BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

(ADJUDICATION ORDER NO: Order/SV/VC/2023-24/30089-30097)

UNDER SECTION 15-I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995; AND SECTION 23-I OF THE SECURITIES CONTRACT (REGULATION) ACT, 1956 READ WITH RULE 5 OF THE SECURITIES CONTRACT (REGULATION) (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 2005.

In respect of:

Noticee No.	Name and PAN of the Noticee
1	Aashu Garg (PAN - ALTPG7383E)
2	Amit Babbar (PAN - AGNPB2362F)
3	Girish Kansal (PAN - AXKPK8061C)
4	Nir Singh Sindhu (PAN - BQXPS6562B)
5	Sanjay Pareek (PAN - AAQPP7468M)
6	Shweta Pareek (PAN - AOJPS5824H)
7	Rajesh Garg HUF (PAN - AAJHR6436G)
8	Anguri Devi Garg (PAN - ABQPG5315F)
9	Rajesh Kumar HUF (PAN - AALHR7522P)

In the matter of Vikas Proppant and Granite Limited

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India ('hereinafter referred to as **'SEBI'**) conducted investigation in the matter of trading activities of certain entities in the scrip of Vikas Proppant and Granite Limited (hereinafter referred to as the **'VPGL'** or **'Company'**). The focus of the investigation was to ascertain whether there was any violation of provisions of SEBI Act, 1992, SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter

referred to as **“PFUTP Regulations”**), SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as **“SAST Regulations**”) and SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as **“PIT Regulations”**) by certain entities while trading in the scrip of VPGL during the period from June 22, 2018 to August 30, 2019 (hereinafter referred to as **‘Investigation Period’** or **‘IP’**). However, wherever deemed necessary, reference has been made to outside Investigation Period also.

2. Based on findings of the investigation, SEBI *inter-alia* initiated adjudication proceedings against Aashu Garg (**‘Noticee no.- 1’**), Amit Babbar (**‘Noticee no.- 2’**), Girish Kansal (**‘Noticee no.- 3’**), Nir Singh Sindhu (**‘Noticee no.- 4’**), Sanjay Pareek (**‘Noticee no.- 5’**), Shweta Pareek (**‘Noticee no.- 6’**), Rajesh Garg HUF (**‘Noticee no.- 7’**), Anguri Devi Garg (**‘Noticee no.- 8’**) and Rajesh Kumar HUF (**‘Noticee no.- 9’**) {hereinafter together referred to as **‘Noticees’**} for violating the provisions of the following of Acts, Rules and Regulations:

    a) Violation of the provisions of Section 12 A (a), (b), (c) of the SEBI Act, 1992 read with Regulations 3 (a), (b), (c), (d), 4(1) and 4(2) (a) of PFUTP Regulations by Noticee no.- 1, Noticee no.- 2, Noticee no.- 3 and Noticee no.- 4.

    b) Violation of the provisions of Regulation 29 (2) read with Regulation 29 (3) of the SAST Regulations by Noticee no.- 2, Noticee no.- 3 and Noticee no.- 4.

    c) Violation of the provisions of Section 2 (i) (a) of the SC(R) Act, 1956 read with Section 13, 16 & 18 of the SC(R) Act, 1956 and SEBI Notification No. LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013 by Noticee no.- 5, Noticee no.- 6, Noticee no.- 7, Noticee no.- 8 and Noticee no.- 9.

APPOINTMENT OF ADJUDICATING OFFICER

3. SEBI had appointed Shri G. Ramar, Chief General Manager as the Adjudicating Officer, vide order dated May 15, 2023, under Section 19 of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **‘SEBI Act, 1992’**) read with Section 15-I (1) of the SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to

as **'SEBI Adjudication Rules, 1995'**) and under section 23-I of the SC(R) Act, 1956 read with Rule 3 of Securities Contracts (Regulations) (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005 (hereinafter referred to as **'SCR Adjudication Rules, 2005'**) to inquire into and adjudge under the provisions of the Section 15A(b) and Section 15HA of the SEBI Act, 1992 and Section 23H of the SC(R) Act, 1956 for the violations alleged to have been committed by the Noticees. Thereafter, vide order dated July 25, 2023, the Competent Authority has approved the transfer of the instant matter to the undersigned for adjudication proceedings.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A common Show Cause Notice dated September 06, 2023 (hereinafter referred to as **'SCN'**) was issued to the Noticees in terms of the provisions of Rule 4(1) of the SEBI Adjudication Rules read with Section 15-I of the SEBI Act, 1992; and Rule 4(1) of the SCR Adjudication Rules read with Section 23-I of the SCRA, 1956, requiring the Noticees to show cause as to why an inquiry should not be held against them and why penalty, if any, should not be imposed upon the Noticees under Section 15HA of the SEBI Act, 1992 or Section 15HA and 15A(b) of the SEBI Act, 1992 or Section 23H of the SC(R) Act, 1956 for the alleged violations, as mentioned below in the table:

Table No. 1

Noticee No.	Name of Noticee	Violations alleged to have been committed by Noticee	Penalty provisions
1	Aashu Garg	• Section 12 A (a), (b), (c) of the SEBI Act, 1992 read with Regulations 3 (a), (b), (c), (d), 4(1) and 4(2) (a) of PFUTP Regulations.	Section 15HA of the SEBI Act, 1992.
2	Amit Babbar	• Section 12 A (a), (b), (c) of the SEBI Act, 1992 read with Regulations 3 (a), (b), (c), (d), 4(1) and 4(2) (a) of PFUTP Regulations. • Regulation 29 (2) of SAST Regulations read with Regulation 29 (3) of SAST Regulations.	Section 15HA and 15A(b) of the SEBI Act, 1992.

3	Girish Kansal	• Section 12 A (a), (b), (c) of the SEBI Act, 1992 read with Regulations 3 (a), (b), (c), (d), 4(1) and 4(2) (a) of PFUTP Regulations. • Regulation 29 (2) of SAST Regulations read with Regulation 29 (3) of SAST Regulations.	Section 15HA and 15A(b) of the SEBI Act, 1992.
4	Nir Singh Sindhu	• Section 12 A (a), (b), (c) of the SEBI Act, 1992 read with Regulations 3 (a), (b), (c), (d), 4(1) and 4(2) (a) of PFUTP Regulations. • Regulation 29 (2) of SAST Regulations read with Regulation 29 (3) of SAST Regulations.	Section 15HA and 15A(b) of the SEBI Act, 1992.
5	Sanjay Pareek	• Section 2 (i) (a) of the SC(R) Act, 1956 read with Section 13, 16 & 18 of the SC(R) Act, 1956 and SEBI Notification No. LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013.	Section 23H of the SC(R) Act, 1956.
6	Shweta Pareek	• Section 2 (i) (a) of the SC(R) Act, 1956 read with Section 13, 16 & 18 of the SC(R) Act, 1956 and SEBI Notification No. LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013.	Section 23H of the SC(R) Act, 1956.
7	Rajesh Garg HUF	• Section 2 (i) (a) of the SC(R) Act, 1956 read with Section 13, 16 & 18 of the SC(R) Act, 1956 and SEBI Notification No. LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013.	Section 23H of the SC(R) Act, 1956.
8	Anguri Devi Garg	• Section 2 (i) (a) of the SC(R) Act, 1956 read with Section 13, 16 & 18 of the SC(R) Act, 1956 and SEBI Notification No. LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013.	Section 23H of the SC(R) Act, 1956.
9	Rajesh Kumar HUF	• Section 2 (i) (a) of the SC(R) Act, 1956 read with Section 13, 16 & 18 of the SC(R) Act, 1956 and SEBI Notification No. LAD-	Section 23H of the SC(R) Act, 1956.

