executive Director during that time and the other two directors namely Noticee 3 and Noticee 4 were Independent/Non-Executive Directors. It was observed upon examination of their conduct and dealings in VIL that both the Independent directors were also fully aware of and actively participated in the proceedings related to the said preferential allotment. Thus, Noticee 2, 3 and 4 are alleged to have violated Section 12A (a), (b) and (c) of SEBI Act read with Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(f) and (r) of PFUTP Regulations.

41. The text of the provisions alleged to be violated by the Noticees is reproduced as under:

SEBI Act

12A.No person shall directly or indirectly—





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(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:

3. Prohibition of certain dealings in securities

No person shall directly or indirectly —

(a) buy, sell or otherwise deal in securities in a fraudulent manner;

(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.





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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 –

(f) publishing or causing to publish or reporting or causing to report by a person dealing in securities any information which is not true or which he does not believe to be true prior to or in the course of dealing in securities.

(r) planting false or misleading news which may induce sale or purchase of securities.

42. The aforesaid alleged violations, if established, make the Noticee 1 liable for monetary penalty under section 23E of SCRA and the Noticees 1 to 9 liable for monetary penalty under section 15HA of SEBI Act and , which is reproduced as under:

SEBI Act

Penalty for fraudulent and unfair trade practices.

15HA. *If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty of twenty-five crore rupees or three times the amount of profits made out of such failure, whichever is higher.*

SCRA

Penalty for failure to comply with provision of listing conditions or delisting conditions or grounds.

23E. *If a company or any person managing collective investment scheme or mutual fund, fails to comply with the listing conditions or delisting conditions or grounds or commits a breach thereof, it or he shall be liable to a penalty not exceeding twenty-five crore rupees.*





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43. You are, therefore, called upon to show cause as to why an inquiry should not be held against you in terms of Rule 4 of the SEBI (Procedure for holding Inquiry and Imposing Penalties) Rules, 1995 read with Section 15I of the SEBI Act and Rule 4 of Securities Contract (Regulations) (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005 read with Section 23I of SCRA (hereinafter referred to as '**Adjudication Rules**'); and why penalty should not be imposed under section 15HA of the SEBI Act in respect of Noticees 1 to 9 and Section 23E of SCRA as applicable in respect of Noticee 1.
44. Your reply, if any, should reach the undersigned or through email at maninderc@sebi.gov.in and harshalp@sebi.gov.in within 14 days from the date of receipt of this Notice, failing which it shall be presumed that you have no reply to submit and the matter would be further proceeded with on the basis of the evidence available on record in terms of sub-rule (7) of Rule (4) of the Adjudication Rules. You may also indicate whether you desire a personal hearing in the matter.
45. Further, you are required to keep the undersigned informed about the change in your correspondence address, if any, till the conclusion of the proceedings. You are also required to submit a photocopy of your PAN card and contact details viz. Telephone numbers / Fax numbers / e-mail IDs and details of contact persons for records.
46. You may also note that a settlement mechanism is provided under the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018. If you wish to avail the benefit of the settlement process, you may apply for the same in the manner provided in the said regulations under intimation to the undersigned.


MANINDER CHEEMA
ADJUDICATING OFFICER



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Enclosure:

- 1) Annexure 1 - Copy of the communiqué appointing the Adjudicating Officer
- 2) Annexure 2 - The resolution of Board of Directors of VIL dated June 05, 2013
- 3) Annexure 3 - Copy of the minutes of the board meeting
- 4) Annexure 4 - Letters to the directors of VIL and delivery status of the letters
- 5) Annexure 5 - VIL letter received on November 23, 2020
- 6) Annexure 6 - Copy of email dated March 22, 2021
- 7) Annexure 7 - Copy of MCA master data
- 8) Annexure 8 - Summons, delivery acknowledgments and emails to allottees
- 9) Annexure 9 - Annual Return of Arrowspace Commodities Pvt. Ltd. and Viewlink Dealers Pvt. Ltd.
- 10) Annexure 10 - Summons issued to VIL
- 11) Annexure 11 - Copy of letter received from VIL on February 16, 2021
- 12) Annexure 12 - Summons and delivery acknowledgments to Marubhumi, JIT and Viewlink Dealers
- 13) Annexure 13 - The information received from HDFC
- 14) Annexure 14 - The relevant part of bank statements
- 15) Annexure 15 - Summons and emails to Amarjyoti and Tycoon
- 16) Annexure 16 - BSE norms for direct listing of companies.

