BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[Adjudication Order No. Order/BS/VS/2022-23/19990-19993]

UNDER SECTION 15-I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992, READ WITH RULE 4 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995 AND SECTION 23I OF THE SECURITIES CONTRACT (REGULATION) ACT, 1956, READ WITH RULE 4 OF THE SECURITIES CONTRACT (REGULATION) (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 2005

In respect of:

1) **Quasar India Limited** **PAN: AAACQ0219Q** 101, 1ST floor Barodia Tower, D Block, Central Market, Prashant Vihar, Rohini, New Delhi – 110 085	2) **Ankit Agarwal** **PAN: AIOPA4947L** C-18, Third Floor, Bhagwari Vihar, Near Haryana Diary, Uttam Nagar, Delhi – 110 059
3) **Ganesh Prasad Gupta** **PAN: AHEPG4955F** E-21/54, Sector 3, Rohini, New Delhi – 110 085	4) **Shri Yogesh Bansal** **PAN: AIJPB0977G** H. No. 46, Paschim Vihar, A-2, Block Market, New Delhi – 110 063

In the matter of Quasar India Limited

BACKGROUND

1. Quasar India Limited (hereinafter referred to as "**Noticee-1**"/ "**QIL**") made a preferential allotment on January 31, 2014 by allotting 51,05,000 equity shares of Rs. 10/- each at par to promoter and non-promoter entities aggregating to Rs. 5.10 Cr.

2. With respect to the aforesaid preferential allotment, BSE carried out a preliminary examination of the utilization of funds raised by Noticee-1 and it was *prima facie* found that there was misutilisation of funds raised by the Noticee-1 through preferential allotments.

3. Pursuant to the aforesaid examination by BSE regarding the preferential allotment made on January 31, 2014, SEBI carried out investigation for the period from September 04, 2013 (date of receipt of first subscription money to the preferential allotment) to April 30, 2014 (i.e. three months after the preferential allotment). The investigation, *prima facie*, revealed that Noticee-1 had misutilized the issue proceeds by not deploying funds for the stated objects of the preferential issue. It was also observed that the said fraudulent act of deviating and misutilising the preferential issue proceeds was done by QIL with the knowledge of its directors i.e. Ankit Agarwal, Ganesh Prasad Gupta and Yogesh Bansal (hereinafter referred to as **Noticees-2 to 4** respectively).

4. In view of the above, it was alleged that the Noticees violated the provisions of Section 12 A (a) (b) (c) of SEBI Act, 1992 read with Regulations 3(a)(b)(c)(d), 4(1), 4(2)(f) and (r) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**")

5. It was also observed that QIL did not comply with the disclosure requirements under clause 43 of the erstwhile Listing Agreement [now regulation 32 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015] read with section 21 of Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as "**SCRA**, **1956**") in respect of variation or deviation in the utilization of preferential allotment proceeds and therefore it was alleged that QIL was in violation of the said provisions.

APPOINTMENT OF ADJUDICATING OFFICER

6. The undersigned has been appointed as the Adjudicating Officer vide order dated August 27, 2021:

    a. under Section 23 I of the SCRA, 1956 read with Rule 3 of the Securities Contracts (Regulation) (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005 (hereinafter referred to as "**SCR Adjudication Rules**") to inquire into and adjudge under the provisions of Section 23A(a) and 23E of the SCRA for the violation of Section 21 of SCRA r/w Clause 43 of the of the erstwhile Listing Agreement {which is now Regulations 32 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "**LODR Regulations**")} by QIL and

b. under Section 15 I (1) of the SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules,1995 (hereinafter referred to as "**SEBI Adjudication Rules**") to inquire into and adjudge under the provisions of Section 15 HA of the SEBI Act for the violation of the provisions of Section 12 A (a) (b) (c) of SEBI Act read with Regulations 3(a)(b)(c)(d), 4(1), 4(2)(f) and (r) of PFUTP Regulations by the Noticees.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

7. A common show cause notice dated November 25, 2021 (hereinafter referred to as '**SCN**') was issued to the Noticees under Rule 4(1) of the SEBI Adjudication Rules and Rule 4 of SCR Adjudication Rules calling upon the Noticees to show cause as to why an inquiry should not be held against them and why penalty, if any as applicable, should not be imposed under section 15HA of the SEBI Act, 1992 for the alleged violation by all the Noticees and under section 23E of the SCRA for the alleged violation by Noticee-1.

8. The SCN issued on the Noticees was served on Noticee-1, however, the SCN issued to Noticees-2 to 4 were returned undelivered. In view of the same, the SCN was attempted to be delivered at the addresses of Noticees-2 to 4 by way of hand delivery and affixture at their addresses on record. However, it is noted from the record that the said attempt failed and SCN could not be affixed or served by way of hand delivery. In view of the same and considering the facts and circumstances of the case, it was felt that an inquiry needs to be held in the matter, hence the SCN was issued to the Noticee by way of Public Notice in terms of Rule 7(3) of the SEBI Adjudication Rules, 1995. Vide the said Public Notice, the Noticees-2 to 4 were informed of the Adjudication Proceedings initiated vide the SCN and they were provided with an opportunity of hearing on August 29, 2022. I note that the said Public Notice was published in the Newspapers i.e. Times of India and Dainik Jagaran of New Delhi Editions.

9. Further, the Noticee-1 vide its letter dated February 18, 2022 submitted its reply, *inter alia,* stating as under:

a. *We confirm that we have made a preferential allotment of 51,05,000 Equity Shares of Rs.10/- each aggregating Rs.510.50 lacs to 49 persons on January 31, 2014. We also confirm that the list of allottees as provided in Paragraph 6 of the Notice is correct and that we have received the amounts mentioned against their names into a separate account opened with Punjab National Bank for the purpose of this preferential allotment.*

b. *The amounts that were raised were advanced to several parties for meeting the business requirements / working capital needs of the Company. They were not diverted or utilised for any other purpose as specified in the Paragraph 7 and as contended by the Audit Committee of the BSE. We have also submitted a certificate from Mls. V N Purohit & Co., Chartered Accountants confirming the utilisation of the proceeds in accordance with the objects stated. Hence we would like to reiterate that there has been no misutilisation of funds and the same were used only for the purposes specified and approved by the shareholders of the Company and not as alleged by the BSE. .*

c. *We confirm that the resolution was passed on January 15, 2014 authorising the preferential allotment of equity shares by our Company to the list of allottees as specified in the Explanatory Statement. As specified in Paragraph 8 (c) of the Notice, the amount raised by way of preferential allotment was proposed to be used to augment the working capital requirement and to fund the proposed business expansion plans of the Company. We also confirm that pending utilisation of the funds, we had provided short term advances to certain entities, which have been returned to the Company. There are no outstanding amounts / amounts to be returned to the Company at any point in time, we also confirm the amounts advanced to the parties mentioned in paragraph 8(c) of the Notice.*

d. *We confirm that the details provided by our Company regarding the utilisation of the Funds is true and correct and depicts the final position regarding the utilisation of funds.*

e. *We have no comments to offer on Paragraph 8 (g) as it pertains to the initiation of the analysis of bank statements by SEBI.*

f. *We deny all the allegations in Paragraph 9(b) regarding the payment made to Ms Neeru Bansal. We wish to confirm that an amount of Rs.50, 00,000 was paid as advance to Ms Neeru Bansal on 10.09.2013 towards the office space that was proposed to be purchased from her. Since she could not deliver as per the commitment made, the amount given to her was returned by her to our Company* *on 16.01.2014. Since this was not a loan, there was no interest charged on the amounts given.*

g. *With regard to the allegation in Paragraph 9(b) regarding the payment of Rs. 96, 00,000 made to Taxus Infrastructure on 12.9.2013, 27.9.2013 and 07.11.2013, we deny that the amount advanced was not in accordance with the objects of the issue. One of the Objects was to finance fund the expansion propositions of the Company. Our Company had accordingly identified investment in the power project of Taxus Infrastructure as it appeared to be lucrative and accordingly advanced Rs.90, 00,000 towards the subscription to the equity capital of Taxus.*

h. *With regard to the payment of Rs.l0, 00,000 made to Ms Madhu Vashist, we deny all the allegations made in Paragraph 9(b) and confirm that the amount was advanced towards purchase of fabric.*

i. *We deny the allegations in the Notice regarding the Rs.10, 00,000 advanced to Mr Sandeep Gupta in Paragraph 9(b) of the Notice. The amount was providing as an advance to him so that Mr Sandeep Gupta could identify certain takeover targets, particularly companies which were sick. Mr Sandeep Gupta however could not complete the transaction and hence the amount advanced to him were refunded by him to our Company on 10.3.2014, 11.3.2014 and 26.3.2014. With regard to the payment made to MSB E-trade Securities Limited, an amount of Rs.17, 00,000 was given to them on 15.10.2013 to trade in securities. However when we realised that this was not in accordance with the Objects of the preferential issue we asked for refund the amount was returned on 1 7.10.2013.*

j. *With regard to the payment made to Munish Bajaj & Sons HUF, we deny all the allegations made in the Notice. The amount of Rs.17, 00,000 was advanced to purchase property. The deal was however cancelled as Munish Bajaj & Sons HUF was unable to handover the possession of the property.*

k. *With regard to the amount of Rs.30.00, 000 paid to Josh Impex Private Limited, we deny all the allegations made in the Notice, The amount was advanced towards purchase of Blended Woven Fabric, which is part of the business in which we operate. This was in accordance with the objects of the issue as well. However we were forced to cancel the Order due to change in the import Policy of the Government of India and continuing with the Order would not have helped our business.*

l. *With regard to the payment to Signature Builders Private Limited, we confirm that same was advanced towards the purchase of 2 Bedroom Guest House. We have provided the necessary correspondence in this regard. It can be seen from your notice that it was Signature Builders which has changed its submission and not our Company. We have advanced Rs.90,00,000 towards the same and the amount was* *returned by Signature Builders Private Limited as they did not keep up their commitments .*

m. *We deny the allegations made in the Show Cause Notice with regard to the payments wade to Ms Rekha Malhotra. We would like to reiterate the amount of Rs.6,00,000 was made towards purchase of fabric and the Order was cancelled due to the non-matching of the final product with the sample and the unethical behaviour of Ms Rekha Malhotra.*

n. *We have no comments to offer with regard to the statements made regarding the amount advanced to Blue Rose Constructions Private Limited in Paragraph 9(b) of the Notice.*

o. *We deny the allegations regarding payment made to Kotia Estates Private Limited. The same was for the purchase of office property.*

p. *We deny the allegations regarding payment made to Chanson Shipping and Packing Company Private Limited. The same was for the purchase of warehouse, which they did not deliver on time and hence had to be cancelled. The amount of Rs.50,00,000 advanced was towards purchase of warehouse and not interest free loan as alleged by you in the Notice. We deny that we did not have the intent of recovering the amounts advanced to the parties. The agreements may not have been entered on a stamp paper, but to receive the amounts advanced as loan or given as advance towards the purchase of fabric, office property, warehouse etc was with good intent. lf the intent to recover the amount was not there, we would not have received all the amounts given to the parties mentioned above, except for the amount of Rs.12,00,000 advanced to Pun Films Private Limited.*

q. *We would like to submit that except for those entities, to whom we have given loans and agreed as such in the previous paragraphs, we have not advanced any other loan. , we would like to submit that we have advanced a loan of Rs.278.00 lacs only and we have received interest on them as well. The amount was advanced as it was lying idle and we intended to earn some income on the same. We have not advanced Rs.467 lacs as alleged by you in this paragraph. We would also like to submit that we have utilised the entire amount of Rs.510 lacs raised by way of preferential allotment as per details given in Paragraph 40 above, as on the date of this reply.*

r. *we have only utilised the amounts of Rs.278 lacs as loans while the same was lying idle in our books. There has been no misutilisation of funds as alleged by you. You may kindly take note of the contents of the iilain Objects Clause of the Memorandum of The clause 2 of the Main Objects permits the business of investing in shares. Further, clause 6 of the Main Objects permits the Company to engage in* *any lawful activity as may be permitted by the law of the land for the time being in force. This clearly prove**s** that Compan**y** has not done any activity which is not permitted by its Memorandum of Association. I*

s. *we deny that we have committed a fraud and have violated the provisions of Regulation. 2(1)(c) of the and therefore Section 12 of the SEBI Act, 1992 read with Regulations 3(a), (b), (c), (d), 4(1), 4(2)(f), and 4(2)(r) of PFUTP Regulations, 2003*

t. *We confirm that BSE directed us to ratify the utilisation of funds by way of a shareholder resolution vide notice no: 20180613-29 dated 13.06.20 18 in the year 2018.We confirm that the ratification was done in January 2019 as that was the earliest Shareholders Meeting after the direction of the BSE. We would also like to submit that we believed that there was no mis-util isation of funds and we deny that we have mis-utilized the funds or committed a fraud and violated the provisions of Section 12 of the SEBI Act, 1992 read with Regulations 3(a), (b), (c), (d), 4(I), 4(2)(f), and 4(2)(r) of PFUTP Regulations, 2003.*

u. *We confirm that Mr Ankit Agarwal was the executive director of the Company and only carried out the role entrusted to him. He attended the Board Meeting and necessary board processes were followed with regard to the disclosure of the objects, amount to be raised, price, confirmation to ICDR Regulations, etc. for the preferential allotment, entering into the various agreements for utilization of the proceeds and also as an authorized signatory of the Bank.*

v. *With regard to the allegation against Mr Ganesh Prasad Gupta, we confirm that he has carried out all the duties as specified and allocated to him as per the Companies Act, 2013, Code of Conduct of the Company and as per the Listing Regulations, Necessary Board Processes have been followed before entering into any agreement or for the allotment of shares on preferential basis.*

w. *With regard to the allegation against Mr Yogesh Bansal, we confirm that he has carried out all the duties as specified and allocated to him as per the Companies Act, 2013, Code of Conduct of the Company and as per the Listing Regulations, Necessary Board Processes have been followed before entering into any agreement or for the allotment of shares on preferential basis*

x. *we deny that our Company and our Directors (Noticees 2 to 4) have not violated Section 12 of the SEBI Act, 1992 read with Regulations 3(a), (b), (c), (d), 4(1), 4(2)(f), and 4(2)(r) of PFUTP Regulations, 2003.*

10. While vide the aforesaid reply, QIL submitted that the reply to be treated on behalf of all the four Noticees, however, no authority letter was filed on behalf of Noticees- 2 to 4.

11. Subsequently, a hearing opportunity was granted to the Noticee-1 on March 25, 2022, whereby the AR of the Noticee-1 appeared for hearing through video Conference and reiterated the submissions made vide their earlier reply. The Noticee-1 undertook to submit additional reply along with the authority letter on behalf of Noticee-2. However, the AR vide her email dated May 17, 2022 submitted that Noticee-1 could not provide the additional submissions or authority letter on behalf of Noticee-1.

12. Further, the Noticees-2 to 4 failed to reply to the SCN or avail the opportunity of hearing. Considering the fact that sufficient time has passed since the SCN was made available to the aforesaid Noticees, I am of the opinion that sufficient opportunity to submit their reply has been granted in the instant case. However, the said Noticees failed to reply and also failed to avail the opportunity of hearing, In view of the aforesaid and as per Rule 4(7) of SEBI Adjudication Rules, if any person fails, neglects or refuses to appear as required by sub-rule (3) before the AO, he may proceed with the inquiry in the absence of such person after recording the reasons for doing so. Thus, I am proceeding with the matter on the basis of material available on record with respect to the said Noticees.