		NRO/GN/2013-14/26/6667 dated October 03, 2013.	

5. I note that SCN issued to the Noticees was duly served upon the Noticees and it was acknowledged by the Noticees. The detail of the delivery and the mode of delivery of the SCN to the Noticees is given below:

Table No. 2

Sr. No.	Entity	SCN Delivery status: Yes / No	Mode of the delivery
1	Noticee no.- 1	Yes	E-mail and SPAD*
2	Noticee no.- 2	Yes	E-mail and SPAD
3	Noticee no.- 3	Yes	E-mail and SPAD
4	Noticee no.- 4	Yes	E-mail and SPAD
5	Noticee no.- 5	Yes	E-mail and SPAD
6	Noticee no.- 6	Yes	E-mail and SPAD
7	Noticee no.- 7	Yes	E-mail and SPAD
8	Noticee no.- 8	Yes	E-mail and SPAD
9	Noticee no.- 8	Yes	E-mail and SPAD

* Speed post Acknowledgement Due is referred to as SPAD.

6. Therefore, from the above table, I note that the service of SCN to all the Noticees was completed and sufficient notice was given to them.

7. Noticees submitted their reply to the SCN through their respective letters/e-mails. The detail of replies to the SCN submitted by the Noticees is as under:

Table No. 3

Sr. No.	Entity	Reply given: Yes / No	Date of reply
1	Noticee no.- 1	Yes	September 27, 2023 and October 30, 2023
2	Noticee no.- 2	Yes	November 27, 2023
3	Noticee no.- 3	No	Reply not submitted
4	Noticee no.- 4	Yes	September 25, 2023

Sr. No.	Entity	Reply given: Yes / No	Date of reply
5	Noticee no.- 5	Yes	October 27, 2023
6	Noticee no.- 6	Yes	October 27, 2023
7	Noticee no.- 7	Yes	October 09, 2023 and one undated letter
8	Noticee no.- 8	Yes	October 09, 2023 and one undated letter
9	Noticee no.- 9	Yes	Undated letter

8. I note that Noticee no.- 3, vide e-mail dated September 28, 2023, acknowledged the receipt of the SCN and requested for extension of 15 days' time to submit reply to the SCN. Considering his request, time till October 16, 2023 was granted to him for furnishing reply to the SCN. However, Noticee no.- 3 did not furnish his reply to the SCN despite giving multiple reminders to him.

9. In the interest of natural justice, opportunities of hearing through video conference on cisco webex platform, were granted to the Noticees. The detail of Hearing Notices (hereinafter referred to as '**HN'**) served to the Noticees and hearings conducted is as under:

Table No. 4

Noticee No.	HN Delivery status: Yes / No	Hearing conducted / availed: Yes / No	Date of HN	Date on which hearing was scheduled / conducted and its status
Noticee no.- 1	Yes	Yes	November 07, 2023	Hearing conducted on December 05, 2023
Noticee no.- 2	Yes	Yes	November 07, 2023	Hearing conducted on December 01, 2023
Noticee no.- 3	Yes	Not availed	November 07, 2023	Not availed the hearing scheduled on December 01, 2023
Noticee no.- 4	Yes	Yes	November 07, 2023	Hearing conducted on December 01, 2023

Noticee No.	HN Delivery status: Yes / No	Hearing conducted / availed: Yes / No	Date of HN	Date on which hearing was scheduled / conducted and its status
Noticee no.- 5	Yes	Yes	November 07, 2023	Hearing conducted on December 01, 2023
Noticee no.- 6	Yes	Yes	November 07, 2023	Hearing conducted on December 01, 2023
Noticee no.- 7	Yes	Yes	November 07, 2023	Hearing conducted on December 05, 2023
Noticee no.- 8	Yes	Yes	November 07, 2023	Hearing conducted on December 05, 2023
Noticee no.- 9	Yes	Yes	November 06, 2023	Hearing conducted on November 30, 2023

10. Since the Noticee no.- 3 did not avail the opportunity of hearing scheduled on December 01, 2023, vide e-mail dated December 01, 2023, he was advised that if he has any submissions in the matter, the same may be furnished by December 08, 2023, otherwise, it shall be presumed that Noticee has no submissions to make, in which case, the matter shall be proceeded with on the basis of material / facts available on record. However, Noticee no.- 3 failed to make any submission in the matter.

11. The allegations levelled against the Noticees in the SCN are summarised as under:

"<u>Changes in shareholdings and Non-disclosures under SAST Regulations:</u>

(Noticee no.- 2, 3 and 4)

(1) *The Regulation 29(2) of SAST Regulations specifies that any person, who together with persons acting in concert (PAC) with him, holds shares or voting rights entitling them to 5% or more of the shares or voting rights in a company, to disclose the number of shares or voting rights held and change in shareholding or voting rights if there has been change in such holdings from the last disclosure made under Regulation 29(1) or 29(2) of the SAST Regulations exceeding 2% of total shareholding the company. Further, as per Regulation 29(3) of the SAST Regulations, the said disclosure shall be made within two working days. of the receipt of intimation of allotment of shares, or the acquisition or the disposal of shares or voting rights in the target company to every stock exchange where the shares of the target company are listed and the target company at its registered office.*

(2) *It was observed that the shareholding of Noticee no.- 2, Noticee no.- 3 and Noticee no.- 4 was changed during the investigation period, as detailed below:*

Table No.-5: Changes in shareholdings and status of disclosures

Transaction Date	***Name of Entity***	***PAN***	***Holding as on June 30, 2018***	***% of Holding as on 30/06/2018***	***Off-market / Exchange***	***Qty. Acquired***	***Qty. Disposed***	***Cumulative Shareholding***	***% of Cumulative Shareholding***	***% change in shareholding for disclosure trigger***	***Disclosure required under SAST Reg.***	***Whether disclosure submitted***
30/06/2018	*Amit Babbar (Noticee no.- 2)*	*AGNPB2362F*	*10655980*	*5.88*	*BSE*			*10655980*	*5.88*		*NA*	
09/10/2018					*Off-market*		*10000000*	*655980*	*0.36*	*-5.52*	*Reg. 29(2)*	*NO*
26/06/2018	*Girish Kansal (Noticee no.- 3)*	*AXKPK8061C*	*22000000*	*12.14*	*BSE*			*22000000*	*12.14*		*NA*	
19/11/2018					*Off-market*		*1000000*	*21000000*	*11.59*		*NA*	
19/11/2018					*Off-market*		*1000000*	*20000000*	*11.04*		*NA*	
19/11/2018					*Off-market*		*10000000*	*10000000*	*5.52*	*-6.62*	*Reg. 29(2)*	*NO*
28/11/2018					*Off-market*		*10000000*	*0*	*0.00*	*-5.52*	*Reg. 29(2)*	*NO*
26/06/2018	*Nir Singh Sindhu (Noticee no.- 4)*	*BQXPS6562B*	*19000000*	*10.49*	*BSE*			*19000000*	*10.49*		*NA*	
24/10/2018					*Off-market*		*8500000*	*10500000*	*5.80*	*-4.69*	*Reg. 29(2)*	*NO*
24/10/2018					*Off-market*		*1000000*	*9500000*	*5.24*		*NA*	
24/10/2018					*Off-market*		*8500000*	*1000000*	*0.55*	*-5.25*	*Reg. 29(2)*	*NO*
24/10/2018					*Off-market*		*1000000*	*0*	*0.00*		*NA*	

(a) *Noticee no.- 2 disposed of 1,00,00,000 shares of VPGL in off-market transaction on 09/10/2018, thereby his shareholding in the Company was reduced from 5.88% to 0.36% (change of 5.52%), which triggered the disclosure requirement (at 1 instance) under Regulation 29 (2) of SAST Regulations.*

(b) *Noticee no.- 3 disposed of 1,20,00,000 shares of VPGL in 3 off-market transactions on 19/11/2018, thereby his shareholding in the Company was reduced from 12.14% to 5.52% (change of 6.62%). Noticee no.- 3 further disposed of 1,00,00,000 shares of VPGL in off-market transaction on 28/11/2018, thereby his shareholding in the Company was reduced from 5.52% to 0.00% (change of 5.52%). These off-market transactions triggered the disclosure requirements (at 2 instances) under Regulation 29 (2) of SAST Regulations.*

(c) *Noticee no.- 4 disposed of 85,00,000 shares of VPGL in off-market transaction on 24/10/2018, thereby his shareholding in the Company was reduced from 10.49% to 5.80% (change of 4.69%). Noticee no.- 4 further disposed of 95,00,000 shares of VPGL in 2 off-market transactions on 24/10/2018, thereby his shareholding in the Company was reduced from 5.80% to 0.55% (change of 5.25%). These off-market transactions triggered the disclosure requirements (at 2 instances) under Regulation 29 (2) of SAST Regulations.*

(3) *In this regard, BSE vide its email dated July 15, 2022, provided details regarding disclosures and confirmed that aforesaid Noticees have failed to make necessary disclosures with respect to above mentioned off-market transactions in the shares of VPGL under the SAST Regulations during the investigation period.*

(4) *In view of the above, it is alleged that the Noticee no.- 2, Noticee no.- 3 and Noticee no.- 4 have failed to make disclosures under the SAST Regulations and therefore have*

violated the provisions of Regulation 29 (2) read with Regulation 29 (3) of the SAST Regulations.

<u>Disposal of shares by Promoter and Directors of VPGL:</u>

(Noticee no.- 2, 3 and 4)

<u>Off-market disposal of shares:</u>

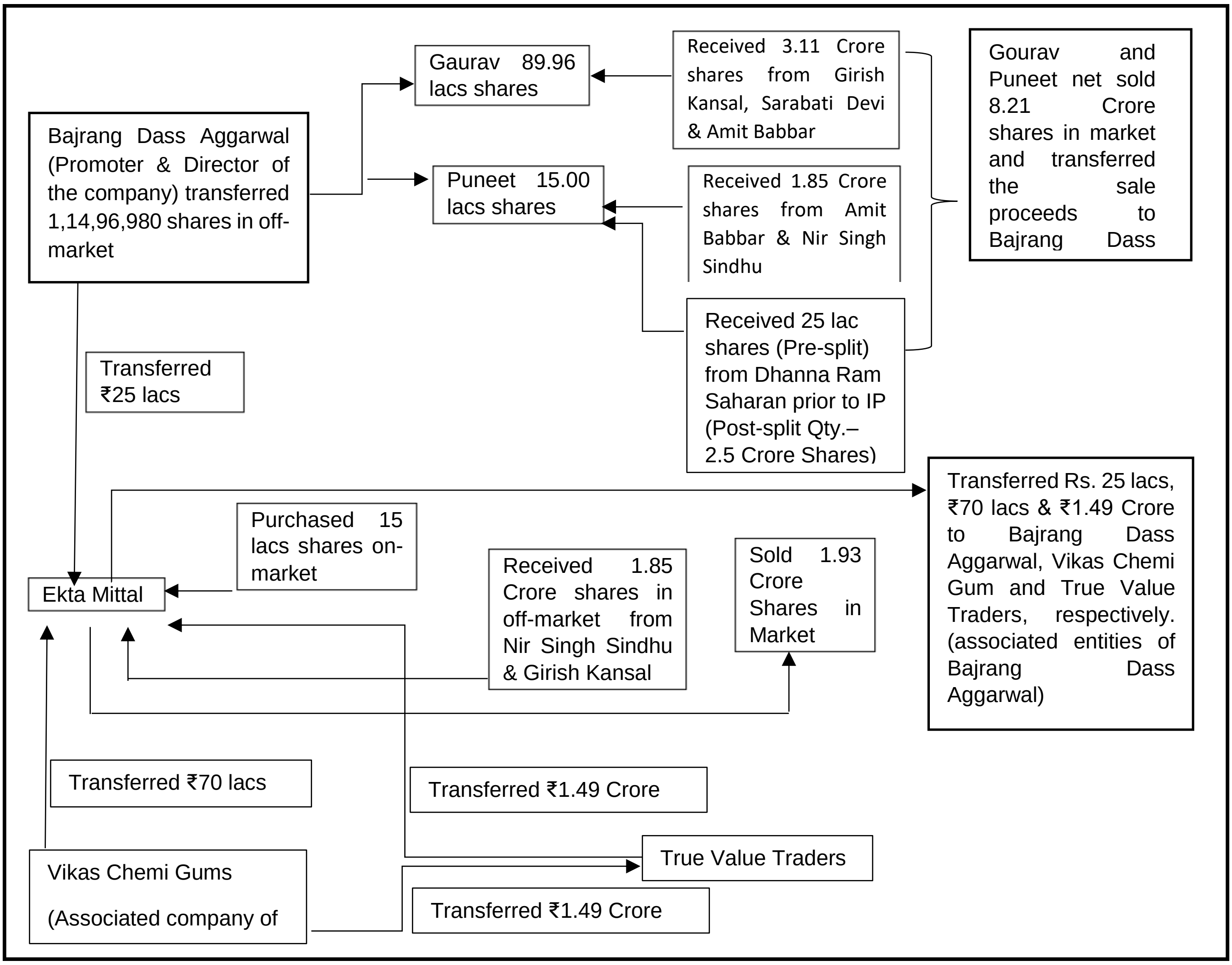
(5) *During the investigation period, it is observed that the Bajrang Dass Aggarwal and some of its related entities disposed the shares of VPGL in off-market. The details of the same are as follows:*

Table No.-6: Off-market disposal of shares of VPGL

S. N.	Date	Source Client Name	Target Client Name	Source Client BOID	Target Client BOID	Transferred Qty.
1.	01/01/2019	Bajrang Dass Aggarwal	Puneet	IN30133019413414	1208160004371835	15,00,000
2.	01/01/2019	Bajrang Dass Aggarwal	Gourav	IN30133019413414	1208160014491813	35,00,000
3.	03/01/2019	Bajrang Dass Aggarwal	Sanjay Pareek	IN30133019413414	1201210100777109	5,00,000
4.	03/01/2019	Bajrang Dass Aggarwal	Shweta Pareek	IN30133019413414	1201210100777132	5,00,000
5.	04/01/2019	Bajrang Dass Aggarwal	Gourav	IN30133019413414	1208160014491813	50,00,000
6.	04/01/2019	Bajrang Dass Aggarwal	Gourav	IN30133019413414	1208160014491813	4,96,980
7.	24/10/2018	Nir Singh Sindhu	Vikas Garg HUF	1201910103144390	1208240000004134	10,00,000
8.	24/10/2018	Nir Singh Sindhu	Rajesh Garg HUF	1201910103144390	1208240000018198	10,00,000
9.	24/10/2018	Nir Singh Sindhu	Puneet	1201910103144390	1208160004371835	85,00,000
10.	24/10/2018	Nir Singh Sindhu	Ekta Mittal	1201910103144390	1201770101189766	85,00,000
11.	09/10/2018	Amit Babbar	Puneet	IN30051315406366	1208160004371835	1,00,00,000
12.	02/04/2019	Amit Babbar	Gourav	IN30133020081334	1208160014491813	1,90,000
13.	23/01/2019	Sarabati Devi	Gourav	1201910103144445	1208160014491813	2,10,00,000
14.	28/11/2018	Girish Kansal	Gourav	1201910103155820	1208160014491813	1,00,00,000
15.	19/11/2018	Girish Kansal	Ekta Mittal	1201910103155820	1201770101189766	1,00,00,000
16.	19/11/2018	Girish Kansal	Rajesh Kumar HUF	1201910103155820	1207080000051170	10,00,000