CONSIDERATION OF ISSUES AND FINDINGS

13. After perusal of the material available on record, I have the following issues for consideration viz.:

I. Whether the Noticees have violated the provisions of Section 12 A (a) (b) (c) of SEBI Act read with Regulations 3(a)(b)(c)(d), 4(1), 4(2)(f) and (r) of PFUTP Regulations?

II. Whether Noticee-1 has violated the provisions of clause 43 of the erstwhile Listing Agreement (which is now regulation 32 of the LODR Regulations) read with section 21 of SCRA?

III. Does the violation, if any, by Noticees attract monetary penalty under section 15HA of SEBI Act?

IV. Does the violation, if any, by Noticee-1 attract monetary penalty under Section 23A(a) and 23E of the SCRA?

V. If so, what would be the quantum of monetary penalty that can be imposed on the Noticees after taking into consideration the factors mentioned in section 15J of the SEBI Act and Section 23J of the SCRA?

FINDINGS

14. On perusal of the material available on record and giving regard to the facts and circumstances of the case and submissions of the Noticee, I record my findings hereunder.

Issue I: Whether the Noticees have violated the provisions of Section 12 A (a) (b) (c) of SEBI Act read with Regulations 3(a)(b)(c)(d), 4(1), 4(2)(f) and (r) of PFUTP Regulations?

15. Before proceeding further, I refer to the relevant provisions pertaining to the instant issue as under:

Relevant extract of provisions of SEBI Act:-Section 12A "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 recognized 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

Relevant extract of provisions of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003-: Regulations 3 and 4

"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 thereunder;

(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 thereunder.

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) 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"

16. Vide the preferential allotment dated January 31, 2014, Noticee-1 had raised an aggregate amount of Rs. 5.10 Crores by allotting 51,05,000 equity shares of Rs. 10 each at par to promoter and non-promoter entities. The details of the said allotment are submitted as under:

Table: Details of the preferential issue

Sr. No	Date of allotment	No. of allottees	No of shares	Issue Price (in Rs)	Issue Proceeds (in Rs)
1	January 31, 2014	49	51,05,000	10	5,10,50,000

17. The details of allottees, no. of shares allotted, subscription money received from them are given in the table below:

S.no.	Name of allottee	No. of shares allotted	Amount payable @ Rs. 10/- per share	Date of receipt of subscription money	Amount received
1	Ankit Agarwal	11,00,000	1,10,00,000	28/11/2013	44,00,000
				06/12/2013	50,00,000
				06/12/2013	16,00,000
2	Aashima Agarwal	70,000	7,00,000	04/10/2013	7,00,000
3	Anil Ahlawat	70,000	7,00,000	19/10/2013	7,00,000
4	Anjana Gupta	70,000	7,00,000	15/10/2013	7,00,000
5	Anu Goyal	70,000	7,00,000	23/09/2013	7,00,000
6	Anupama Garg	70,000	7,00,000	11/10/2013	7,00,000
7	Bhupender Singh Narang	70,000	7,00,000	13/09/2013	7,00,000
8	Deepika Jain	70,000	7,00,000	14/10/2013	7,00,000
9	Dinesh Kumar Jain	1,50,000	15,00,000	04/09/2013	15,00,000
10	Kailash Chand Mittal	3,45,000	34,50,000	05/09/2013	34,50,000
11	Kiran Mittal	2,45,000	24,50,000	05/09/2013	24,50,000
12	Krishna Devi	70,000	7,00,000	19/10/2013	7,00,000
13	Lalit Dua	70,000	7,00,000	20/09/2013	7,00,000
14	Lalit Mohan Doogal	70,000	7,00,000	10/10/2013	7,00,000
15	Lata Singh	70,000	7,00,000	12/09/2013	7,00,000
16	Mahabir Singh	70,000	7,00,000	19/10/2013	7,00,000
17	Manish Goyal	70,000	7,00,000	23/09/2013	7,00,000
18	Mini Agarwal	70,000	7,00,000	15/10/2013	7,00,000
19	Mohammad Azam Khan	80,000	8,00,000	18/10/2013	5,00,000
				19/10/2013	3,00,000
20	Mohender Agarwal	70,000	7,00,000	04/10/2013	7,00,000
21	Naresh Garg	70,000	7,00,000	03/10/2013	7,00,000
22	Navneet Agarwal	1,35,000	13,50,000	04/09/2013	13,50,000
23	Neetu Goel	70,000	7,00,000	18/10/2013	7,00,000
24	Pramod Kumar	70,000	7,00,000	05/09/2013	7,00,000
25	Puneet Kumar Bansal HUF	70,000	7,00,000	15/10/2013	7,00,000
26	Rajasthan Global Securities Ltd.	70,000	7,00,000	20/09/2013	7,00,000
27	Ram Kishan Gupta	70,000	7,00,000	11/10/2013	7,00,000

S.no.	Name of allottee	No. of shares allotted	Amount payable @ Rs. 10/- per share	Date of receipt of subscription money	Amount received
28	Reena Ahlawat	70,000	7,00,000	21/10/2013	7,00,000
29	Sanjay Gupta	70,000	7,00,000	23/10/2013	7,00,000
30	Sanjay Kumar Jain	70,000	7,00,000	04/09/2013	7,00,000
31	Santosh Kumar Maheshwari	70,000	7,00,000	19/10/2013	7,00,000
32	Sarla Yadav	70,000	7,00,000	26/09/2013	7,00,000
33	Satish Chandna	70,000	7,00,000	10/10/2013	7,00,000
34	Satya Prakash Singh	80,000	8,00,000	15/10/2013	8,00,000
35	Satya Vir Yadav	70,000	7,00,000	26/09/2013	7,00,000
36	Savitri Devi	70,000	7,00,000	12/09/2013	7,00,000
37	Lalit Dua Huf	70,000	7,00,000	09/10/2013	7,00,000
38	Sunita Agarwal	70,000	7,00,000	04/10/2013	7,00,000
39	Surender Kumar Jain	70,000	7,00,000	14/10/2013	7,00,000
40	Tikam Saraf	70,000	7,00,000	10/10/2013	7,00,000
41	T S & Sons HUF	70,000	7,00,000	10/10/2013	7,00,000
42	Umesh Chandra Agarwal	70,000	7,00,000	23/10/2013	7,00,000
43	Vandita Saraf	70,000	7,00,000	10/10/2013	7,00,000
44	Varun Khurana HUF	1,00,000	10,00,000	04/09/2013	10,00,000
45	Veena Gupta	70,000	7,00,000	03/10/2013	7,00,000
46	Veena Mittal	70,000	7,00,000	10/10/2013	7,00,000
47	Vinod Singhal	70,000	7,00,000	05/09/2013	7,00,000
48	Yogesh Singhal	70,000	7,00,000	05/09/2013	7,00,000
49	Harbans Kaur	70,000	7,00,000	23/10/2013	7,00,000
	Total	**51,05,000**	**5,10,50,000**		**5,10,50,000**

18. From the bank statement of the Company submitted by the Company duly highlighting the credit transactions, share application forms, it was observed that the aforesaid amounts were received by the Company in its bank account no. 1710002100554026(Punjab National Bank).

19. It is noted that the objects of preferential allotments, as presented by the Noticee-1 to the shareholders was to augment the working capital requirements of QIL and to fund the proposed business expansion plans of the company. However, the allegations against the Noticees is that the funds so raised through preferential allotment were utilized for lending of loans, most part of which was interest free loans, as against the objects for which such preferential allotment was approved.

20. Vide Notice of Extra Ordinary General Meeting of the members of the Company dated December 16, 2013 for the EGM to be held on January 15, 2014, the said preferential issue was a special business. Further, as per the explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, the objects of the preferential issue were to infuse fresh equity to augment the working capital requirements of the Company & to finance the expansion proposition.

21. Further, as per the copy of the relevant extract of the minutes of the EGM of the members of the Company held on the said date i.e. January 15, 2014, the aforesaid resolution for the preferential allotment was passed by the members, and there has been no mention about any modification made to the Objects of the preferential issue as set out in the Notice of the EGM dated December 16, 2013.

22. In this regard BSE had carried out a preliminary examination of the utilization of funds raised by certain companies including Quasar based on observation of its Auditor Committee and Disciplinary Action Committee and on basis of said finding of BSE, it was observed that company had utilized the issue proceeds for granting loan and advances to various entities, which did not adhere to the objects of the issue.

23. In the aforesaid preliminary examination conducted by BSE regarding the alleged misutilisation of funds by the Noticees, vide letter dated January 31, 2016 QIL had submitted to BSE details of utilization of funds raised through the preferential issue. As per the letter, Noticee No.1 had given Rs. 4, 67, 00,000 as loans to certain entities and Rs. 45, 10,400 as payment to creditors. BSE had also observed that on seeking clarification from the company with respect to interest free loan, the company changed its earlier stand and intimated that funds were given as business advances for different purposes such as buying of premises, purchases of fabric, setting of power projects, acquisition of sick company, buying office premises etc. and therefore no interest charged.

24. Further, as part of its investigation and examination, SEBI vide its letter dated November 28, 2019 advised QIL to provide the details of utilization of funds of the allotment dated January 31, 2014 along with reasons/purpose/transaction/agreement in details along with all relevant documentary evidence. Vide letter dated December 31, 2019, QIL provided the details of utilization of funds raised through the preferential issue. As per the

Company, the proceeds raised out of the preferential issue was utilized in the following manner:

Particulars of issue and use of proceeds	Amount utilized till date
Purpose 1 – To augment the working capital requirements of the Company	1,85,00,000
Purpose 2 – To finance the expansion propositions	3,26,00,000
Total	5,11,00,000

Purpose 1 – To augment the working capital requirements of the Company				
S. no.	**Name of counterparty**	**Date of bill/agreement/transaction**	**Amount**	**Reasons/purpose of bill/transaction/agreement in detail**
1	Rekha Malhotra	21/10/2013	6,00,000	Advance given for purchase of fabric
2	Flair Developers Pvt. Ltd.	18/09/2013	15,00,000	Given as short term loan. The amount has been repaid by the borrower
3	Savita Holdings Pvt. Ltd.	05/10/2013	40,00,000	Given as short term loan. The amount has been repaid by the borrower
4	Seema Sahai	23/09/2013	14,00,000	Given as short term loan. The amount has been repaid by the borrower
5	Seema Sahai	24/09/2013	3,00,000	Given as short term loan. The amount has been repaid by the borrower
6	Lavish Educational Services Pvt. Ltd.	11/10/2013	40,00,000	Given as short term loan. The amount has been repaid by the borrower
7	Lancer Packers Pvt. Ltd.	15/10/2013	27,00,000	Given as short term loan. The amount has been repaid by the borrower
8	Madhu Vashisht	17/09/2013	10,00,000	Advance given for purchase of fabric
9	Josh Impex Pvt. Ltd.	21/10/2013	30,00,000	Advance given for purchase of fabric

Purpose 2 – To finance the expansion propositions				
S. no.	**Name of counterparty**	**Date of bill/agreement/transaction**	**Amount**	**Reasons/purpose of bill/transaction/agreement in detail**
1	Kotia Estates Pvt. Ltd.	06/12/2013	17,00,000	Advance given for purchase of office space
2	Sandeep Gupta	24/09/2013	10,00,000	Advance given for buyout of a probable takeover target company having business synergies with the Company
3	Taxus Infrastructure and Power Projects Pvt. Ltd.	12/09/2013	75,00,000	Share application money given to buy equity shares of Taxus Infrastructure and Power Projects Pvt. Ltd.
4	Taxus Infrastructure and Power Projects Pvt. Ltd.	27/09/2013	15,00,000	Share application money given to buy equity shares of Taxus Infrastructure and Power Projects Pvt. Ltd.
5	Signature Builders Pvt. Ltd.	21/10/2013	18,00,000	Advance given for purchase of a 2 bedroom house for the purpose of use a guest house of the Company

6	Signature Builders Pvt. Ltd.	30/10/2013	72,00,000	Advance given for purchase of a 2 bedroom house for the purpose of use a guest house of the Company
7	Chanson Shipping and Packing Co. Pvt. Ltd.	03/12/2013	19,00,000	Advance given for taking a office cum warehouse on lease
8	Chanson Shipping and Packing Co. Pvt. Ltd.	03/12/2013	50,00,000	Advance given for taking a office cum warehouse on lease
9	Neeru Bansal	10/09/2013	50,00,000	Advance given for purchase of office space

25. Vide letter dated April 19, 2019, the Company had submitted a copy of its bank account statement highlighting the aforesaid payments/transactions.

26. It was observed from the details of utilization of funds submitted by the Company vide its letter dated 31/12/2019 that the same did not match with the utilization details as submitted by the Company to BSE vide letter dated 31/01/2016. On seeking clarification, vide letter dated 16/12/2020, Quasar India Ltd. had submitted that there might have been a clerical error in the submission of data to BSE.

27. Also, it was observed from the bank account statement of the Company where the preferential issue proceeds were credited, that the fund flow did not match with the deployment of proceeds as provided by Quasar. Therefore, vide letter dated 02/12/2020, Quasar India Ltd. was advised to provide comments on how the details of funds utilization submitted by them did not match with actual fund flow as observed from bank statement of Quasar India. Vide letter dated 16/12/2020, Quasar India Ltd. submitted that the fund utilization provided vide its letter dated 31/12/2019 was true and correct to the best of their knowledge and belief and depicts the final position of the funds utilization.

28. The aforesaid reply of Quasar India Ltd. was not acceptable as it was not substantiated by the actual funds movement seen in its bank statement. Therefore, an analysis of the bank statement was done to ascertain the fund flow.

29. The bank statement of Quasar India Ltd. where preferential allotment money was received viz., Punjab National Bank A/c no. 1710002100554026 was analyzed to

check the receipt of the allotment money as well as utilization of preferential allotment proceeds by Quasar India Ltd.

Utilization of preferential allotment proceeds by the Company

30. Upon analysis of Company's replies, bank statements of the Company and other documents available on record, it was observed that the preferential allotment proceeds were transferred by Quasar India to counterparties in the table as given below:

Sr. no.	Name of Counterparty	Date of bill/agreement/transaction	Amount (in Rs.)
1	Neeru Bansal	10.09.2013	50,00,000
2	Taxus Infrastructure & Power Projects Pvt. Ltd.	12.09.2013	75,00,000
		27.09.2013	15,00,000
3	Madhu Vashisht	17.09.2013	10,00,000
4	Flair Developers Pvt. Ltd.	18.09.2013	15,00,000
5	Seema Sahai	23.09.2013	14,00,000
		24.09.2013	3,00,000
6	Sandeep Gupta	24.09.2013	10,00,000
7	Savita Holdings Pvt. Ltd.	05.10.2013	40,00,000
8	Stellar Capital Services	11.10.2013	5,00,000
		18.10.2013	40,00,000
		22.10.2013	13,00,000
9	Lavish Educational Services Pvt. Ltd.	11.10.2013	40,00,000
10	Pun Films Pvt. Ltd.	14.10.2013	12,00,000
11	MSB E trade securities	15.10.2013	17,00,000
12	Lancer Packers Pvt. Ltd.	15.10.2013	27,00,000
13	Adhir Sachdeva	17.10.2013	15,00,000
14	G D Goenka Public School Model Town	17.10.2013	10,00,000
15	Jatan Kumari	17.10.2013	10,00,000
16	Munish Bajaj and Sons HUF	17.10.2013	17,00,000
17	Josh Impex Pvt. Ltd.	21.10.2013	30,00,000
18	Signature Builders Pvt. Ltd.	21.10.2013	18,00,000
		30.10.2013	72,00,000
19	Ankit Sahai	21.10.2013	8,00,000
20	Rekha Malhotra	21.10.2013	6,00,000
21	Blue Rose Constructions	25.10.2013	10,00,000
22	India Finsec Ltd	25.10.2013	16,00,000
23	Jagtarni Traders	29.11.2013	30,74,400
24	Daisy Distributors	29.11.2013	13,00,000
25	Chanson Shipping & Packing Co. Pvt. Ltd.	06.12.2013	50,00,000
26	Kotia Estates Pvt. Ltd.	06.12.2013	17,00,000
	Total		7,08,74,400

*As per Company replies and bank account statement, Rs. 1,98,00,000 was refunded by certain entities to whom payment was made from the preferential allotment money. After receiving the refund, the money was transferred to other entities. The refunded money is also considered as the preferential allotment money because of which the total amount transferred is more than the amount received from preferential allotment i.e. Rs. 5,10,50,000.