(6) *It was observed that some of the abovementioned entities also had fund transactions with Bajrang Dass Aggarwal and his related entities in addition to receipt of shares of VPGL in off-market and disposal of the shares in the market on BSE. A brief chart is placed below:*

Chart-1



(7) It was further observed during the investigation that entities viz. Amit Babbar, Girish Kansal and Nir Singh Sindhu were employed by Bajrang Dass Aggarwal in his group company viz. Vikas WSP Limited where Bajrang Dass Aggarwal was Promoter and Chairman cum Managing Director. The employment details of Amit Babbar was confirmed by Vikas WSP Limited vide email dated November 10, 2022, wherein it was submitted that he was Chief Engineer (Production). Further, Vikas WSP Limited vide its email denied that Girish Kansal and Nir Singh Sindhu were its employees. It is observed from the documents available in MCA database that Amit Babbar, Girish Kansal, Nir Singh Sindhu, Sharebati Devi and Dhanna Ram Saharan were allotted the aforesaid shares of VPGL in preferential allotment made by the company on September 15, 2008.

Transactions in the account of Amit Babbar (Noticee no.- 2)

(8) During investigation, it is observed that large quantity of shares of VPGL were transferred from the demat account of Amit Babbar to Puneet and Gourav in off-market. In this regard, information was sought from Amit Babbar vide email dated October 11, 2022 and Summons dated October 31, 2022 was issued to him. Amit Babbar vide his reply dated November 16, 2022 made the submissions.

(9) *During investigation, it is observed that Amit Babbar had transferred 1,01,90,000 shares of VPGL to Gourav and Puneet (1,90,000 shares to Gourav and 1,00,00,000 shares to Puneet). It is also observed that Puneet and Gourav sold these shares in market on BSE and transferred the sale proceeds to Bajrang Dass Aggarwal. The same has been analysed in detail in later paragraphs of this Notice. It is also observed that Amit Babbar sold 4,65,980 shares of VPGL during October 26, 2018 to March 13, 2019. In this regard, Amit Babbar stated that he sold these shares on the instructions of Late Bajrang Dass Aggarwal and has kept the sale proceeds with him. He further stated that Vikas WSP Ltd. had not paid him salary (including other employees) for a long time due to financial stress. Thus, he has kept the consideration from sale of aforesaid shares with him as security against his pending salary dues.*

(10) *Thus, it is observed from the reply of Amit Babbar that he was an employee in Vikas WSP Ltd and Bajrang Dass Aggarwal exercised control over him as Promoter and CMD of Vikas WSP Ltd. Further, Gourav and Puneet, who had received the shares of VPGL in off-market from Amit Babbar, transferred the on-market sale proceeds from sale of the said shares of VPGL to Bajrang Dass Aggarwal. As mentioned above, the said shares were allotted to Amit Babbar in preferential allotment made by the company on September 15, 2008. Thus, Amit Babbar was being used as mule account/ front entity by Bajrang Dass Aggarwal to keep his own shares of VPGL. Thus, Bajrang Dass Aggarwal was the real beneficial owner of the said shares of VPGL which were kept by him in the name of Amit Babbar.*

Transactions in the account of Girish Kansal (Noticee no.- 3)

(11) *During investigation, it is observed that large quantity of shares of VPGL were transferred from the demat account of Girish Kansal to Gourav, Ekta Mittal and Rajesh Kumar HUF in off-market. In this regard, information was sought from Girish Kansal vide email dated October 11, 2022 and Summons dated October 31, 2022 was issued to him. Girish Kansal vide his letter dated November 21, 2022 made the submissions.*

(12) *It was also observed from the reply of Girish Kansal and the analysis of his bank account statement (A/c No. 3959000100076657 in Punjab National Bank) that he had transferred the consideration he had received against off-market sale of the shares of VPGL from the transferees to Bimla Devi Jindal (Wife of Bajrang Dass Aggarwal, MD of VPGL) (A/c No. 3959000100111170 in Punjab National Bank). The brief details from the aforesaid bank account are given below:*

Table No.-7: Relevant details from bank account of Girish Kansal

Consideration paid by	*Date of receipt of consideration by Girish Kansal*	*Amt. received ()*		*Date of fund transfer from Girish Kansal*	*Amt. transferred to*	*Amt. transferred (₹)*
Ekta Mittal	*20/11/2018*	*25,00,000*		*20/11/2018*	*Bimla Devi Jindal*	*36,05,000*
Rajesh Kumar HUF	*20/11/2018*	*11,05,000*		*26/11/2018*	*Bimla Devi Jindal*	*5,00,000*
Anguri Devi Garg	*26/11/2018*	*5,00,000*		*26/11/2018*	*Bimla Devi Jindal*	*23,00,000*
Ekta Mittal	*26/11/2018*	*23,00,000*		*27/11/2018*	*Bimla Devi Jindal*	*68,00,000*
Ekta Mittal	*27/11/2018*	*68,00,000*		*27/11/2018*	*Bimla Devi Jindal*	*65,00,000*
Ekta Mittal	*27/11/2018*	*65,00,000*		*27/11/2018*	*Bimla Devi Jindal*	*44,00,000*
Ekta Mittal	*27/11/2018*	*44,00,000*		*01/12/2018*	*Bimla Devi Jindal*	*11,05,000*
Rajesh Kumar HUF	*01/12/2018*	*11,05,000*		*04/12/2018*	*Bimla Devi Jindal*	*64,00,000*
Gourav	*04/12/2018*	*64,00,000*		*28/01/2019*	*Bimla Devi Jindal*	*10,00,000*

Anguri Devi Garg	28/01/2019	10,00,000		20/03/2019	Bimla Devi Jindal	7,10,000
Anguri Devi Garg	20/03/2019	7,10,000				
	TOTAL	**3,33,20,000**				**3,33,20,000**

(13) *Thus, as observed from the bank statement of Girish Kansal and his reply it is alleged that he was a clerical level employee in Vikas WSP Ltd and Bajrang Dass Aggarwal exercised control over him as promoter and CMD of Vikas WSP Ltd. Further, it is alleged that Girish Kansal was being used as mule account/ front entity by Bajrang Dass Aggarwal/ Bimla Devi Jindal to keep their own shares of VPGL as the entire consideration from off-market sale of these shares was transferred by Girish Kansal to Bimla Devi Jindal who is wife of Bajrang Dass Aggarwal and also one of the promoters of Vikas WSP Ltd. As mentioned above, the said shares were allotted to Girish Kansal in preferential allotment made by the company on September 15, 2008. Thus, it is alleged that Bajrang Dass Aggarwal and Bimla Devi Jindal were the real beneficial owners of the said shares of VPGL which were kept by them in the name of Girish Kansal.*

Transactions in the account of Nir Singh Sindhu (Noticee no.- 4)

(14) *During investigation, it is observed that large quantity of shares of VPGL were transferred from the demat account of Nir Singh Sindhu to Vikas Garg HUF, Rajesh Garg HUF, Puneet and Ekta Mittal in off-market. In this regard, information was sought from Nir Singh Sindhu vide email dated October 11, 2022 and Summons dated October 31, 2022 was issued to him. Nir Singh Sindhu vide his letter dated November 15, 2022 and handwritten undated letter submitted vide email dated December 03, inter alia, submitted that he was employed as a Peon in Vikas WSP Limited and his annual income was ₹1,48,800. He used to receive salary through cheque till February 2015 and later company paid salary in cash. He was removed from the job in February 2021 after the death of Bajrang Dass Aggarwal.*

(15) *It was also observed from the reply of Nir Singh Sindhu and the analysis of his bank account statement (A/c No. 3959000400049100 in Punjab National Bank) that he had transferred the consideration he had received against off-market sale of the shares of VPGL from the transferees to Bajrang Dass Aggarwal (A/c No. 3959002100009059 in Punjab National Bank). The brief details from the aforesaid bank account are given below:*

Table No.-8: Relevant details from bank account of Nir Singh Sindhu

Consideration paid by	**Date of receipt of consideration by Nir Singh Sindhu**	**Amt. received (₹)**		**Date of fund transfer from Nir Singh Sindhu**	**Amt. transferred to**	**Amt. transferred (₹)**
Vikas Garg HUF	25/10/2018	16,80,000		25/10/2018	Bajrang Dass Aggarwal	25,00,000
Rajesh Garg HUF	25/10/2018	8,20,000		26/10/2018	Bajrang Dass Aggarwal	50,00,000
Ekta Mittal	26/10/2018	50,00,000		30/10/2018	Bajrang Dass Aggarwal	20,50,000
Ekta Mittal	30/10/2018	25,00,000		30/10/2018	Bajrang Dass Aggarwal	4,50,000
Ekta Mittal	31/10/2018	44,00,000		31/10/2018	Bajrang Dass Aggarwal	44,00,000
Rajesh Garg HUF	30/03/2019	8,60,000		30/03/2019	Bajrang Dass Aggarwal	8,60,000
TOTAL		**1,52,60,000**				**1,52,60,000**

(16) *Therefore, as observed from reply of Nir Singh Sindhu, it is alleged that he was a lower level employee (Peon) in Vikas WSP Ltd. and Bajrang Dass Aggarwal exercised control over him as promoter and CMD of Vikas WSP Ltd. Further, it is also alleged that Nir*

Singh Sindhu was being used as mule account/ front entity by Bajrang Dass Aggarwal to keep his own shares of VPGL, as the entire consideration from off-market sale of these shares was transferred by Nir Singh Sindhu to Bajrang Dass Aggarwal. As mentioned above, the said shares were allotted to Nir Singh Sindhu in preferential allotment made by the company on September 15, 2008. Thus, it is alleged that Bajrang Dass Aggarwal was the real beneficial owner of the said shares of VPGL which were kept by him in the name of Nir Singh Sindhu.

Transactions in the account of Sarabati Devi

(17) It is observed from the documents received from CDSL w.r.t. the transfer of 2,10,00,000 shares of VPGL from the demat account of Sarabati Devi to Gourav that Sarabati Devi died on February 28, 2014 and these shares were transmitted from her demat account to Gourav in terms of the Court Decree No. 44/18 (33/18) dated May 29, 2018 passed by District and Sessions Court, Shriganganagar, Rajasthan in the matter of Gourav Gupta v/s Sarabati Devi & others. It is also observed from the said court decree that the address of Sarabati Devi is mentioned as "123, Vinoba Basti, Shri Ganganagar, Rajasthan" which is same as the address of the promoters of the company viz. Bajrang Dass Aggarwal, Bimla Devi Jindal and Kamini Jindal.

(18) Bimla Devi Jindal and Kamini Jindal submitted in their statements that they do not know Sarabati Devi and also do not know why her address is same as theirs. Further, as Sarabati Devi has died, no information could be obtained from her. However, it is also observed that Gourav sold these shares in market on BSE and transferred the sale proceeds to Bajrang Dass Aggarwal.

<u>Sale of shares of VPGL in the market and transfer of sale proceeds to Bajrang Dass Aggarwal:</u>

(19) As mentioned above, it is observed during investigation that the entities viz. Puneet and Gourav received shares through off-market transactions from Bajrang Dass Aggarwal and his related entities, and subsequently sold these shares in market and transferred the sale proceeds to Bajrang Dass Aggarwal. The details of the said transactions are stated in the following paragraphs.

Sale of Shares by Puneet (PAN - CMNPP7587E):

(20) During investigation, it is observed that Puneet received a total of 2,00,00,000 shares of VPGL during the IP from Bajrang Dass Aggarwal and his associated entities i.e. 15,00,000 shares from Bajrang Dass Aggarwal, 85,00,000 shares from Nir Singh Sindhu and 1,00,00,000 shares from Amit Babbar.

(21) It is further noticed from the trading details of Puneet that he net-sold 4,19,40,000 shares of VPGL during the investigation period through his trading account with Zerodha Broking Ltd. as given below in the table:

Table No.-9

CLIENT NAME	BUY_TRADED_QTY	BUY VALUE (₹)	SELL_TRADED_QTY	SELL VALUE (₹)
Puneet	2,89,289	4,37,433	4,22,29,289	6,84,46,776

(22) *Further, it is observed from the bank A/c No. 00000036963657114 (State Bank of India) of Puneet which was linked with his trading account in Zerodha Broking Ltd. that he transferred the proceeds from sale of shares of VPGL to Bajrang Dass Aggarwal (A/c No. 3959002100009059 in Punjab National Bank) and Bimla Devi Jindal (A/c No. 3959000100111170 in Punjab National Bank) during the IP. The brief details of bank transactions during the IP is placed below:*

Table No.-10

Funds received by Puneet from	*Value (₹)*	*Funds Transferred by Puneet to*	*Value (₹)*
Zerodha Broking Ltd.	*14,20,21,000*	*Bajrang Dass Aggarwal*	*11,44,43,540*
		Bimla Devi Jindal	*5,00,000*
		Gourav	*5,00,000*

(23) *As detailed in the table above, it is observed from the above that Puneet transferred ₹11.44 Crore to Bajrang Dass Aggarwal ₹5 lakh to Bimla Devi Jindal during the IP out of funds it received from Zerodha Broking Ltd. against sale of shares in his trading account including shares of VPGL worth ₹6.84 Crore sold by him during the IP.*

(24) *With regard to the aforesaid transactions, Puneet inter alia submitted that his paternal uncle Late Ram was operating their accounts and he does not know anything about the transaction in the shares of VPGL in his accounts. Further, vide email dated December 24, 2022, Puneet submitted the death certificate of Shri Ram as per which he died on April 14, 2021. Thus, no further information could be ascertained from Late Ram in the matter. However, it is observed from the trading details of Puneet as obtained from the stock exchanges, that Puneet has carried out a sell transaction in the scrip of VPGL in July 2022 i.e. even after the death of Shri Ram. The brief details of sell transaction carried out by Puneet in the scrip of VPGL in July 2022 are placed below:*

Table No.-11

Name of Entity	*Years*	*Month*	*Sell Qty. on NSE*	*Sell Qty. on BSE*
Puneet	*2022*	*July*	*17,82,500*	*22,17,500*

(25) *Thus, trading pattern of Puneet indicates that he was fully aware and dealt in the scrip of VPGL during the IP. It is further observed from the submissions made by Puneet that he is educated and runs a printing business. Thus, it is reasonable to infer that he fully understands the importance of bank and trading accounts. Further, multiple high value transactions have been carried out in his trading and bank account. There was no reason from him to be under any pressure/ influence to let anyone use his trading and bank account let alone his own paternal uncle. Further, he has not submitted any document to demonstrate that his accounts were opened and operated without his knowledge by his paternal uncle.*

Sale of Shares by Gourav (PAN - BULPG4710P)

(26) *During investigation, it is observed that Gourav received a total of 4,01,86,980 shares of VPGL during the IP from Bajrang Dass Aggarwal and his associated entities i.e.*

89,96,980 shares from Bajrang Dass Aggarwal, 1,90,000 shares from Amit Babbar, 1,00,00,000 shares from Girish Kansal and 2,10,00,000 shares from Sarabati Devi.