31. With respect to the alleged misutilisation of funds through giving interest free loans as mentioned above, QIL has submitted its explanations vide its replies before the investigation and in reply to the SCN in the instant proceedings. The Noticee-1 vide its reply before me has reiterated the submissions that were also made in during the investigation and though additional time was granted on its

request to file additional submissions subsequent to the hearing availed by QIL, it has failed to submit the same. In view of above and from all the material on records, I record my findings with respect to the allegation of misutilisation of funds as under:

A. <u>Neeru Bansal</u>

i. Quasar India Ltd. had submitted to BSE a copy of MOU executed with Neeru Bansal. As per the MOU dated 10/09/2013 executed between Quasar India Ltd. (Lender) and Neeru Bansal (Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 50,00,000 which was to be repaid in accordance with the terms and conditions set out in the memorandum. However, it is observed that neither the specific details of the business for which the loan was availed nor the date of repayment was mentioned. There is no interest amount mentioned on the MOU as well. The MOU was signed by Ankit Agarwal(Director).

ii. It is observed from the bank statement of the Quasar India Ltd. that Rs. 50,00,000 was transferred to Neeru Bansal on 10/09/2013 from the preferential allotment money. As per the bank statement of Quasar India and ledger statement of Neeru Bansal, it is observed that Rs. 50,00,000 was returned by Neeru Bansal on 16/01/2014, without paying any interest.

iii. In its replies, Quasar India Ltd. submitted that Rs. 50,00,000 was paid to Neeru Bansal for purchase of office space. It may be noted that in its replies to SEBI, Quasar India Ltd. had not submitted the aforesaid MOU. Instead the Company had submitted the following documents:

   a. Letter dated 10/09/2013 addressed to Neeru Bansal for purchase of property situated at 211, New Delhi House, 27, Barakhamba Road, Connaught Place, New Delhi-110001. As per the letter, a token money of Rs. 50,00,000 was to be paid to Neeru Bansal for affixation of furniture and renovation.
   b. Letter dated 05/01/2014 addressed to Neeru Bansal as a reminder to handover the property. As per the letter, Quasar India required Neeru Bansal to confirm the date on which the property would be handed over.
   c. Settlement agreement dated 12/01/2014 between Quasar India and Neeru Bansal as per which Neeru Bansal was required to pay back Quasar India an amount of Rs. 50,00,000. As per the settlement agreement, Neeru Bansal had failed to deliver the possession of the premises.

iv. Vide letter dated 02/12/2020, Quasar India Ltd. was advised to provide documents regarding property details, furniture, renovation etc. However, vide its letter dated 16/12/2020, Quasar India Ltd. stated that there are no documents in this regard. They also stated that they came to know of Neeru Bansal through market sources. Vide its letter dated 23/09/2020, Quasar India Ltd. had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Neeru Bansal.

v. Vide email dated 25/02/2021, Neeru Bansal, inter-alia submitted that Quasar India Ltd. had transferred the funds for renovation of property no. 211, New Delhi House, 27 Barakhamba Road, New Delhi 110001 as the same property had been agreed for sale to them for consideration of Rs. 2 crores. She also submitted that Rs. 50,00,000 had been repaid back to Quasar India Ltd. as the agreement had not taken place. As per the Income Tax returns submitted by Neeru Bansal, her gross total income was Rs. 11,00,317 for the FY 2013-14 which is disproportionate to the amount transferred to her by Quasar India Ltd. This questions the due diligence undertaken by the Company before transferring the money.

vi. From the above, I note that the contention of Quasar India that Rs. 50,00,000 was paid to Neeru Bansal for purchase of office space does not seem tenable. No details/documents regarding the purchase property is available with the Company. Further, submitting different documents to BSE and SEBI clearly shows that the reason given by the Company that the amount was utilized for purchase of office space was an afterthought. Since the amount was returned back by Neeru Bansal without paying any interest, I conclude that the amount paid to Neeru Bansal was actually an interest-free loan.

B. <u>Taxus Infrastructure and Power Projects Ltd.:</u>

i. Quasar India Ltd., had submitted to BSE a copy of MOU executed with Taxus Infrastructure and Power Projects Pvt. Ltd.. As per the MOU dated 27/09/2013 executed between Quasar India Ltd. (Lender) and Taxus Infrastructure and Power Projects Pvt. Ltd. (Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 15,00,000. However, neither the specific details of the business for which the loan was availed nor the date of repayment was mentioned. There was no interest amount mentioned on the MOU as well. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.).

ii. It is observed from the bank statement of the Quasar India Ltd. that Rs. 75,00,000 on 12/09/2013, Rs. 15,00,000 on 27/09/2013 and Rs. 6,00,000 on 07/11/2013 was transferred to Taxus Infrastructure and Power Projects Pvt. Ltd. from the preferential allotment money. As per the bank statement of Quasar India and ledger statement pertaining to Taxus Infrastructure and Power Projects Pvt. Ltd., it is observed that Rs. 3,00,000 on 25/09/2013 and Rs. 93,00,000 on 14/10/2013 was refunded by Taxus Infrastructure and Power Projects Pvt. Ltd., without paying any interest.

iii. In its replies to SEBI, Quasar India Ltd. has submitted that Rs. 90,00,000 was paid to Taxus Infrastructure and Power Projects Pvt. Ltd. for expanding business in setting 5 MW power projects. With respect to Rs. 6,00,000 which was transferred from Taxus Infrastructure and Power Projects Pvt. Ltd. to Quasar India Ltd. and subsequently transferred back, Quasar India Ltd. vide letter dated 22/02/2017 had replied to BSE that Rs. 6,00,000 was a penalty imposed on Taxus for the opportunity loss caused due to failure of the investment. However, the same was returned to Taxus after they made a request to Quasar India Ltd. to refund the penalty amount. It may be noted that in its replies to SEBI, Quasar India Ltd. had not submitted the aforesaid MOU. Instead the Company had submitted the following documents:

a. Letter dated 12/09/2013 addressed to Taxus Infrastructure and Power Projects Pvt. Ltd. to participate in equity shares of Taxus Infrastructure and Power Projects Pvt. Ltd.
b. Letter dated 20/09/2013 addressed to Taxus Infrastructure and Power Projects Pvt. Ltd. for refund of application money. As per the letter, Quasar India had provided an advance of Rs. 90,00,000 as application money for equity participation for expanding business in setting 5 MW power projects. However, the management of Quasar India had discussed and realized that setting up of 5 MW Power plant would not be lucrative and also time taking. Further, setting up such power plant would not be in accordance with business activity of Quasar India.
c. Settlement agreement dated 09/10/2013 between Quasar India and Taxus Infrastructure and Power Projects Pvt. Ltd. as per which Taxus Infrastructure and Power Projects Pvt. Ltd. was required to pay back Quasar India an amount of Rs. 90,00,000. As per the settlement agreement, Quasar's management had realized that such venture was not so lucrative in line with the business activity of the Company.

iv. Vide letter dated 02/12/2020, Quasar India Ltd. was advised to clarify as to how payment made to Taxus Infrastructure and Power Projects Pvt. Ltd. was in accordance with the objects of the preferential issue along with documentary evidence. However, vide its letter dated 16/12/2020, Quasar India Ltd. stated that the amount paid to Taxus Infrastructure and Power Projects Pvt. Ltd. was towards meeting the second object of the issue i.e. to finance the expansion propositions. They also stated that they came to know of Taxus Infrastructure and Power Projects Pvt. Ltd. through market sources. However, no supporting documents were submitted by the Company. Vide its letter dated 23/09/2020, Quasar India Ltd. had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Taxus Infrastructure and Power Projects Pvt. Ltd.

v. A letter was sent to Taxus Infrastructure and Power Projects Pvt. Ltd. seeking reasons for transfer of Rs. 90,00,000 from Quasar India Ltd. The letter was delivered. However, no reply had been received.

vi. From the above, it I note that the contention of Quasar India that Rs. 90,00,000 was paid to Taxus Infrastructure and Power Projects Pvt. Ltd. in accordance with objects of the issue is not tenable. No details/documents regarding how the payment made to Taxus in in accordance with the objects of the preferential issue was available with the Company. As per information memorandum submitted by the Company to BSE dated June 9, 2014, the business activity of the Company was fabric/textile trading. It is not clear as to how participation in power projects would benefit a Company engaged in fabrics. Further, submitting different documents to BSE and SEBI clearly shows that the reason given by the Company that the amount was utilized in accordance with the objects of the issue was an afterthought. Since the amount was returned back by Taxus Infrastructure and Power Projects Pvt. Ltd. without paying any interest, I conclude that the amount paid to Taxus Infrastructure and Power Projects Pvt. Ltd. was actually an interest-free loan.

C. Madhu Vashisht:

i. Quasar India Ltd. had submitted to BSE a copy of MOU executed with Madhu Vashisht. As per the MOU dated 17/09/2013 executed between Quasar India Ltd. (Lender) and Madhu Vashisht (Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 10,00,000. However, nor the specific details of the business for which the loan was availed nor the date of repayment was mentioned. There was no interest amount mentioned on the MOU as well. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.).The Company had also submitted to BSE, a Performa Invoice dated 17/09/2013 bearing Ref. no. 58A/09/2013, for purchase of 10,000 meter of golden Italian fabric @ Rs. 200/- per meter. The total amount to be paid was Rs. 20 lakhs out of which Rs. 10 lakhs had been paid as advance. The invoice neither had any sales tax registration no. nor the PANs of buyer or seller. The invoice mentioned to issue a cheque In favor of Madhu Vashist. However, from the bank statement of Quasar India Ltd., it was observed that Rs. 10,00,000 was transferred to Madhu Vashisht through RTGS. Hence, the Proforma Invoice pertaining to Madhu Vashisht is not acceptable.

ii. It is observed from the bank statement of the Quasar India Ltd. that Rs. 10,00,000 on 17/09/2013 was transferred to Madhu Vashisht. As per the bank statement of Quasar India Ltd., it was observed that Rs. 5,00,000 on 13/01/2014 and Rs. 5,00,000 on 18/03/2020 was refunded by Madhu Vashisht without paying any interest. As per ledger submitted by Quasar India Ltd., Rs. 45,000(Interest receivable @9% on 5 lakhs) was charged as interest income on 31/03/2019. The interest amount of Rs. 45,000 was written off as bad debts.

iii. In its replies to SEBI, Quasar India Ltd. submitted that Rs. 10,00,000 was paid to Madhu Vashisht to purchase fabric. It may be noted that in its replies to SEBI, Quasar India Ltd. had not submitted the aforesaid MOU and Performa Invoice. Instead the Company had submitted the following documents:

a. Letter dated 17/09/2013 addressed to Madhu Vashisht for placing an order for the supply of fabric. As per the letter, Rs. 10,00,000 was to be paid for manufacturing of fabric.
b. Letter dated 14/12/2013 addressed to Madhu Vashisht for revocation of agreement due to inconsonance of samples. As per the letter, Quasar India had called upon Madhu Vashisht to immediately refund the amount of advance paid i.e. Rs. 10,00,000 along with penal interest of 18% p.a. as the material during the inspection procedure was not in consonance to the sample shared by Madhu Vashisht.

c. Settlement agreement dated 13/01/2014 between Quasar India and Madhu Vashisht as per which Madhu Vashisht was required to pay back Quasar India an amount of Rs. 10,00,000. As per the settlement agreement, Madhu approached Quasar for settlement and pursuant to the same, parties had reached an amicable solution.

iv. Vide letter dated 02/12/2020, Quasar India Ltd. was advised to clarify as to whether any fabric was purchased from Madhu Vashisht prior to September 2013. However, vide its letter dated 16/12/2020, Quasar India Ltd. stated that no fabric was purchased from Madhu Vashisht prior to September 2013. Vide its letter dated 23/09/2020, Quasar India Ltd. had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Madhu Vashisht.

v. Vide letter dated 22/02/2021, Madhu Vashisht stated that Rs. 10,00,000 was received from Quasar India Ltd. as advance of supply of goods. However, the same material could not be supplied and the amount was returned to the Company. Madhu Vashisht did not submit any supporting documentary evidence.

vi. From the above, I note that the contention of Quasar India that Rs. 10,00,000 was paid to Madhu Vashisht for purchase of fabric is not tenable. No valid legal documents regarding the purchase of fabric is available with the Company or the counterparty. Further, submitting different documents to BSE and SEBI clearly shows that the reason given by the Company that the amount was utilized for purchase of fabric was an afterthought. In view of the above, I conclude that the amount paid to Madhu Vashisht was actually an interest-free loan.

D. <u>Flair Developers Pvt. Ltd.:</u>

i. Quasar India Ltd., had submitted to BSE a copy of MoU executed with Flair Developers Pvt. Ltd. As per the MOU dated 18/09/2013 executed between Quasar India Ltd. (Lender) and Flair Developers Pvt. Ltd. (Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 15,00,000. However, neither the specific details of the business for which the loan was availed nor the date of repayment was mentioned. An interest amount of Rs. 1,35,000 was payable by the borrower towards interest to the lender. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.). In its replies to SEBI, Quasar India Ltd. had submitted the aforesaid MOU.

ii. It has been observed from the bank statement of the Quasar India Ltd. that Rs. 15,00,000 on 18/09/2013 was transferred to Flair Developers Pvt. Ltd.. As per the bank statement of Quasar India Ltd. and Flair Developers Pvt. Ltd., it is observed that Rs. 15,00,000 on 01/08/2015, Rs. 2,14,577 on 16/09/2015 and Rs. 48,753 on 31/03/2016 was paid by Flair Developers Pvt. Ltd. to Quasar India Ltd.

iii. Vide its letter dated 23/09/2020, Quasar India Ltd. had submitted that Rs. 15,00,000 was paid to Flair Developers Pvt. Ltd. as loan and the amount had been repaid. The Company had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/ connected etc. in any capacity, whether indirectly/directly to Flair Developers Pvt. Ltd.

iv. From the above, I conclude that the amount paid to Flair Developers Pvt. Ltd. was a loan which was repaid with some interest.