(27) Further, it is observed from the trading details of Gourav that he net-sold 4,01,86,980 shares of VPGL during the investigation period through his trading account with Zerodha Broking Ltd. The details are given below in the table:

Table No.-12

CLIENT NAME	*BUY_TRADED_QTY*	*BUY VALUE (₹)*	*SELL_TRADED_QTY*	*SELL VALUE (₹)*
Gourav	*5,00,000*	*12,43,173*	*4,06,86,980*	*23,39,28,733*

(28) It is further observed from the bank A/c No. 1946001500161101 (Punjab National Bank) of Gourav which was linked with his trading account in Zerodha Broking Ltd. that he transferred the proceeds from sale of shares of VPGL to Bajrang Dass Aggarwal (A/c No. 3959002100009059 in Punjab National Bank) and Bimla Devi Jindal (A/c No. 3959000100111170 in Punjab National Bank) during the IP. The brief details of bank transactions of Gourav during the IP is placed below:

Table No.-13

Funds received by Gourav from	***Value (₹)***	***Funds Transferred by Gourav to***	***Value (₹)***
Zerodha Broking Ltd.	*24,63,89,000*	*Bajrang Dass Aggarwal*	*21,36,30,000*
		Bimla Devi Jindal	*5,00,000*
		Puneet	*26,65,200*

(29) It is observed from the above that Gourav transferred ₹21.36 Crore to Bajrang Dass Aggarwal and ₹5 lakh to Bimla Devi Jindal during the IP out of funds it received from Zerodha Broking Ltd. against sale of shares in his trading account including shares of VPGL worth ₹23.39 Crore sold by him during the IP.

(30) With regard to the aforesaid transactions, Gourav inter alia submitted that his paternal uncle Late Ram was operating his account and he does not know anything about the transactions in the shares of VPGL in his account. The veracity of his claims could not be ascertained as Late Ram has passed away. However, it is observed from the trading details of Gourav that he has carried out multiple transactions in shares even after the death of his paternal uncle Shri Ram.

(31) Thus, it is noted that Gourav has carried out transactions in shares even after the death of Shri Ram and his submission that his account was controlled by Shri Ram during the IP is not satisfactory.

(32) Therefore, his trading pattern indicates that he was fully aware and dealt in the scrip of VPGL during the IP. It is further observed from the submissions made by Gourav is educated and runs a printing business. Thus, it is reasonable to infer that he fully understands the importance of bank and trading accounts. Further, multiple high value transactions have been carried out in his trading and bank account. There was no reason from him to be under any pressure/ influence to let anyone use his trading and bank

account let alone his own paternal uncle. Further, he has not submitted any document to demonstrate that his accounts were opened and operated without his knowledge by his paternal uncle.

Sale of Shares by Ekta Mittal (PAN - DOEPM8683E)

(33) *During investigation, it is observed that Ekta Mittal received a total of 1,85,00,000 shares of VPGL during the IP from the associated entities of Bajrang Dass Aggarwal and i.e. 85,00,000 shares from Nir Singh Sindhu and 1,00,00,000 shares from Girish Kansal. Further, as also mentioned above, Nir Singh Sindhu and Girish Kansal transferred the sale proceeds from the said off-market transaction to Bajrang Dass Aggarwal and Bimla Devi Jindal, respectively.*

(34) *The details of the source of funds for buying shares of VPGL in off-market was sought from Ekta Mittal. She, vide email dated November 4 and 11, 2022, submitted that she took loan from below mentioned entities which was later repaid by her, as given in the table below:*

Table No.-14

Account	***Loan Amt. (₹)***	***Relation as provided by Ekta Mittal***
Ajay Trading Company	*10,00,000.00*	*Father's Friend*
Bajrang Dass Jindal	*25,00,000.00*	*Father's Friend*
Deep Chand Meena	*4,00,000.00*	*Father's Friend*
Sewa Ram Ashok Kumar	*8,50,000.00*	*Father's Friend*
Sunil Kumar Meena	*3,00,000.00*	*Father's Friend*
Swastik Textiles	*11,50,000.00*	*Father's Friend*
True Value Traders	*1,49,00,000.00*	*Family Relative*
Vijay Kumar	*16,00,000.00*	*Father's Friend*
Vikas Chemi Gums	*70,00,000.00*	*Late Bajrang Dass Aggarwal's Sister Concern*

(35) *It is observed from the above table, that Ekta Mittal had received ₹25 lakh directly from Bajrang Dass Aggarwal and ₹70 lakh from Vikas Chemi Gums (India) Limited which is controlled by Bajrang Dass Aggarwal wherein he held 65.12% shareholding. Further, it was also observed that Ekta Mittal had received large sum of ₹1.49 crore from True Value Traders. Thus, the bank account statement of True Value Traders (A/c No. 1940002100083686 in Punjab National Bank) was obtained from the bank for analysis. It was observed that the entire amount of ₹1.49 crore that True Value Traders transferred to Ekta Mittal was received by it from Vikas Chemi Gums (India) Limited. The details are placed below:*

Table No.-15

Tran. Date	***Tran. Particular***	***Cr. (₹) (Funds received by True Value Traders)***	***Dr. (₹) (Funds transferred by True Value Traders)***
29/10/2018	*Vikas Chemi Gums*	*4,50,000*	
29/10/2018	*Vikas Chemi Gums*	*20,50,000*	
29/10/2018	*Ekta Mittal*		*25,00,000*
29/10/2018	*Vikas Chemi Gums*	*15,00,000*	

Tran. Date	Tran. Particular	Cr. (₹) (Funds received by True Value Traders)	Dr. (₹) (Funds transferred by True Value Traders)
29/10/2018	Ekta Mittal		15,00,000
27/11/2018	Vikas Chemi Gums	65,00,000	
27/11/2018	Ekta Mittal		65,00,000
27/11/2018	Vikas Chemi Gums	44,00,000	
27/11/2018	Ekta Mittal		44,00,000
TOTAL		**1,49,00,000**	**1,49,00,000**

(36) Ekta Mittal also submitted that her father Parvinder Mittal is social friend of Late Bajrang Dass Aggarwal since past 15-20 years. Further, Girish Kansal and Nir Singh Sindhu are employees in a company of Bajrang Dass Aggarwal and they transferred shares to her on the instruction of Late Bajrang Dass Aggarwal. Further, she has also submitted that she purchased as well as later sold the shares in market on BSE as advised by Late Bajrang Dass Aggarwal. She has also stated that Late Bajrang Dass Aggarwal had given her the advice that the shares of VPGL will give good returns in short period of time and also gave her ₹25 lakh as loan for purchase of the shares.