E. <u>Seema Sahai:</u>

i. Quasar India Ltd., had submitted to BSE a copy of MOU executed with Seema Sahai. As per the MOU dated 23/09/2013 executed between Quasar India Ltd. (Lender) and Seema Sahai(Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 17,00,000. However, neither the specific details of the business for which the loan was availed nor the date of repayment was mentioned. An interest amount of Rs. 1,53,000 was payable by the borrower towards interest to the lender. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.). In its replies to SEBI, Quasar India Ltd. had submitted the aforesaid MOU.

ii. It is observed from the bank statement of the Quasar India Ltd. that Rs. 14,00,000 on 23/09/2013 and Rs. 3,00,000 on 24/09/2013 was transferred to Seema Sahai. As per the bank statement of Quasar India Ltd., it is observed that Rs. 16,50,000 on 25/01/2018 and Rs. 8,27,415 on 07/02/2018 was paid by Seema Sahai to Quasar India Ltd.

iii. Vide its letter dated 23/09/2020, Quasar India Ltd. had submitted that Rs. 17,00,000 was paid to Seema Sahai as loan and the amount had been repaid. The Company had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Seema Sahai.

iv. From the above, I conclude that the amount paid to Seema Sahai was a loan which was repaid with some interest.

F. <u>Sandeep Gupta:</u>

i. Quasar India Ltd. had submitted to BSE a copy of MOU executed with Sandeep Gupta. As per the MOU dated 24/09/2013 executed between Quasar India Ltd. (Lender) and Sandeep Gupta (Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 10,00,000. However, neither the specific details of the business for which the loan was availed nor the date of repayment was mentioned. There was no interest amount mentioned on the MOU as well. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.).

ii. It is observed from the bank statement of the Quasar India Ltd. that Rs. 10,00,000 on 24/09/2013 was transferred to Sandeep Gupta. As per the bank statement of Quasar India Ltd., it is observed that Rs. 5,00,000 on 10/03/2014, Rs. 2,00,000 on 11/03/2014 and Rs. 3,00,000 on 26/03/2014 was refunded by Sandeep Gupta, without paying any interest.

iii. In its replies to SEBI, Quasar India Ltd. had submitted that Rs. 10,00,000 was paid to Sandeep Gupta as advance for identifying a sick company having similar objects as that of Quasar India as a potential takeover target. It may be noted that in its replies to SEBI, Quasar India Ltd. had not submitted the aforesaid MOU. Instead the Company submitted the following documents:

   a. MOU dated 25/10/2013(i.e. after the money had been transferred to Sandeep Gupta) as per which Sandeep Gupta had approached Quasar India Ltd. with a proposal for the expansion of business activities of the Company. Sandeep Gupta proposed before Quasar India about and detailed about a sick company having similar objects i.e. dealing in fabric so that Quasar India could revive such sick companies in order to expand their business. A token money of Rs. 10,00,000 was to be released by Quasar India.
   b. Letter dated 15/01/2014 for repayment of advance given for searching "Sick Companies" with similar business. The letter stated that a token money of Rs. 10,00,000 was provided to Sandeep Gupta as per MOU dated 25/10/2013. Sandeep Gupta was given final opportunity to either share the details of the sick company or refund the whole money within 2 working days of receipt of the notice else the Company would initiate the legal action against Sandeep Gupta to recover the whole amount and will also initiate FIR proceedings.

iv. Vide letter dated 02/12/2020, Quasar India Ltd. was advised to clarify as to how the payment made to Sandeep Gupta as advance for buyout of a probable takeover target Company having business synergies with Quasar India was in accordance with the objects of the preferential issue. Vide its letter dated 16/12/2020, Quasar India Ltd. stated that the buyout of a sick target company would have helped the Company to further its objective of expansion which was the second object of preferential issue. Vide its letter dated 23/09/2020, Quasar India Ltd. stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Sandeep Gupta.

v. Sandeep Gupta vide email dated 01/03/2021, stated that Rs. 10 lakhs was received as advance/loan to pay alimony money and there was no relation of such agreement for any potential takeover company.

vi. From the above, I note that the contention of Quasar India that Rs. 10,00,000 was paid to Sandeep Gupta for buyout of a sick company with similar business objectives is not convinc0ing and is not tenable. No valid legal documents/agreements regarding the deal is available with the Company. The counterparty entity had denied the existence of any such agreement. Further, it is observed that submitting different documents to BSE and SEBI clearly shows that the reason given by the Company that the amount was utilized for identifying a sick company with similar business objectives was nothing but an afterthought. In view of the above, I conclude that the amount paid to Sandeep Gupta was actually an interest-free loan.

G. Savita Holdings Pvt. Ltd.:

i. Quasar India Ltd., had submitted to BSE a copy of MOU executed with Savita Holdings Pvt. Ltd. As per the MOU dated 05/10/2013 executed between Quasar India Ltd. (Lender) and Savita Holdings Pvt. Ltd.(Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 40,00,000. However, neither the specific details of the business for which the loan was availed nor the date of repayment was mentioned. An interest amount of Rs. 3,20,000 was payable by the borrower towards interest to the lender. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.). In its replies to SEBI, Quasar India Ltd. had submitted the aforesaid MOU.

ii. It is observed from the bank statement of the Quasar India Ltd. that Rs. 40,00,000 was transferred on 05/10/2013 to Savita Holdings Pvt. Ltd. As per the ledger statement pertaining to Savita Holdings Pvt. Ltd. and bank statement of Quasar India Ltd., it is observed that Rs. 42,20,931 on 06/01/2015 and Rs. 1,40,449 on 06/01/2015 was paid by Savita Holdings Pvt. Ltd. to Quasar India Ltd.

iii. Vide its letter dated 23/09/2020, Quasar India Ltd. had submitted that Rs. 40,00,000 was paid to Savita Holdings Pvt. Ltd. as loan and the amount had been repaid. The Company had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Savita Holdings Pt. Ltd.

iv. From the above, I conclude that the amount paid to Savita Holdings Pvt. Ltd. was a loan which was repaid with some interest.

H. Stellar Capital Services Ltd.:

i. It is observed from the bank statement of Quasar India that it had transferred Rs. 5,00,000 on 11/10/2013, Rs. 40,00,000 on 18/10/2013 and Rs. 13,00,000 on 22/10/2013 i.e. a total of Rs. 58,00,000 to Stellar Capital Services Ltd. from the preferential allotment money.

ii. In its replies to SEBI, Quasar India Ltd. had submitted a confirmation of accounts pertaining to Stellar Capital Services as documentary evidence. From the confirmation of accounts, it is observed that the aforesaid amounts were paid as advance. Further, Rs. 51,00,000 on 30/10/2013 and Rs. 7,00,000 on 06/11/2013 was refunded by Stellar Capital Services to Quasar India without paying any interest.

iii. Vide letter dated 16/12/2020, Quasar India Ltd. mentioned that the amount was given to Stellar Capital Services Limited as a short term loan as the money was lying idle and had no immediate use. The Company also stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Stellar Capital Services Ltd.

iv. From the above, I conclude that the amount paid to Stellar Capital Services Ltd. was an interest free loan.

I. Lavish Educational Services Pvt. Ltd.:

i. Quasar India Ltd., had submitted to BSE a copy of MOU executed with Lavish Educational Services Pvt. Ltd. As per the MOU dated 11/10/2013 executed between Quasar India Ltd. (Lender) and Lavish Educational Services Pvt. Ltd.(Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 40,00,000. However, neither the specific details of the business for which the loan was availed nor the date of repayment was mentioned. An interest amount of Rs. 3,60,000 was payable by the borrower towards interest to the lender. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.). In its replies to SEBI, Quasar India Ltd. had submitted the aforesaid MOU.

ii. It is observed from the bank statement of the Quasar India Ltd. that Rs. 40,00,000 on 11/10/2013 was transferred to Lavish Educational Services Pvt. Ltd. As per the bank statement of Quasar India Ltd., it is observed that Rs. 40,00,000 on 12/09/2016, Rs. 8,52,658 on 15/09/2016 was paid by Lavish Educational Services Pvt. Ltd. to Quasar India Ltd.

iii. Vide its letter dated 23/09/2020, Quasar India Ltd. had submitted that Rs. 40,00,000 was paid to Lavish Educational Services Pvt. Ltd. as loan and the amount had been repaid. The Company had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Lavish Educational Services Pvt. Ltd.

iv. From the above, I conclude that the amount paid to Lavish Educational Services Pvt. Ltd. was a loan.

J. Pun Films Pvt. Ltd.:

i. Quasar India Ltd., had submitted to BSE a copy of MOU executed with Pun Films Pvt. Ltd. As per the MOU dated 14/10/2013 executed between Quasar India Ltd. (Lender) and Pun Films Pvt. Ltd.(Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 12,00,000. However, neither the specific details of the business for which the loan was availed nor the date of repayment was mentioned. An interest amount of Rs. 1,20,000 was payable by the borrower towards interest to the lender. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.). In its replies to SEBI, Quasar India Ltd. had submitted the aforesaid MOU.

ii. It is observed from the bank statement of the Quasar India Ltd. that Rs. 12,00,000 on 14/10/2013 was transferred to Pun Films Pvt. Ltd.

iii. Vide its letter dated 23/09/2020, Quasar India Ltd. had submitted that Rs. 12,00,000 was paid to Pun Films Pvt. Ltd. as loan and the amount had not been repaid. The Company had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/ connected etc. in any capacity, whether indirectly/directly to Pun Films Pvt. Ltd.

iv. From the above, I conclude that the amount paid to Pun Films Pvt. Ltd. was a loan which had not been received back by the Company.

K. MSB E-trade Securities Ltd.:

i. It is observed from the bank statement of Quasar India that it had transferred Rs. 17,00,000 on 15/10/2013 to MSB E-Trade Securities Ltd. from the preferential allotment money.

ii. In its replies to SEBI, Quasar India Ltd. had submitted a confirmation of accounts pertaining to MSB E-trade Securities Ltd. as documentary evidence. From the confirmation of accounts, it is observed that the aforesaid amount was paid to share broker for trading in stock market. Further, Rs. 17,00,000 on 17/10/2013 was refunded by MSB E-trade Securities Ltd. to Quasar India.

iii. Vide letter dated 16/12/2020, Quasar India Ltd. mentioned that the amount was given to MSB E-trade Securities Ltd. for trading in the stock market to earn some extra revenue as the money was lying idle and had no immediate use. The Company also stated that Quasar India Ltd. is/was, in no manner whatsoever, associated/related/connected etc. to MSB E-trade Securities Ltd.

iv. I note that Quasar India Ltd. accepted that the amount was given for trading in the stock market which was not an object of the preferential issue.

L. Lancer Packers Pvt. Ltd.:

i. Quasar India Ltd., had submitted to BSE a copy of MOU executed with Lancer Packers Pvt. Ltd. As per the MOU dated 15/10/2013 executed between Quasar India Ltd. (Lender) and Lancer Packers Pvt. Ltd.(Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 27,00,000. However, neither the specific details of the business for which the loan was availed nor the date of repayment was mentioned. An interest amount of Rs. 2,43,000 was payable by the borrower towards interest to the lender. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.). In its replies to SEBI, Quasar India Ltd. had submitted the aforesaid MOU.

ii. It is observed from the bank statement of the Quasar India Ltd. that Rs. 27,00,000 on 15/10/2013 was transferred to Lancer Packers Pvt. Ltd. As per the bank statement Quasar India Ltd., it is observed that Rs. 1,00,063 on 17/05/2014, Rs. 27,60,517 on 10/07/2014 was paid by Lancer Packers Pvt. Ltd. to Quasar India Ltd.

iii. Vide its letter dated 23/09/2020, Quasar India Ltd. had submitted that Rs. 27,00,000 was paid to Lancer Packers Pvt. Ltd. as loan and the amount had been repaid. The Company had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Lancer Packers Pvt. Ltd.

iv. From the above, I conclude that the amount paid to Lancer Packers Pvt. Ltd. was a loan and that the interest paid by Lancer Packers Pvt. Ltd. to Quasar India Ltd. is short by Rs. 82,420 from the agreed amount as per the MOU.

M. <u>Adhir Sachdeva:</u>

i. Quasar India Ltd., had submitted to BSE a copy of MOU executed with Adhir Sachdeva. As per the MOU dated 23/09/2013 executed between Quasar India Ltd. (Lender) and Adhir Sachdeva(Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 15,00,000. However, neither the specific details of the business for which the loan was availed nor the date of repayment was mentioned. An interest amount of Rs. 1,80,000 was payable by the borrower towards interest to the lender. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.). In its replies to SEBI, Quasar India Ltd. had submitted the aforesaid MOU.

ii. It is observed from the bank statement of the Quasar India Ltd. that Rs. 15,00,000 on 17/10/2013 was transferred to Adhir Sachdeva. As per bank statement of Quasar India Ltd. and ledger statement pertaining to Adhir Sachdeva, Rs. 15,74,250 was paid by Adhir Sachdeva to Quasar India Ltd. on 24/03/2014.

iii. Vide its letter dated 23/09/2020, Quasar India Ltd. had submitted that Rs. 15,00,000 was paid to Adhir Sachdeva as loan and the amount had been repaid. The Company had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Adhir Sachdeva.

iv. From the above, I conclude that the amount paid to Adhir Sachdeva was a loan and that the interest paid by Adhir Sachdeva to Quasar India Ltd. is short by Rs. 1,05,750 from the agreed amount as per the MOU.

N. <u>G D Goenka Public School:</u>

i. Quasar India Ltd., had submitted to BSE a copy of MOU executed with G D Goenka Public School. As per the MOU dated 05/10/2013 executed between Quasar India Ltd. (Lender) and G D Goenka Public School(Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 10,00,000. However, neither the specific details of the business for which the loan was availed nor the date of repayment was mentioned. An interest amount of Rs. 1,50,000 was payable by the borrower towards interest to the lender. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.). In its replies to SEBI, Quasar India Ltd. had submitted the aforesaid MOU.

ii. It is observed from the bank statement of the Quasar India Ltd. that Rs. 10,00,000 on 17/10/2013 was transferred to G D Goenka Public School. From the bank statement of Quasar India Ltd. and ledger statement pertaining to G D Goenka

Public School Model Town, Rs. 10,59,917 was paid by G D Goenka Public School Model Town to Quasar India Ltd. on 24/03/2014.

iii. Vide its letter dated 23/09/2020, Quasar India Ltd. submitted that Rs. 10,00,000 was paid to G D Goenka Public School as loan and the amount had been repaid. The Company had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to G D Goenka Public School.

iv. From the above, I conclude that the amount paid to G D Goenka Public School was a loan and that the interest paid by G D Goenka Public School to Quasar India Ltd. is short by Rs. 90,083 from the agreed amount as per the MOU

O. <u>Jatan Kumari:</u>

i. Quasar India Ltd., had submitted to BSE a copy of MOU executed with Jatan Kumari. As per the MOU dated 17/10/2013 executed between Quasar India Ltd. (Lender) and Jatan Kumari(Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 10,00,000. However, neither the specific details of the business for which the loan was availed nor the date of repayment was mentioned. An interest amount of Rs. 1,20,000 was payable by the borrower towards interest to the lender. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.). In its replies to SEBI, Quasar India Ltd. submitted the aforesaid MOU.

ii. It is observed from the bank statement of the Quasar India Ltd. that Rs. 10,00,000 on 17/10/2013 was transferred to Jatan Kumari. From the bank statement of Quasar India Ltd. and ledger statement pertaining to Jatan Kumari, it is observed that Rs. 10,00,000 on 05/05/2014 and Rs. 65,750 on 21/10/2014 was paid by Jatan Kumari to Quasar India Ltd.

iii. Vide its letter dated 23/09/2020, Quasar India Ltd. submitted that Rs. 10,00,000 was paid to Jatan Kumari as loan and the amount had been repaid. The Company had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Jatan Kumari.

iv. From the above, I conclude that the amount paid to Jatan Kumari was a loan and that the interest paid by Jatan Kumari to Quasar India Ltd. is short by Rs. 54,250.

P. <u>Munish Bajaj & Sons HUF:</u>

i. It is observed from the bank statement of Quasar India Ltd. that it had transferred Rs. 17,00,000 on 17/10/2013 to Munish Bajaj & Sons HUF from the preferential allotment money.

ii. In its replies to SEBI, Quasar India Ltd. submitted a confirmation of accounts pertaining to Munish Bajaj & Sons HUF as documentary evidence. From the confirmation of accounts, it is observed that the aforesaid amounts were paid as advance given against purchase of property no. 203, 02nd floor, Aggarwal Plaza, Sector-14, Rohini, Delhi-110085. Further, Rs. 17,00,000 on 29/10/2013 was refunded by Munish Bajaj & Sons HUF to Quasar India Ltd.

iii. Vide letter dated 16/12/2020, Quasar India Ltd. mentioned that the amount was given to Munish Bajaj & Sons HUF as an advance. The Company did not submit any property documents citing reasons that the decision to give advance to Munish Bajaj & Sons HUF was taken based on actual site verification. The Company also stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Munish Bajaj & Sons HUF.

iv. Vide email dated 22/02/2021, Munish Bajaj & Sons HUF stated that amount of Rs. 17,00,000 from Quasar India Ltd. was received towards advance of sale of property deal on 17/10/2013. The deal was cancelled and the amount of Rs. 17,00,000 was refund and repaid on 29/10/2013. However, no supporting documents/property details were submitted by Munish Bajaj & Sons HUF.

v. From the above, I note that the contention of Quasar India that Rs. 17,00,000 was paid to Munish Bajaj & Sons HUF in accordance with objects of the issue is not tenable. No details/documents regarding the property was available with the Company. Since the amount was returned back by Munish Bajaj & Sons HUF without paying any interest, I conclude that the amount paid to Munish Bajaj & Sons HUF was an interest-free loan.

Q. <u>Josh Impex Pvt. Ltd.:</u>

i. Quasar India Ltd. had submitted to BSE a copy of MoU executed with Josh Impex Pvt. Ltd. As per the MoU dated 21/10/2013 executed between Quasar India Ltd. (Lender) and Josh Impex Pvt. Ltd. (Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 30,00,000. However, nor the specific details of the business for which the loan was availed nor the date of repayment was mentioned. There was no interest amount mentioned on the MoU as well. The MoU was signed by Ankit Agarwal (Director of Quasar India Ltd.).

ii. It is observed from the bank statement of the Quasar India Ltd. that Rs. 30,00,000 on 21/10/2013 was transferred to Josh Impex Pvt. Ltd. As per the bank statement of Quasar India Ltd., it is observed that Rs. 30,00,000 on 08/08/2014 was refunded by Josh Impex Pvt. Ltd., without paying any interest.

iii. In its replies to SEBI, Quasar India Ltd. submitted that Rs. 30,00,000 was paid to Josh Impex Pvt. Ltd. to purchase fabric. It may be noted that in its replies to SEBI, Quasar India Ltd. did not submit the aforesaid MoU. Instead the Company submitted the following documents:

   a. Letter dated 21/10/2013 addressed to Josh Impex Pvt. Ltd. regarding terms and conditions for purchase of fabric. As per the letter, 20,000 meteres of Blended Wooven Fabric was to be purchased by Quasar India Ltd..
   b. Letter dated 21/03/2014 addressed to Josh Impex Pvt. Ltd. for withdrawal of order of the fabric and repayment of advance paid. As per the letter, due to change in govt. import policies and prevailing market condition, Quasar

India had taken the step to withdraw the order. The Company also requested Josh Impex Pvt. Ltd. to refund the advance amount of Rs. 30,00,000.

c. Letter dated 05/05/2014 addressed to Quasar India Ltd. from Josh Impex Pvt. Ltd. as per which Josh Impex Pvt. Ltd. had considered Quasar's request and confirmed that the amount would be refunded.

iv. Vide letter dated 02/12/2020, Quasar India Ltd. was advised to clarify as to whether any fabric was purchased Josh Impex Pvt. Ltd. prior to October 2013. However, vide its letter dated 16/12/2020, Quasar India Ltd. stated that no fabric was purchased from Josh Impex Pvt. Ltd. prior to October 2013. Vide its letter dated 23/09/2020, Quasar India Ltd. had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Josh Impex Pvt. Ltd.

v. Letter dated 12/2/2021 was sent to Josh Impex Pvt. Ltd. seeking reasons for transaction with Quasar India Ltd. The letter returned undelivered with postal remark – Addressee left without instructions.

vi. From the above, I note that it is difficult to accept the contention of Quasar India that Rs. 30,00,000 was paid to Josh Impex Pvt. Ltd. for purchase of fabric. No valid legal documents regarding the purchase of fabric is available with the Company. Further, submitting different documents to BSE and SEBI clearly shows that the reason given by the Company that the amount was utilized for purchase of fabric was an afterthought. In view of the above, I conclude that the amount paid Josh Impex Pvt. Ltd. was actually an interest-free loan.

R. <u>Signature Builders Pvt. Ltd.:</u>

i. Quasar India Ltd. had submitted to BSE a copy of MoU executed with Signature Builders Pvt. Ltd. As per the MoU dated 21/10/2013 executed between Quasar India Ltd. (Lender) and Signature Builders Pvt. Ltd. (Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 18,00,000 which was to be repaid in accordance with the terms and conditions set out in the memorandum. However, neither the specific details of the business for which the loan was availed nor the date of repayment was mentioned. There was no interest amount mentioned on the MoU as well. The MoU was signed by Ankit Agarwal(Director).

ii. It is observed from the bank statement of the Quasar India Ltd. that Rs. 18,00,000 on 21/10/2013 and Rs. 72,00,000 on 30/10/2013 was transferred to Signature Builders Pvt. Ltd. on. As per the bank statement of Quasar India Ltd., it is observed that Rs. 11,00,000 on 18/03/2014, Rs. 35,00,000 on 19/03/2014, Rs. 30,00,000 on 20/03/2014 and Rs. 14,00,000 on 27/03/2014 was paid by Signature Builders Pvt. Ltd. to Quasar India, without paying any interest.

iii. In its replies to SEBI, Quasar India Ltd. submitted that Rs. 90,00,000 was paid to Signature Builders Pvt. Ltd. to take 2BHK flat under the project as guest house of the Company. It may be noted that in its replies to SEBI, Quasar India Ltd. did not submit the aforesaid MoU. Instead the Company had submitted the following documents:

a. MoU dated 21/10/2013 executed between Quasar India Ltd. and Signature Builders Pvt. Ltd. as per which Quasar India had agreed to advance to Signature a sum of Rs. 90,00,000 and Signature accepted the advance for booking of 2BHK flat in accordance with terms and conditions set out in the MoU. The advance would be paid in tranches. The first tranche would be of Rs. 18 lakhs and subsequent tranches would be payable as discussed between managements of Quasar and Signature. Signature had also agreed to repay to Quasar the advance amount if there is any delay in delivery of possession of the property.
b. Letter dated 21/10/2013 addressed to Signature Builders Pvt. Ltd. for intent to take 2BHK flat as guest house of the Company.
c. Letter dated 05/11/2013 as reminder to handover the possession of 2BHK flat.
d. Letter dated 06/11/2013 from Signature Builders Pvt. Ltd. to Quasar India Ltd. for extension of time to handover the possession of 2BHK flat. As per the letter, Signature Builders Pvt. Ltd. requested Quasar India Ltd. to grant an extension of 2 months.
e. Letter dated 15/02/2014 addressed to Signature Builders Pvt. Ltd. as second reminder to handover the possession of 2 BHK flat.
f. Letter dated 27/02/2014 addressed to Signature Builders Pvt. Ltd. for revocation of agreement due to failure to deliver the flat.
g. Settlement agreement dated 15/03/2014 between Quasar India Ltd. and Signature Builders Pvt. Ltd.

iv. Vide letter dated 02/12/2020, Quasar India Ltd. was advised to provide documents regarding property details etc. However, vide its letter dated 16/12/2020, Quasar India Ltd. stated that there are no documents in this regard. They also stated that they came to know of Signature Builders Pvt. Ltd. through newspaper and television advertisements. Vide its letter dated 23/09/2020, Quasar India Ltd. had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Signature Builders Pvt. Ltd.

v. Signature Builders Pvt. Ltd., vide email dated 22/02/2021, stated that Rs. 90,00,000 was received by them as share application money. Signature was planning to raise finance for general corporate purposes and issue shares to selected persons for the same. Signature provided a copy of account ledger of Quasar India as documentary evidence. Vide email dated 22/02/2021, Signature Builders Pvt. Ltd. was advised to provide documentary evidence apart from the ledger that show that the money was received for share application. Signature Builders Pvt. Ltd., vide email dated 28/02/2021, changed their earlier submission and stated that it had executed a MoU with Quasar India Ltd. on 21/10/2013 in respect of sale of flat and in respect of which Rs. 90,00,000 was paid. The entity submitted the same MoU as submitted by Quasar India Ltd. to SEBI as documentary evidence.

vi. From the above, I note that it wis difficult to accept the contention of Quasar India that Rs. 90,00,000 was paid to Signature Builders Pvt. Ltd. to take 2BHK flat as guest house of the Company. No details/documents regarding the purchase property is available with the Company. The counterparty entity-Signature Builders Pvt. Ltd. had submitted that the money was transferred for share application money. Further, submitting different documents to BSE and SEBI clearly shows that the reason given by the Company that the amount was utilized for to take 2BHK flat was an afterthought. Since the amount was returned back by Signature Builders Pvt. Ltd. without paying any interest, I conclude that the amount paid to Signature Builders Pvt. Ltd. was actually an interest-free loan.

S. Ankit Sahai:

i. Quasar India Ltd., had submitted to BSE a copy of MoU executed with Ankit Sahai. As per the MoU dated 21/10/2013 executed between Quasar India Ltd. (Lender) and Ankit Sahai(Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 8,00,000. However, neither the specific details of the business for which the loan was availed nor the date of repayment was mentioned. An interest amount of Rs. 72,000 was payable by the borrower towards interest to the lender. The MoU was signed by Ankit Agarwal (Director of Quasar India Ltd.). In its replies to SEBI, Quasar India Ltd. submitted the aforesaid MoU.

ii. It is observed from the bank statement of the Quasar India Ltd. that Rs. 8,00,000 on 21/10/2013 was transferred to Ankit Sahai. From the ledger statement pertaining to Ankit Sahai, it is observed that Rs. 10,44,220 (Rs. 8,00,000 + Interest) was written off as bad debts on 31/03/2020.

iii. Vide its letter dated 23/09/2020, Quasar India Ltd. had submitted that Rs. 8,00,000 was paid to Ankit Sahai as loan. The Company had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Ankit Sahai.

iv. From the above, I conclude that the amount paid to Ankit Sahai was a loan. However, no interest was received by Quasar India Ltd.

T. Rekha Malhotra:

i. Quasar India Ltd. had submitted to BSE a copy of MoU executed with Rekha Malhotra. As per the MoU dated 21/10/2013 executed between Quasar India Ltd. (Lender) and Rekha Malhotra (Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 6,00,000. However, neither the specific details of the business for which the loan was availed nor the date of repayment was mentioned. There was no interest amount mentioned on the MoU as well. The MoU was signed by Ankit Agarwal (Director of Quasar India Ltd.). The Company had also submitted to BSE, a Performa Invoice dated 21/10/2013 bearing Ref. no. 123/2013, for purchase of 12,000 meter of fabric @ Rs. 100/- per meter. The total amount to be paid was Rs. 12 lakhs out of which Rs. 6 lakhs had been paid as advance. The invoice neither had any sales tax registration no. nor the PANs of buyer or seller. The invoice mentioned to issue a cheque In favor of Rekha Malhotra. However, from the bank statement of Quasar India Ltd., it was observed that Rs. 6,00,000 was transferred to Rekha Malhotra through RTGS. Hence, the Performa Invoice pertaining to Rekha Malhotra is not acceptable.

ii. It is observed from the bank statement of the Quasar India Ltd. that Rs. 6,00,000 on 21/10/2013 was transferred to Rekha Malhotra As per the bank statement of Quasar India Ltd., it was observed that Rs. 4,00,000 on 19/05/2016 and Rs. 2,00,000 on 10/08/2016 was paid by Rekha Malhotra to Quasar India, without paying any interest.

iii. In its replies to SEBI, Quasar India Ltd. submitted that Rs. 6,00,000 was paid to Rekha Malhotra to purchase 12000 mtr fabric. It may be noted that in its replies to SEBI, Quasar India Ltd. did not submit the aforesaid MoU. Instead the Company had submitted the following documents:

   a. Letter dated 21/10/2013 addressed to Rekha Malhotra regarding purchase of goods and materials i.e. fabric. As per the letter, 12,000 meters of Italian Fabric with golden colour was to be purchased by Quasar India Ltd. The delivery was as per the purchase order and an advance of Rs. 6,00,000 was to be paid as advance.

   b. Undated Letter addressed to Rekha Malhotra for revocation of agreement due to inconsonance of samples and unethical behavior of Rekha Malhotra during inspection. As per the letter, Quasar India stated that the material supplied was not in order and the whole color was not golden and the same was not to be accepted. Quasar India directed Rekha Malhotra to refund the amount on immediate basis.

   c. Settlement agreement dated 13/04/2016 between Rekha Malhotra and Quasar India Ltd. As per the agreement, the parties had reached an amicable solution for full and final settlement of account whereby Rekha Malhotra would pay to Quasar the advance received by her amounting to Rs. 6,00,000 on the next working day of the agreement.

iv. Vide letter dated 02/12/2020, Quasar India Ltd. was advised to clarify as to whether any fabric was purchased from Rekha Malhotra prior to October 2013. However, vide its letter dated 16/12/2020, Quasar India Ltd. stated that no fabric was purchased from Rekha Malhotra prior to October 2013. Vide its letter dated 23/09/2020, Quasar India Ltd. stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Rekha Malhotra.

v. Vide letter dated 12/2/2021 and reminder emails dated 22/02/2021 and 26/02/2021, Rekha Malhotra was advised to provide reasons for the payment made from Quasar India. However, no reply had been received from Rekha Malhotra till date.

vi. From the above, I note that the contention of Quasar India that Rs. 6,00,000 was paid to Rekha Malhotra for purchase of fabric is not tenable. No valid legal documents regarding the purchase of fabric is available with the Company. Further, submitting different documents to BSE and SEBI clearly shows that the reason given by the Company that the amount was utilized for purchase of fabric was an afterthought. In view of the above, I conclude that the amount paid Rekha Malhotra was actually an interest-free loan.

U. <u>Blue Rose Construction Pvt. Ltd.:</u>

i. Quasar India Ltd. had submitted to BSE a copy of MoU executed with Blue Rose Construction Pvt. Ltd.. As per the MoU dated 25/10/2013 executed between Quasar India Ltd. (Lender) and Blue Rose Construction Pvt. Ltd. (Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 10,00,000. However, neither the specific details of the business for which the loan was availed nor the date of repayment was mentioned. An interest amount of Rs. 90,000 mentioned on the MoU as well. The MoU was signed by Ankit Agarwal (Director of Quasar India Ltd.). In its replies to SEBI, Quasar India Ltd. submitted the aforesaid MoU.

ii. It is observed from the bank statement of the Quasar India Ltd. that Rs. 10,00,000 on 25/10/2013 was transferred to Blue Rose Construction Pvt. Ltd.. As per the ledger statement pertaining to Blue Rose Construction Pvt. Ltd., it is observed that Rs. 14,31,632 on 31/03/2020 was written off by Quasar India. Interest amount and TDS were mentioned on the ledger.

iii. Vide its letter dated 23/09/2020, Quasar India Ltd. submitted that Rs. 10,00,000 was paid to Blue Rose Construction Pvt. Ltd. as loan. The Company had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Blue Rose Construction Pvt. Ltd.

iv. From the above, I conclude that the amount paid to Blue Rose Construction Pvt. Ltd. was a loan.