(37) It is observed from the trading details of Ekta Mittal that she net-sold 1,78,00,000 shares of VPGL during the investigation period through her trading account with HEM Securities Ltd. and A C Agarwal Share Brokers Pvt. Ltd. The details are placed below:

Table No.-16

CLIENT NAME	BUY_TRADED_QTY	BUY VALUE (₹)	SELL_TRADED_QTY	SELL VALUE (₹)
Ekta Mittal	15,00,000	21,00,000	1,93,00,000	5,18,94,000

(38) It is further observed from the bank account statements of Ekta Mittal (A/c No. 0356104000093897 and 0356104000146425 in Punjab National Bank) that she transferred back ₹25 lakh to Bajrang Dass Aggarwal, ₹70 lakh to Vikas Chemi Gum and ₹1.14 Crore to True Value Traders out of the on market sale proceeds from the shares of VPGL. The details are placed below:

Table No.-17

Transaction Date	Funds transferred from	Funds Transferred to	Amt. (₹)	TOTAL (₹)
01/12/2018	0356104000146425	Bajrang Dass Aggarwal	25,00,000	25,00,000
01/12/2018	0356104000146425	Vikas Chemi Gum	30,00,000	70,00,000
01/10/2018	0356104000093897	Vikas Chemi Gum	40,00,000	
14/11/2018	0356104000093897	True Value Traders	40,00,000	1,14,00,000
29/11/2018	0356104000093897	True Value Traders	9,00,000	
14/12/2018	0356104000093897	True Value Traders	15,00,000	
07/01/2019	0356104000093897	True Value Traders	30,00,000	
01/02/2019	0356104000093897	True Value Traders	20,00,000	

(39) In view of the above, it is alleged that Noticee no.- 2, Noticee no.- 3 and Noticee no.- 4 have been used by the promoters of VPGL as mule account / front entity to keep their shares in the scrip of VPGL and used these Noticees accounts to dispose their shares in off-market to their related entities who in turn sold these shares in the market. It is

observed that all these 3 Noticees were employed in companies promoted / controlled by Bajrang Dass Aggarwal. Therefore, it is alleged that Noticee no.- 2, Noticee no.- 3 and Noticee no.- 4 aided and abetted the Promoters and Directors in deploying the aforesaid fraudulent scheme / device to allow them to dispose-off their large quantity of shares of VPGL in the market through their related / associated entities.

(40) *Therefore, it is alleged that the Noticee no.- 2, Noticee no.- 3 and Noticee no.- 4 have violated the provisions of Section 12 A (a), (b), (c) of SEBI Act, 1992 read with Regulations 3 (a), (b), (c), (d), 4(1) and 4(2) (a) of the PFUTP Regulations.*

Calculation of unlawful gains made by the Promoter and conduits:

(41) *As mentioned hereinabove, Promoters and their related entities transferred large quantity of shares to certain related entities of the promoters, who in turn disposed the shares in market and transferred the entire or part of the sale proceeds to the Late Bajrang Dass Aggarwal and his related entities. Moreover, certain shares were disposed by Promoter through their related entities in off-market. As the shares have been disposed by the promoters through their conduits in market and well as off-market, the calculations for unlawful gains made through disposal of shares in market and off-market has been calculated separately.*

(42) *Shares of VPGL received in off-market by Puneet and Gourav during the IP and unlawful gains made through disposal of these shares by Puneet and Gourav in the market, who then transferred the sale proceeds to the Promoters as given below-*

Table No.-18

Name of Entity	***No. of shares net shares received in off-market from Promoter & related entities***	***Cost of acquisition @ ₹1.01 per share*** *(B= 1.01 x A) (except for starred value)*	***No. of shares disposed in market***	***Avg. sell price per share***	***Sell Value of shares acquired in off market (₹)*** *(E = A x D)*	***Unlawful gains (₹)*** *(F = E – B)*
	A	***B***	***C***	***D***	***E***	***F***
Puneet	*4,20,00,000*	*4,24,20,000*	*4,22,29,289*	*1.62*	*6,80,40,000*	*2,56,20,000*
*Gourav**	*1,91,86,980* *2,10,00,000** ------------------ *4,01,86,980**	*1,93,78,850* *4,41,00,000** ------------------ *6,34,78,850**	*4,06,86,980*	*5.75*	*23,10,75,135*	*16,75,96,285*
TOTAL						***19,32,16,285***

* *Gourav received 2,10,00,000 shares from Late Sarbati Devi as per orders of Hon'ble. District & Sessions Court Sriganganagar, Rajasthan (Court order no. 44/18 (33/18) dated May 29, 2018 and Court Order no. 08/19 dated January 07, 2019). Thus, the cost of acquisition of these 2,10,00,000 shares has been taken as the amount mentioned in the said court orders i.e. ₹ 4,41,00,000.*

(43) *Unlawful gains made through disposal of shares in off-market by promoter related entities and transfer of sale proceeds to the Promoters is as under:*

Table No.-19

Name of Entity who disposed share in off-market	*No. of shares disposed in off-market*	*Cost of acquisition @ ₹1.01 per share (B=1.01 x B)*	*Sell value as mentioned in DIS slips (₹)*	*Sell value as paid by transferee (₹)*	*Unlawful gains (₹) (F = E – C)*
A	***B***	***C***	***D***	***E***	***F***
Bajrang Dass Aggarwal[1]	*5,00,000 5,00,000 --------------------- Total: 10,00,000*	*10,10,000*	*19,25,000 19,25,000 --------------------- Total: 38,50,000*	*5,00,000 5,00,000 --------------------- Total: 10,00,000*	*(10,000)*
Girish Kansal[2]	*1,00,00,000 10,00,000 10,00,000 --------------------- Total: 1,20,00,000*	*1,21,20,000*	*2,50,00,000 22,10,000 22,10,000 --------------------- Total: 2,94,20,000*	*2,50,00,000 22,10,000 22,10,000 --------------------- Total: 2,94,20,000*	*1,73,00,000*
Nir Singh Sindhu[3]	*85,00,000 10,00,000 10,00,000 --------------------- Total: 1,05,00,000*	*1,06,05,000*	*1,42,80,000 16,80,000 16,80,000 --------------------- Total: 1,76,40,000*	*1,19,00,000 16,80,000 16,80,000 --------------------- Total: 1,52,60,000*	*46,55,000*
TOTAL					***2,19,45,000***

[1] Sold shares in off-market to Sanjay Pareek and Shweta Pareek.

[2] Sold shares in off-market to Ekta Mittal, Rajesh Kumar HUF and Anguri Devi Garg, then, transferred the sale proceeds to Promoters.

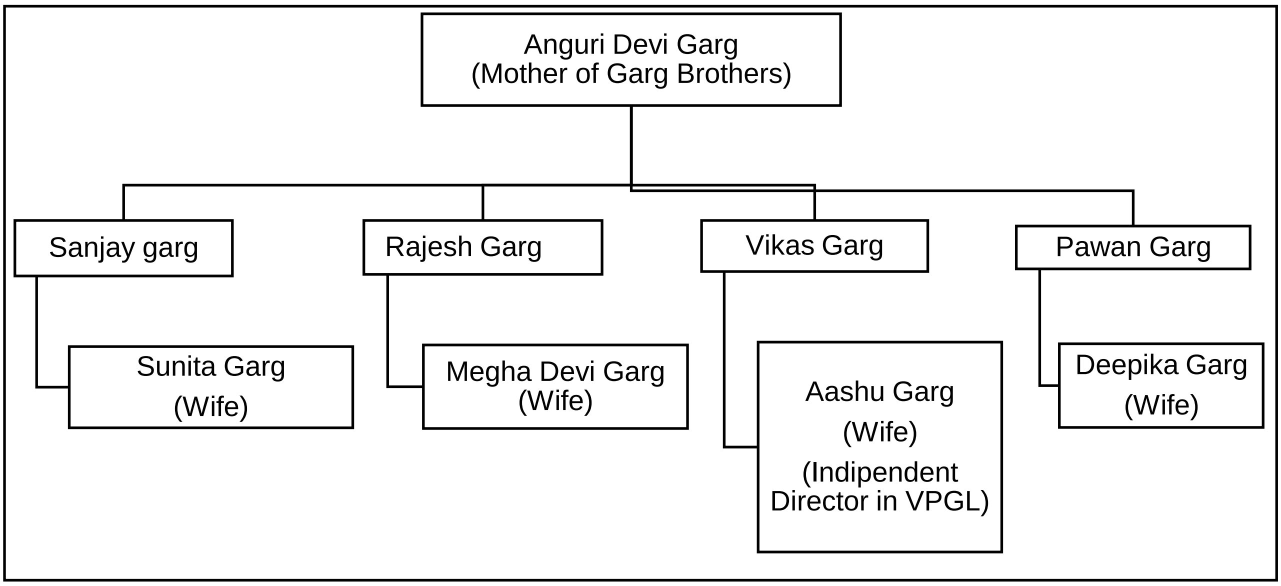
[3] Sold shares in off-market to Ekta Mittal, Vikas Garg HUF and Rajesh Garg HUF, then, transferred the sale proceeds to Promoters.