V. <u>India Finsec Ltd.:</u>

i. It is observed from the bank statement of Quasar India that it had transferred Rs. 16,00,000 on 25/10/2013 to India Finsec Ltd. from the preferential allotment money.

ii. In its replies to SEBI, Quasar India Ltd. submitted a confirmation of accounts pertaining to India Finsec Ltd. as documentary evidence. From the confirmation of accounts and bank statement of Quasar India Ltd., it is observed that the aforesaid amount was paid as advance. Further, Rs. 12,00,000 on 26/10/2013 and Rs. 4,00,000 on 30/10/2013 was refunded by India Finsec Ltd. to Quasar India.

iii. Vide letter dated 16/12/2020, Quasar India Ltd. mentioned that the amount was given to India Finsec Limited as a short term loan as the money was lying idle and had no immediate use towards the objects of the issue. Vide letter dated 23/09/2020, the Company has stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to India Finsec Ltd.

iv. It is pertinent to note that Quasar India Ltd. had accepted that the amount was given as loan which was not any of the objects of the preferential issue.

W. <u>Jagtarni Traders Pvt. Ltd.:</u>

i. Quasar India Ltd. had submitted to BSE a copy of creditors ledger pertaining to Jagtarni Traders Pvt. Ltd. As per the creditors ledger, a purchase of Rs. 30,74,400 was made on 20/08/2013 by Quasar India Ltd. from Jagtarni Traders Pvt. Ltd. In its replies to SEBI, Quasar India submitted the aforesaid ledger as documentary evidence.

ii. From the bank statement of Quasar India Ltd., it is observed that Rs. 30,74,000 on 29/11/2013 was transferred from Quasar India Ltd. to Jagtarni Traders Pvt. Ltd. from the preferential allotment money.

iii. Vide letter dated 12/09/2020, Quasar India Ltd. stated that Rs. 30,74,400 was paid to Jagtarni Traders Pvt. Ltd. for purchase of fabric. Jagtarni Traders Pvt. Ltd., vide email dated 24/02/2021, submitted that Rs. 30,74,400 were received by them from Quasar India Ltd. for purchase of goods. As documentary evidence, Jagtarni Traders Pvt. Ltd. submitted a copy of Invoice no. Fab/001/2013 dated 20/08/2013. As per the invoice, Quasar India Ltd. bought 18,000 meters of fabric at the rate of 170.80/meter. The PANs of the buyer and seller were mentioned on the invoice. From the documents filed by Jagtarni Traders Pvt. Ltd. with MCA for FY 2014-15, it iss observed that the financial statements mentioned a sale of fabrics in the previous financial year(i.e. FY ended March 2014) worth Rs. 30,74,400.

iv. Hence, it is concluded that Rs. 30,74,400 was paid to Jagtarni Traders Pvt. Ltd. for purchase of fabric which can be considered to be within the objective of preferential allotment.

X. <u>Daisy Distributors Pvt. Ltd.:</u>

i. Quasar India Ltd. had submitted to BSE a copy of Creditors ledger pertaining to Daisy Distributors Pvt. Ltd. As per the creditors ledger, a purchase of Rs. 13,00,000 was made on 01/08/2013 by Quasar India Ltd. from Daisy Distributors Pvt. Ltd. In its replies to SEBI, Quasar India submitted the aforesaid ledger as documentary evidence.

ii. From the bank statement of Quasar India Ltd., it is observed that Rs. 13,00,000 on 29/11/2013 was transferred from Quasar India Ltd. to Daisy Distributors Pvt. Ltd. from the preferential allotment money.

iii. Vide letter dated 12/09/2020, Quasar India Ltd. stated that Rs. 13,00,000 was paid to Daisy Distributors Pvt. Ltd. for purchase of fabric. Daisy Distributors Pvt. Ltd., vide email dated 22/02/2021, submitted that Rs. 13,00,000 were received by them from Quasar India Ltd. for sale of goods(fabrics). As documentary evidence, Daisy Distributors Pvt. Ltd. submitted a copy of Invoice no. 1 dated 01/08/2013. As per the invoice, Quasar India Ltd. bought 18,000 meters of fabric at the rate of 152/meter. The PANs of the buyer and seller were mentioned on the invoice. From the documents filed by Daisy Distributors Pvt. Ltd. with MCA for FY 2014-15, it is observed that the financial statements mentioned a sale of fabrics in the previous financial year(i.e. FY ended March 2014) worth Rs. 27,36,000. Quasar India Ltd. had replied that a total of Rs. 27,36,000(Rs. 13,00,000 in the first tranche and Rs. 14,36,000 in the second tranche on 29/11/2013) had been paid to Daisy Distributors Pvt. Ltd. against sale of fabrics.

iv. Hence, I conclude that Rs. 13,00,000 was paid to Daisy Distributors Pvt. Ltd. for purchase of fabric which can be considered to be within the objective of preferential allotment.

Y. <u>Kotia Estates Pvt. Ltd.:</u>

i. Quasar India Ltd. had submitted to BSE a copy of MoU executed with Kotia Estates Pvt. Ltd. As per the MoU dated 06/12/2013 executed between Quasar India Ltd. (Lender) and Kotia Estates Pvt. Ltd. (Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 17,00,000 which was to be repaid in accordance with the terms and conditions set out in the memorandum. However, neither the specific details of the business for which the loan was availed nor the date of repayment was mentioned. There was no interest amount mentioned on the MoU as well. The MoU was signed by Ankit Agarwal (Director).

ii. It is observed from the bank statement of the Quasar India Ltd. that Rs. 17,00,000 on 06/12/2013 was transferred to Kotia Estates Pvt. Ltd.. As per the bank statement of Quasar India Ltd., it is observed that Rs. 17,00,000 on 25/08/2014 was paid by Kotia Estates Pvt. Ltd. to Quasar India, without paying any interest.

iii. In its replies to SEBI, Quasar India Ltd. submitted that Rs. 17,00,000 was paid to Kotia Estates Pvt. Ltd. as advance for booking an office space in its project. It may be noted that in its replies to SEBI, Quasar India Ltd. did not submit the aforesaid MoU. Instead the Company had submitted the following documents:
   a. Letter of intent to purchase office space dated 06/12/2013 addressed to Kotia Estates Pvt. Ltd. As per the letter, Quasar India Ltd. accepted the proposal of booking an office space. The delivery of possession of the space was to be three months from the date of signing of the letter. In event of failure, Quasar was duly entitled to claim the refund. Rs. 17,00,000 would be paid in advance.
   b. Letter dated 15/04/2014 for revocation of agreement due to delay in possession of premises. As per the letter, Quasar had not received any response/update regarding possession of the premises. The management of Quasar India had decided to withdraw the booking and directed Kotia Estates Pvt. Ltd. to refund the whole amount along with interest at 18% p.a.
   c. Settlement agreement dated 25/08/2014 executed between Quasar India Ltd. and Kotia Estates Pvt. Ltd. wherein both the parties had reached an solution for full and final settlement and Kotia Estates Pvt. Ltd. would pay the advance Rs. 17,00,000 on the next working day of the execution of the agreement.

iv. Vide letter dated 02/12/2020, Quasar India Ltd. was advised to provide documents regarding property details etc. However, vide its letter dated 16/12/2020, Quasar India Ltd. stated that there are no documents in this regard as the decision to give advance was taken based on the discussions with the representatives of Kotia Estates Pvt. Ltd. They also stated that they came to know of Kotia Estates Pvt. Ltd. through market sources. Vide its letter dated 12/09/2020, Quasar India Ltd. had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Kotia Estates Pvt. Ltd.

v. Kotia Estates Pvt. Ltd., vide email dated 23/02/2021, stated that Rs. 17,00,000 was received by them with intent to purchase office space as per agreement and the same had been repaid. The entity submitted the same letters as stated above and its bank statement used for repayment. As per financial statements of Kotia Estates Pvt. Ltd. available on MCA portal, Rs. 17,00,000 from Quasar India Ltd. was shown under the head – Short Term Borrowings(Others Loans and advances) as on 31/03/2014.

vi. From the above, I note that the contention of Quasar India that Rs. 17,00,000 was paid to Kotia Estates Pvt. Ltd. for booking an office space is not tenable. No details/documents regarding the purchase property is available with the Company or the counterparty. Further, submitting different documents to BSE and SEBI clearly shows that the reason given by the Company that the amount was utilized to take office space was an afterthought. Since the amount was returned back by Kotia Estates Pvt. Ltd. without paying any interest, I conclude that the amount paid to Kotia Estates Pvt. Ltd. was actually an interest-free loan.

Z. <u>Chanson Shipping and Packing Co. Pvt. Ltd.:</u>

i. Quasar India Ltd. had submitted to BSE a copy of MoU executed with Chanson Shipping and Packing Co. Pvt. Ltd. As per the MoU dated 06/12/2013 executed between Quasar India Ltd. (Lender) and Chanson Shipping and Packing Co. Pvt. Ltd.(Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 50,00,000 which was to be repaid in accordance with the terms and conditions set out in the memorandum. However, neither the specific details of the business for which the loan was availed nor the date of repayment was mentioned. There was no interest amount mentioned on the MoU as well. The MoU was signed by Ankit Agarwal (Director).

ii. It is observed from the bank statement of the Quasar India Ltd. that Rs. 19,00,000 on 03/12/2013 and Rs. 50,00,000 on 06/12/2013 was transferred to Chanson Shipping and Packing Co. Pvt. Ltd. It may be noted that Rs. 50,00,000 was from the preferential allotment money. As per the bank statement of Quasar India Ltd. and reply of Chanson Shipping and Packing Co. Pvt. Ltd., it is observed that Rs. 69,00,000 on 04/10/2014 was paid by Chanson Shipping and Packing Co. Pvt. Ltd. to Quasar India, without paying any interest.

iii. In its replies to SEBI, Quasar India Ltd. submitted that Rs. 69,00,000 was paid to Chanson Shipping and Packing Co. Pvt. Ltd. as advance to take office cum warehouse. It may be noted that in its replies to SEBI, Quasar India Ltd. did not submit the aforesaid MoU. Instead the Company had submitted the following documents:

   a. Letter of intent to take office cum warehouse on lease dated 06/12/2013. As per the letter, advance of Rs. 50,00,000 was to be paid for construction of the office cum warehouse. The office cum warehouse was to be fully furnished and should have all the required interiors as mutually agreed. The tenure of the same would be 3 years from the date of possession. The date of possession would be three months from the date of signing the agreement.

b. Letter dated 06/03/2014 addressed to Chanson Shipping and Packing Co. Pvt. Ltd. as reminder to handover the possession of the leased office cum warehouse. As per the letter, Quasar India Ltd. had paid Rs. 50,00,000 for the construction, renovation and interior work of the office cum warehouse, however no update regarding possession of the premises had been received. Chanson Shipping and Packing Co. Pvt. Ltd. was required to confirm the exact date of possession.
c. Letter dated 10/03/2014 from Chanson Shipping and Packing Co. Pvt. Ltd. to Quasar India Ltd. to provide extension of 3 months' time to handover the possession of leased warehouse.
d. Letter dated 10/06/2014 from Quasar India Ltd. to Chanson Shipping and Packing Co. Pvt. Ltd. as reminder letter. There was no update received by Quasar India Ltd. w.r.t possession of the premises even after 3 months' extension.
e. Letter dated 15/06/2014 from Chanson Shipping and Packing Co. Pvt. Ltd. to Quasar India Ltd. requesting a further extension of 2 months.
f. Letter dated 14/08/2014 from Chanson Shipping and Packing Co. Pvt. Ltd. to Quasar India Ltd. regarding revocation of agreement due to non-fulfillment of agreement even after several reminders.
g. Settlement agreement dated 28/09/2014 executed between Quasar India Ltd. and Chanson Shipping and Packing Co. Pvt. Ltd. whereby Chanson shall pay Rs. 50,00,000 as the advance received on the next working day.

iv. Vide letter dated 02/12/2020, Quasar India Ltd. was advised to provide documents regarding property details etc. However, vide its letter dated 16/12/2020, Quasar India Ltd. stated that there are no documents in this regard. They also stated that they came to know of Chanson Shipping and Packing Co. Pvt. Ltd. through market sources. Vide its letter dated 12/09/2020, Quasar India Ltd. stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Chanson Shipping and Packing Co. Pvt. Ltd.

v. Letter dated 12/01/2021 was sent to Chanson Shipping and Packing Co. Pvt. Ltd. seeking relevant details. Chanson Shipping and Packing Co. Pvt. Ltd., vide email dated 02/03/2021, submitted that Rs. 50,00,000 on 06/12/2013 received from Quasar India Ltd. was utilized for giving loan to M/s Track Components Ltd. and Omega Barke Components Ltd.(their sister concerns). Chanson submitted a confirmation of accounts pertaining to Quasar India Ltd. as documentary evidence. There was no mention of any agreement/MoU with Quasar India Ltd. to take office cum warehouse.

vi. From the above, I note that the contention of Quasar India that Rs. 50,00,000 was paid to Chanson Shipping and Packing Co. Pvt. Ltd. for office cum warehouse is not tenable. No details/documents regarding the purchase property is available with the Company. The reply of counterparty entity is also silent on whether any agreement for office cum warehouse was made. Further, submitting different documents to BSE and SEBI clearly shows that the reason given by the Company that the amount was utilized for taking office cum warehouse was an afterthought. Since the amount was returned back by Chanson Shipping and Packing Co. Pvt. Ltd. without paying any interest, I conclude that the amount paid to Chanson Shipping and Packing Co. Pvt. Ltd. was actually an interest-free loan.

32. From the above, while it is noted that QIL has used the funds of preferential allotment to advance loans without interest in most cases and with some interest in few cases. As per Memorandum of Association of Quasar India Ltd., one of the main objects of the Company was to deal in manufacturing and supply of fabrics, garments, fabric related items. Hence, no adverse inference is drawn with regards to the utilization of funds of Rs. 43,74,400 for purchase of fabric as the same is considered as working capital of the Company. It is also pertinent to note that a few of the lendings have been carried out without any agreements or MoU. Further, with respect to the MoUs and other documents which the Noticee-1 has submitted before BSE and the investigating authorities and has failed to submit any further explanations on the same in the instant proceedings, I observe as under:

<u>Observations on the documentary evidence/MoU/invoices submitted by the Company and entities</u>:

33. Upon perusal of agreements/MoUs/other documents, copies of which were provided by the Company and the entities, it is observed that the said agreements were not executed on stamp paper, not notarized not registered, interest payable not a part of terms in many documents, thus severely hampering the legal validity and scope of enforcing the agreement. It is observed that the action of the Company in granting loans/advances to entities when looked at in the context of casually drafted agreements, not executed on stamp paper, not notarized not registered, interest payable not being a part of terms in many documents, questions the very intention of the Company to recover the loan amount and interest.

34. In view of the above, I note that the utilization of preferential issue proceeds by Quasar India Ltd. is as given in the table below:

Sr. no.	Name of Counterparty	Amount paid (in Rs.)	Amount returned back (if any)(in Rs.)	Interest(if any)	Purpose/Reason
1	Neeru Bansal	50,00,000	50,00,000	0	Interest free loan
2	Taxus Infrastructure & Power Projects Pvt. Ltd.	75,00,000	90,00,000	0	Interest free loan
		15,00,000			
3	Madhu Vashisht	10,00,000	10,00,000	0	Interest free loan
4	Flair Developers Pvt. Ltd.	15,00,000	17,63,330	2,63,330	Loan
5	Seema Sahai	14,00,000	24,77,415	7,77,415	Loan
		3,00,000			

Sr. no.	Name of Counterparty	Amount paid (in Rs.)	Amount returned back (if any)(in Rs.)	Interest(if any)	Purpose/Reason
6	Sandeep Gupta	10,00,000	10,00,000	0	Interest free loan
7	Savita Holdings Pvt. Ltd.	40,00,000	43,61,380	3,61,380	Loan
8	Stellar Capital Services	5,00,000 40,00,000 13,00,000	58,00,000	0	Interest free Loan
9	Lavish Educational Services Pvt. Ltd.	40,00,000	48,52,658	8,52,658	Loan
10	Pun Films Pvt. Ltd.	12,00,000	0	0	Loan
11	MSB E trade securities	17,00,000	17,00,000	0	Amount paid to broker for trading in stock market
12	Lancer Packers Pvt. Ltd.	27,00,000	28,60,580	1,60,580	Loan
13	Adhir Sachdeva	15,00,000	15,74,250	74,250	Loan
14	G D Goenka Public School Model Town	10,00,000	10,59,917	59,917	Loan
15	Jatan Kumari	10,00,000	10,65,750	65,750	Loan
16	Munish Bajaj and Sons HUF	17,00,000	17,00,000	0	Interest free loan
17	Josh Impex Pvt. Ltd.	30,00,000	30,00,000	0	Interest free loan
18	Signature Builders Pvt. Ltd.	18,00,000 72,00,000	90,00,000	0	Interest free loan
19	Ankit Sahai	8,00,000	0	0	Loan
20	Rekha Malhotra	6,00,000	6,00,000	0	Interest free loan
21	Blue Rose Constructions	10,00,000	0	0	Loan
22	India Finsec Ltd	16,00,000	16,00,000	0	Loan
23	Jagtarni Traders Pvt. Ltd.	30,74,400	-	-	Purchase of fabric
24	Daisy Distributors Pvt. Ltd.	13,00,000	-	-	Purchase of fabric
25	Chanson Shipping & Packing Co. Pvt. Ltd.	50,00,000**	50,00,000**	0	Interest free loan
26	Kotia Estates Pvt. Ltd.	17,00,000	17,00,000	0	Interest free loan
	Total	7,08,74,400	6,60,41,030	41,15,280	

*Interest received is calculated as = Amount returned back – Amount paid

**The Company had transferred Rs. 69,00,000(Rs. 50,00,000 and Rs. 19,00,000) to Chanson Shipping and Packing Co. Pvt. Ltd. Only Rs. 50,00,000 was out of the preferential allotment money. Further the Company had received back Rs. 69,00,000.

35. Further, the inflow and outflow of preferential allotment money for various purposes as observed from the bank statement of Quasar India Ltd. is as below:

Amount mentioned in Rs. crores

Description /Dates	Total
Preferential allotment money received from allottees	**5.105**
Loan given from preferential allotment money	**4.67**
Amount given from preferential allotment money which was subsequently returned and again utilized	**1.81**
Interest free loans	**4.28**
Amount given for trading in stock market to broker	**0.17**
Amount returned from broker	**0.17**
Purchase of fabrics (Working capital)	**0.43744**

36. As per Company replies and bank account statement, Rs. 1,98,00,000 was refunded by certain entities to whom payment was made from the preferential allotment money. After receiving the refund, the money was transferred to other entities. In view of the same, the refunded money can also be considered as an additional part of the preferential allotment money because of which the total amount transferred is more than the amount received from preferential allotment i.e. Rs. 5,10,50,000. Considering all facts and evidences available on record, I conclude that Quasar India Ltd. had misutilized the preferential issue proceeds by utilizing the proceeds

for granting loans/advances. Loans amounting to Rs. 4.67 crores was given from the preferential allotment money. Further, Rs. 1.81 crores was given to different counterparties which were subsequently returned and again utilized. Rs. 0.17 crores was also paid to stock broker for trading in the stock market. Granting of loans/advances and utilizing the proceeds for trading in the stock market was not the object of the issue. As such, Noticee-1 misutilized the issue proceeds by not deploying funds for the stated objects of the preferential issue.

37. Further, in respect of the funds utilized for advancing the loans, I also note the following-:

(i) There is no provision found in the MOA of the company which enable the Company to pursue this object, viz, grant interest free loan.

(ii) Section 372A of the Companies Act, 1956 provides that no loan should be made at rate of interest lower than the prevailing bank rate, being standard rate made public under Section 49 of RBI Acct, 1934.

(iii) None of the transaction for which advances were given got materialized.

(iv) The company did not earn any income from the aforesaid advances.

(v) Majority of funds given as advances were received back in installment after substantial delay of 27 days to 905 days.

(vi) The company had been carrying out activity of lending money which is only permitted to be undertaken by the NBFC registered with RBI. However Noticee No. 1 did not obtain necessary approval from RBI for carrying out such activity.

<u>Ratification of deviation by shareholders of Quasar India Ltd.</u>

38. BSE vide its Notice no. 20180613-29 dated 13/06/2018 had, inter-alia, directed Quasar India Ltd. to make mandatory disclosures with respect to misutilization of preferential issue proceeds along with ensuing quarterly audited/unaudited

financial results and to get the same ratified by the shareholders of the Company within 3 months from the intimation of the notice.

39. In this regard, Quasar India Ltd. vide its letter dated 16/12/2020 has stated that the shareholders of the Company had, vide an Extra-Ordinary General Meeting, held on January 18, 2019 ratified the management's decision to utilize the proceeds of issue of shares on a preferential basis, aggregating to Rs. 5,10,50,000 as it deemed fit and appropriate in the best interests at the time of such utilization, including but not limited to making or giving loans and advances for various purposes to its vendors, suppliers etc. and to utilize the monies elsewhere as they had deemed appropriate at the time of such utilization.

40. The Company also provided a table (as below) that enumerated the amount as utilized by the management of Quasar India Ltd., which had been duly ratified by the shareholders of the Company.

Amount utilized	**Purpose**
Rs. 17,00,000	Advance given to M/s Kotia Estate Pvt. Ltd. for booking an office space in their project
Rs. 10,00,000	Advance given to Sandeep Gupta, for identifying a sick company having similar objects as that of our company as a potential takeover target
Rs. 90,00,000	Advance given to M/s Taxus Infrastructure & Power Projects Pvt. Ltd. for expanding business in setting 5 MW Power projects
Rs. 90,00,000	Advance given to M/s Signature Builders Pvt. Ltd. to take 2 BHK flat under the project as guest house for the Company
Rs. 69,00,000	Advance given to M/s Chanson Shipping & Packing Co. Pvt. Ltd. to take office cum warehouse
Rs. 6,00,000	Advance given to Rekha Malhotra to purchase 12000mtr fabric
Rs. 50,00,000	Advance given to Ms. Neeru Bansal to purchase a property
Rs. 10,00,000	Advance given to Ms. Madhu Vashisht to purchase fabric
Rs. 30,00,000	Advance given to M/s Josh Impex Pvt. Ltd. to purchase fabric
Rs. 15,00,000	Advance given to M/s Flair Developers Pvt. Ltd. as loan
Rs. 40,00,000	Advance given to M.s Savita Holdings Pvt. Ltd. as loan
Rs. 17,00,000	Amount given to Ms. Seema Sahai as loan
Rs. 40,00,000	Advance given to M/s Lavish Education Services Pvt. Ltd. as loan
Rs. 27,00,000	Advance given to M/s Lancer Packers Pvt. Ltd. as loan
Rs. 5,11,00,000	**Total**

41. The Company submitted copy of Notice dated 12/12/2018, convening the Extra Ordinary General meeting of the members of the Company, containing the relevant resolution and the explanatory statement detailing the utilization of preferential issue proceeds as aforesaid. It also provided copies of extracts of resolution passed at Extra Ordinary General Meeting held on 18/01/2019 and Scrutinizer's report as documentary evidence.

42. BSE, vide its Notice no. 20190723-26 dated 23/07/2019 had revoked the suspension of trading in the securities of the Company. As per the notice, BSE stated that the Company had complied with the requirements stated at Para 3 (a) (ii) of exchange notice no. 20180613-29 i.e. make mandatory disclosures w.r.t misutilization of preferential issue proceeds along with ensuing quarterly audited/unaudited financial results and to get the same ratified by the shareholders of the Company within 3 months from the intimation of the notice. Further, BSE vide email dated 07/01/2021 provided the documents submitted by the Company with BSE w.r.t compliance of the Exchange notice no. 20180613-29.

43. I note that although the preferential allotment happened in the year 2013-14, the Company had undertaken ratification only after 6 years in 2019 and no reason had been stated for the delay. Further, the Company had undertaken ratification only after receiving explicit directions from BSE vide its notice no. 20180613-29. However, I also note that the fact remained and established that Quasar India Ltd. had deviated and misutilized the proceeds of the preferential issue dated 31/01/2014. It was observed that the past fraudulent acts and deeds of Quasar India Ltd. cannot be legitimized by subsequent ratification of the same by shareholders of the Company.

44. .Thus, the objects of the issue as presented to shareholders/public in notice of EGM of the Company held on January 15, 2014 was deceitful and presented information in a distorted manner. Both the influx of funds into a company and the disclosed objects in the memorandum to infuse fresh equity to augment the working capital requirements of the Company and to finance the expansion proposition sends a positive message to the investor community. By varying from these objects of issue as disclosed to shareholders and instead loaning out those funds mostly without interest etc has mislead the shareholders and investors to their detriment, thereby I conclude that the Noticee misutilized the funds raised by way of preferential allotment.

Role of directors in the misutilization of preferential issue proceeds

45. I note that the Noticee-1 Company is a legal entity and as such, it cannot act by itself, but only through its directors who are expected to exercise their power on behalf of the Company with due diligence and within the framework of law. As per documents available on record, the following is observed w.r.t role of directors during the fraudulent act committed by the Company.

46. Noticee No.2 was the only executive director of the Company during the Investigation Period and hence, responsible for the management of the affairs of the Company. he was present in the Extra Ordinary General meeting as Chairman and signed Notice dated 16.12.2013 for the Extra Ordinary General Meeting of the Company to be held on 15.01.2014 for issue of 51,05,000 equity shares on a preferential basis. He was also the authorized signatory on behalf of Quasar India Ltd. for Memorandum of Understanding(MoU) with the counterparties- Pun Films Pvt. Ltd., Seema Sahai, Ankit Sahai, Lavish Educational services Pvt. Ltd., Blue Rose Constructions Pvt. Ltd., Rekha Malhotra, Madhu Vashisht, Neeru Bansal, Flair Developers Pvt. Ltd., Sandeep Gupta, M/s Taxus Infrastructure and Power Projects Pvt. Ltd., M/s Savita Holdings Pvt. Ltd, M/s Lancer Packers Pvt. Ltd., Adhir Sachdeva, Josh Impex Pvt. Ltd., M/s Signature Builders Pvt. Ltd., M/s Chanson Shipping and Packing Co. Pvt. Ltd., Jatan Kumari, G D Goenka Public School Model Town, M/s Kotia Estates Pvt. Ltd. As brought out above, the funds raised out of the preferential allotment was transferred to these entities. He was also the only authorized signatory/person authorized to operate the bank account of Quasar India Ltd. – Punjab National Bank A/c 1710002100554026, where the preferential allotment money was credited. He attended all the 19 Board meetings and the only Audit Committee meeting during the year 2013-14 and was a member of Audit Committee (constituted on 18/02/2014), Nomination and remuneration committee (constituted on 25/04/2014) and Chairman of shareholders and grievance committee (constituted on 18/02/2014) and he also Signed the balance sheet, profit and loss statement and cash flow statement of the Company during the year 2013-14. In the Notes to the financial statements, it was mentioned that 51,05,000 equity shares were allotted in the year pursuant to preferential allotment.

47. The Noticee No.3 was an independent, non-executive director of the Company, he was actively involved in the activities of the Company. He had significant role in the Company during the period relevant to preferential allotment. He was present in the Extra Ordinary General Meeting of the Company held on 15/01/2014 where the resolution to issue 51, 05,000 equity shares on a preferential basis was passed as an ordinary resolution. As per documents submitted by Noticee No.1 to SEBI, he signed the letter for purchase of goods and materials, revocation of the agreement and subsequent settlement agreement – all addressed to/executed with Rekha Malhotra. As brought out above, the funds raised out of the preferential allotment was transferred to Rekha Malhotra. As concluded above, the money transferred to Rekha Malhotra was not in accordance with the objects of the issue. He also Signed the letter of interest for equity participation in M/s Taxus Infrastructure and Power Projects Pvt. Ltd., letter for refund of application money amounting to Rs. 90,00,000 and subsequent settlement agreement. Rs. 90, 00,000 was transferred to Taxus Infrastructure and Power Projects Pvt. Ltd. from the preferential allotment money. As concluded above, the money transferred to Taxus Infrastructure and Power Projects Pvt. Ltd. was not in accordance with the objects of the issue. He also signed the balance sheet, profit and loss statement and cash flow statement of the Company during the year 2013-14. In the Notes to the financial statements, it was mentioned that 51,05,000 equity shares were allotted in the year pursuant to preferential allotment. He attended all the 19 Board meetings and the only Audit Committee meeting during the year 2013-14 as per annual report.

48. The Noticee-3 resigned from the board of QIL with effect from February 05, 2019, However, he held a significant role in QIL till then as he was the chairman and member of the Audit Committee, Nomination And Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committees from 2014-15 and thereon through out the relevant period of time of the violations and also attended the board meetings during the period as noted above.

49. Noticee No.4 was an independent, non-executive director of the Company, he was actively involved in the activities of the Company. He had a significant role in the Company during the period relevant to preferential allotment. As per the minutes of the meeting, he was present in the Extra Ordinary General Meeting of the Company held on 15.01.2014 where the resolution to issue 51,05,000 equity shares on a preferential basis was passed as an ordinary resolution. Signed the true copy of special resolution passed by the shareholders of the Company in the extra ordinary general meeting held on 15/01/2014 where the resolution to issue 51,05,000 equity shares on a preferential basis was passed as an ordinary resolution. He also signed the true copy of resolution passed by the board of directors of the Company at their meeting held on 31/01/2014, where 51,05,000 equity shares on a preferential basis was allotted to entities. As per the resolution, Yogesh Bansal was authorized to apply with the Delhi Stock Exchange (DSE) for the listing of aforesaid shares and also with NSDL/CDSL for crediting the equity shares of the Company through Corporate Action. Also, Yogesh Bansal or Ankit Agarwal were authorized, jointly and severally to sign and file the necessary form and papers with the Registrar of Companies and to take other steps as may be required. He also attended all the 19 Board meetings and the only Audit Committee meeting during the year 2013-14 as per annual report.

50. While the Noticee-4 resigned from the board of QIL with effect from April 16, 2015, he held a significant role in QIL till then as he was the chairman of the Audit Committee and Nomination And Remuneration Committee during the period 2013-14 when the preferential issue was made and the EGM was held for the same. He had also attended the board meetings during the period as mentioned above.

51. I note that Noticees deployed a substantial portion of the funds raised through preferential issues, Rs.5.10 crore for corporate lending under the guise of utilization of issue proceeds for the objects. Noticee-1 has accepted the utilisation of the issue proceeds for granting loan to the other entities as money lying idle. It is evident from the conduct as explained above that Noticee-1 had no intention to purchase any fabric or flat or goods etc and the transactions with above mentioned entities were designed to use preferential issue proceeds for corporate lending

under the guise of expansion and working capital need of the company. Hence, Noticee-1 has misutilised the issue proceeds.

52. In this regard, reliance is placed on the Explanation inserted to Regulation 4(1) of PFUTP Regulations, 2003 with effect from October 19, 2020 as follows:

"Explanation. For the removal of doubts, it is clarified that any act of diversion, misutilisation or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company shall be and shall always be deemed to have been considered as manipulative, fraudulent and an unfair trade practice in the securities market."

53. The clarification provided as above broadly deals with three types of conducts with respect to a listed company as under:
(a) diversion, misutilisation or siphoning off of assets or earnings of a company;
(b) Concealment of such act of diversion, misutilisation or siphoning off of assets or earnings of a company;
(c) device, scheme or artifice to manipulate the books of accounts or financial statement that would directly or indirectly manipulate the price of securities of that company.

54. However, for the first two types of conducts, the element of price manipulation is not essential. In this regard, it is relevant to note the contents of Board Memorandum of SEBI placed before its Board Meeting on 29.09.2020 on 'Amendments to provide for clarification in the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003', proposing insertion of the aforesaid Explanation to regulation 4(1) of PFUTP Regulations. The relevant portion of the said Board Memorandum reads as follows:

"3.0 Explanation to bring clarity

.1 It is important that gullible investors are not duped by such manipulative diversion or misstatements and that the trust reposed in securities markets is not eroded by such fraudulent and manipulative activity. For the purpose of removal of doubts, it is proposed to clarify that the existing provisions of PFUTP Regulations always provided for effectively dealing with such fraudulent activities of manipulating the price of listed securities or diverting, misutilising or siphoning off or <u>hiding the diversion, misutilization or siphoning off public issue proceeds or assets or earnings of a company whose securities are listed</u>."

55. The above makes it abundantly clear that the PFUTP Regulations deals primarily with fraudulent activities, i.e., one where price manipulation needs to be established and the other where price manipulation is not required to be established. Thus, diversion, misutilisation or siphoning off of assets or earning of the company and concealment thereof as such is in violation of PFUTP Regulations

56. The activities of Noticees in this matter squarely fit into the first and second type of conduct as (a) preferential issue proceeds were diverted and misutilised as explained above and (b) such diversion and misutilisation of preferential issue proceeds were omitted from being reported.

57. Hon'ble Supreme Court in the matter of SEBI and Ors. vs. Kanaiyalal Baldevbhai Patel and Ors. (2017) 15 SCC 753, interpreted the definition of fraud under regulation 2(1)(c) of the PFUTP Regulations to bring out its ingredients and held that there shall be 'inducement' to 'deal in securities'. With respect to inducement, the Hon'ble Court observed that "*The difference between inducement in criminal law and the wider meaning thereof as in the present case, is that to make inducement an offence the intention behind the representation or misrepresentation of facts must be dishonest whereas in the latter category of cases like the present the element of dishonesty need not be present or proved and established to be present. In the latter category of cases, a 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.' The Hon'ble Court further elucidated the ingredients of the term 'dealing in securities' as follows:

"*………….For a transaction to be termed as dealing in securities, following ingredients need to be satisfied*

1. includes an act of buying, selling or subscribing pursuant to any issue of any security, or

2. Agreeing to buy, sell or subscribe to any issue of any security, or;

3. Otherwise transacting in any way in any security by any person as principal, agent or intermediary referred to in Section 12 of the Act

. 25. The definition of 'dealing in securities' is broad and inclusive in nature. Under the old regime the usage of term 'to mean' has been changed to 'includes', which prima facie indicates that the definition is broad. Moreover, the inclusion of term 'otherwise transacting' itself provides an internal evidence for being broadly worded so as to include situations such as the present one."

58. As the object of the issue indicates the expansion plans of the company which induced subscription of the shares and the act of subscription of shares is dealing in securities, the ingredients of fraud are evident in the process of preferential issues by the Noticees wherein the proceeds of the issue were ultimately diverted and misutilised.

59. In view of all my findings above, I further conclude that the Noticees-1 to 4 have violated the provisions of Section 12 A (a) (b) (c) of SEBI Act read with Regulations 3(a)(b)(c)(d), 4(1), 4(2)(f) and (r) of PFUTP Regulations

Issue II: Whether Noticee-1 has violated the provisions of clause 43 of the erstwhile Listing Agreement (which is now regulation 32 of the LODR Regulations) read with section 21 of SCRA?

60. Before proceeding further, I refer to the relevant provisions pertaining to the instant issue as under:

Relevant extract of provisions of SCRA:-Section 21

“**Conditions for listing.**

21. Where securities are listed on the application of any person in any recognized stock exchange, such person shall comply with the conditions of the listing agreement with that stock exchange.

” Relevant extract of provisions of Equity Listing Agreement –BSE

“43. a) The Company agrees that it will furnish on a quarterly basis a statement to the Exchange indicating the variations between projected utilization 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 utilization of funds and/or actual profitability.

b) The statement referred to in clause (1) shall be given for each of the years for which projections are provided in the 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.

c) 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.

d) The statement referred to in clause (a) shall also be given for warrants issued along with public or rights issue of specified securities”

61. From the conclusion arrived at with respect to Issue-I, it is established that Noticee 1 diverted the funds raised through preferential issue. It is one of the primary responsibilities of the Listed Companies to ensure that funds raised are accounted and reported to investors in case of any deviations from the proposed utilisation of funds. Further, keeping in view the interest of investors, I note that SEBI had

specifically mandated under clause 43 of the Listing Agreement, in case the projected utilization of funds and the actual utilization of funds differs, the Company would 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. The statement referred to in clause (1) shall be given for each of the years for which projections are provided in the 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.

62. Therefore, I note that regulatory framework was in place and clearly directed the listed company to furnish on a quarterly basis a statement to the Exchange indicating the variations between projected utilisation of funds. I note from the facts on record that after the direction from BSE vide its Notice no. 20180613-29 dated 13/06/2018, Noticee 1 issued notice to its shareholders in its Annual General Meeting for ratification of utilization of funds raised through preferential issue.

63. In view of the above, I note that that the Noticee 1 did not utilize the funds as stated in the objects of the issue and utilized the same for making loans and advance and thus there was a variation in the object of utilization of fund, which the Noticee 1 should have disclosed under clause 43 of listing agreement. However, the Noticee failed to do so, as confirmed by BSE. Pursuant to the BSE examination and BSE Notice, Noticee 1 ratified the utilization of funds raised from preferential issue through special resolution. Hence, it is established that Noticee 1 failed to utilize the fund as stated in the object and failed to disclose the same under clause 43 of listing agreement and therefore has violated the provisions of clause 43 of the erstwhile Listing Agreement (which is now regulation 32 of the LODR Regulations) read with section 21 of SCRA.

Issue III: Does the violation, if any, by Noticees attract monetary penalty under section 15HA of SEBI Act?

64. In view of the conclusions arrived in respect of Issue I as above, I further conclude that the Noticees-1 to 4 are liable for monetary penalty under Section 15HA of the SEBI Act which reads as under:

"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 *[not exceeding twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher]."

* Substituted for the words "twenty-five crore rupees or three times the amount of profits made out of such failure, whichever is higher" by the Securities Laws (Amendment) Act, 2014, w.e.f. 08-09-2014.

65. In this regard, it is also pertinent to note in view of the facts and circumstances of the case and the material available on record that the Noticees have contravened section 12A (a) (b) (c) of the SEBI Act, 1992 read with regulations 3 (a) (b) (c) (d), 4(1), 4(2)(f) and 4(2)(r) of PFUTP Regulations. In view of the same, it is a fit case for imposition of monetary penalty on them under section 15HA of the SEBI Act in terms of the judgment of Hon'ble Supreme Court in the matter of Chairman, **SEBI vs. Shriram Mutual Fund & Anr., (2006) 5 SCC 361** as under:

"*In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant."*

Issue IV: Does the violation, if any, by Noticee-1 attract monetary penalty under Section 23A(a) and 23E of the SCRA?

66. In view of the conclusions arrived in respect of Issue II as above, I further conclude that the Noticees-1 is liable for monetary penalty under Sections 23A(a) and Section 23E of the SCRA which reads as under:

Penalty for failure to furnish information, return, etc.

23A. Any person, who is required under this Act or any rules made thereunder,—

(a) to furnish any information, document, books, returns or *[report to the recongnised stock exchange or to the Board, fails to furnish the same within the time specified therefor in the listing agreement or conditions or bye-laws of the recongnised stock exchange or the Act or rules made thereunder, or who furnishes] #[*** false, incorrect or incomplete information, document, books, return or report], shall be liable to a penalty ##[which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees] for each such failure;

* Substituted for the words "report to a recognised stock exchange, fails to furnish the same within the time specified therefor in the listing agreement or conditions or bye-laws of the recognised stock exchange or who furnishes", by the Finance (No. 2) Act, 2019 w.e.f. 20-01-2020.
# Inserted by the Finance Act, 2018 w.e.f. 08-03-2019.
Substituted for the words "'of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less" by the Securities Laws (Amendment) Act, 2014, w.e.f 08-09-2014.

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 or real estate investment trust or infrastructure investment trust or alternative investment 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 which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees.]

Substituted for the words "liable to a penalty not exceeding twenty-five crore rupees" by the Securities Laws (Amendment) Act, 2014, w.e.f 08-09-2014.

67. With respect to the imposition of penalty under Section 23E of SCRA in the facts and circumstances as of the instant case, I note that the same is the subject matter of the Civil Appeal No. 4741 of 2021 filed by SEBI before Hon'ble Supreme Court

against the order dated May 03, 2021 passed by Hon'ble SAT in the matter of Suzlon Energy Ltd. and Ors. vs. SEBI (Appeal No. 201 of 2018). A stay application was also filed by SEBI with respect to the findings of Hon'ble Tribunal. The aforesaid stay application and appeal are pending before Hon'ble Supreme Court. It is relevant to note that vide orders in the matter of M/s NDTV vs. SEBI (Appeal No. 358 of 2015) dated 07.08.2019, and Oasis Securities Ltd. & Ors. vs. SEBI (Appeal No. 316 of 2018) dated 17.03.2020, the Hon'ble Tribunal had upheld the imposition of penalty under section 23E of SCRA on the appellant companies for the violation of clauses of the Listing Agreement. The limited purpose of going into the issue of violation of Listing Agreement by Noticee-1 here is to determine whether it has violated the provisions of the Listing Agreement, and if so, to impose penalty, however, the enforcement of penalty with respect to the violation under section 23E of SCRA shall be subject to the outcome of the aforesaid appeal before the Hon'ble Supreme Court.

Issue V: If so, what would be the quantum of monetary penalty that can be imposed on the Noticees after taking into consideration the factors mentioned in section 15J of the SEBI Act and Section 23J of the SCRA??

68. With respect to the quantum of monetary penalty that can be imposed on the Noticees, it is important to consider the factors as stipulated in section 15J of the SEBI Act, 1992 and 23J of SCRA which reads as under:

"**Factors to be taken into account by the adjudicating officer**
15J. 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."

Factors to be taken into account while adjudging quantum of penalty.
23J. While adjudging the quantum of penalty under section 12A or section 23-I, the the Securities and Exchange Board of India or 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.

69. In the instant case, the material available on record has not quantified the amount of disproportionate gain or unfair advantage, made by the Noticee and the loss suffered by the investors as a result of the Noticees' failures. From the documents available on record, it is noted that no prior default is on record.

70. Further, while the violation have been established as against the Noticees as brought out in the pre-paragraphs and the ratification of the misutilistion of funds does not take away the established violations in the facts of the circumstances, however, the ratification by the shareholders, albeit on the Notice by BSE, can be taken as a mitigating factor for the purpose of deciding on the quantum of penalty to be imposed. Further, I also note that the Noticee-4,though had a significant role in the preferential allotment of shares, the fact that he had resigned within a year after the allotment may also be taken into consideration in deciding the quantum of penalty as against him. Considering that the violation, though continued till the ratification, had originated prior to the amendment to Section 15HA of the SEBI Act enhancing the minimum penalty, his resignation during the period may entail the penalty as per the provisions of the Section prior to the amendment as against Noticee-4.

ORDER

71. In exercise of the powers conferred upon me under section 15-I of the SEBI Act, 1992 read with Rule 5 of the SEBI Rules and section 23-I of Securities Contracts (Regulation) Act, 1956 read with rule 5 of the SC(R)Rules, I impose the following penalties:

Name of the Noticee	Violation	Penal Provision	Amount of Penalty (in Rs.)
1) Quasar India Limited	Section 12 A (a) (b) (c) of SEBI Act read with Regulations 3(a)(b)(c)(d), 4(1), 4(2)(f) and (r) of PFUTP Regulations	Section 15HA of the SEBI Act	5,00,000/-
	Clause 43 of the erstwhile Listing Agreement (which is now regulation 32 of the LODR Regulations) read with section 21 of SCRA.	Section 23A(a) of the SCRA	2,00,000/-
		Section 23E of the SCRA	5,00,000/-
2) Ankit Agarwal	Section 12 A (a) (b) (c) of SEBI Act read with Regulations 3(a)(b)(c)(d), 4(1), 4(2)(f) and (r) of PFUTP Regulations	Section 15HA of the SEBI Act	5,00,000/-
3) Ganesh Prasad Gupta	Section 12 A (a) (b) (c) of SEBI Act read with Regulations 3(a)(b)(c)(d), 4(1), 4(2)(f) and (r) of PFUTP Regulations	Section 15HA of the SEBI Act	5,00,000/-
4)Yogesh Bansal	Section 12 A (a) (b) (c) of SEBI Act read with Regulations 3(a)(b)(c)(d), 4(1), 4(2)(f) and (r) of PFUTP Regulations	Section 15HA of the SEBI Act	2,00,000/-

72. In the facts and circumstances of the case, I am of the view that the said penalty is commensurate with the violations committed by the Noticees.

73. The Noticees shall remit/pay the said amount of penalty within 45 days of receipt of this order either by way of demand draft in favour of 'SEBI - Penalties Remittable to Government of India', payable at Mumbai, OR through online payment facility

available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT > Orders > Orders of AO > PAY NOW.

74. The Noticees shall forward the said demand draft or the details/confirmation of penalty so paid to 'The Division Chief (Enforcement Department 1, DRA-1), Securities and Exchange Board of India, SEBI Bhavan, Plot No. C–4 A, 'G' Block, Bandra Kurla Complex, Bandra (E), Mumbai– 400051'. The Noticees shall also provide the following details while forwarding the demand draft/payment information:
    - Name and Income Tax Permanent Account Number of the Noticees;
    - Name of the case/matter;
    - Purpose of Payment – Payment of penalty under AO proceedings;
    - Bank Name and Account Number;
    - Transaction Number.

75. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this order, SEBI may initiate consequential actions including but not limited to recovery proceedings 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.

76. In terms of Rule 6 of the SEBI Adjudication Rules, a copy of this order is being sent to the Noticees and also to the Securities and Exchange Board of India.

October 10, 2022 **Biju S**

Mumbai **Adjudicating Officer**