(44) As mentioned above, the sale proceeds from on-market sale of shares by Puneet and Gourav were transferred by them to the Promoters. Further, it is noticed that the entities Girish Kansal and Nir Singh Sindhu also transferred the off-market sale proceeds to the Promoters. Therefore, it is observed from the table no.-18 and 19 that the Promoters have made unlawful profit of ₹21,51,61,285 (₹19,32,16,285 from on-market sale + ₹2,19,45,000 from off-market sale).

Transactions done by Aashu Garg, Independent Director (Noticee no.- 1) and her related entities:

(45) During investigation, it is observed that Aashu Garg (Noticee no.- 1) was appointed as Independent Director in VPGL on December 28, 2018 and continued till June 23, 2021. The relationship between Aashu Garg and her family members is placed below:

Chart-2



(46) *It is observed that the family members of Aashu Garg and their HUF entities have carried out trades in the scrip of VPGL during the IP. The details of the said trades are placed below in the table:*

Table No.-20

CLIENT NAME	***BUY_TRADED_ QTY***	***BUY VALUE (₹)***	***SELL_TRADED_ QTY***	***SELL VALUE (₹)***
Aashu Garg	*1,90,000*	*3,20,900*	*2,47,930*	*6,94,171*
Anguri Devi Garg	*-*	*-*	*9,50,000*	*40,69,000*
Megha Devi Garg	*5,50,000*	*13,37,000*	*5,25,000*	*38,69,000*
Vikas Garg HUF	*3,65,000*	*9,57,599*	*8,65,000*	*28,64,050*
Rajesh Garg HUF	*1,00,000*	*96,000*	*6,00,000*	*14,39,500*
Vikas Garg	*3,30,000*	*9,20,700*	*3,10,000*	*19,31,300*
Sunita Garg	*-*	*-*	*78,500*	*6,23,215*
Deepika Garg	*1,99,490*	*1,90,631*	*2,04,490*	*7,99,736*
Sanjay Kumar Garg HUF	*29,340*	*29,633*	*79,340*	*5,38,176*
Pawan Garg HUF	*-*	*-*	*50,000*	*4,99,500*
TOTAL	***17,63,830***	***38,52,463***	***39,10,260***	***1,73,27,648***

(47) *From above, it is observed that Noticee no.- 1 purchased 1,90,000 shares and sold 2,47,930 shares of VPGL doing the IP. Noticee no.- 1, in reply to email dated November 25, 2022, submitted her reply with regard to her role in VPGL and trades carried out by her family members vide her letter dated December 05, 2022.*

(48) *It is also observed that the related entities of Aashu Garg (Noticee no.- 1) viz. Vikas Garg HUF, Rajesh Garg HUF and Anguri Devi Garg, each had received 10 lakh shares of VPGL from associated entity of Late Bajrang Dass Aggarwal viz. Nir Singh Sindhu or Girish Kansal. Further, Nir Singh Sindhu and Girish Kansal had transferred the proceeds from the said off-market transfer of shares to Late Bajrang Dass Aggarwal and Bimla Devi Jindal, respectively. With regard to said transactions in the scrip of VPGL,*

comments were sought from the related entities of Noticee no.- 1 viz. Vikas Garg HUF, Rajesh Garg HUF and Anguri Devi Garg vide email dated November 09, 2022.

(49) With regard to aforementioned transactions in the scrip of VPGL, Vikas Garg HUF, Rajesh Garg HUF and Anguri Devi Garg submitted their reply vide their individual letters dated November 18, 2022.

(50) With regard to transactions in the scrip of VPGL, Megha Devi Garg, Vikas Garg, Sunita Garg, Deepika Garg, Sanjay Kumar Garg HUF and Pawan Garg HUF vide their individual letters dated January 24, 2023 submitted that they are not associated with the company and its promoters and carried out the transaction themselves without taking anyone's advice. They also submitted that no information was shared by Aashu Garg with them and they carried out the transactions in the scrip of VPGL as there was prospect of making profits.

(51) In this regard, it is observed that Noticee no.- 1 has submitted that she does not recall details of the Board Meetings attended by her during her tenure. The company has also not submitted details of any Board Meeting and Committee meeting during the IP. However, as per the Form MGT-7 filed by the company on MCA, VPGL has conducted 11 Board Meetings during the FY 2018-19 and 5 board meeting during FY 2019-20 which were attended by all the six directors of the company with 100% attendance. Therefore, it is observed from these forms that Aashu Garg (Noticee no.- 1) attended all Board Meetings of the company during the IP.

(52) Further, it is observed that Noticee no.- 1 herself has submitted that she was appointed as Independent Director in VPGL on the request of Late Bajrang Dass Aggarwal and Aashu Garg's spouse Vikas Garg has submitted that Late Bajrang Dass Aggarwal was known to him. Thus, it is alleged that being an Independent Director in VPGL during the IP, Aashu Garg was aware about the internal functioning of the company including the details regarding the non-genuineness of the misleading corporate announcements made by the company during the IP and the details regarding the mis-representations by the company in its financial statements.

(53) As mentioned above, Vikas Garg HUF and Rajesh Garg HUF have received shares from Nir Singh Sindhu and Anguri Devi Garg received shares from Girish Kansal. Further, as mentioned in above paras of the notice, Nir Singh Sindhu and Girish Kansal were employed in Vikas WSP Ltd, a Vikas group company and they were acting under the instructions of Late Bajrang Dass Aggarwal. Thus, it is alleged that the said shares of VPGL were transferred to them by Late Bajrang Dass Aggarwal who had devised the above-described device / scheme to manipulate the shares of VPGL.

(54) Therefore, purchase of shares of VPGL by the related entities of Aashu Garg (Noticee no.- 1) in off-market from the associated entities of Late Bajrang Dass Aggarwal and disposal of these shares in the market during the IP after the scrip was allegedly manipulated by the company by making misleading corporate announcements and mis-representations in financial statements cannot be considered as normal trading behaviour. Moreover, Noticee no.- 1 herself and her related entities have also purchased shares of VPGL in the market and later disposed-off large quantity of such shares.

(55) *Thus, as mentioned above, the trading pattern of Aashu Garg (Noticee no.- 1) and her related entities and the fact that she was an Independent Director in VPGL clearly indicates that there is high preponderance of probability that Aashu Garg knew about the manipulative device / scheme of VPGL and aided her related entities to benefit from the manipulation in the scrip of VPGL. Therefore, it is alleged that Noticee no.- 1 acted in deceitful manner to deal in the shares of VPGL and also induced her related entities deal in the shares of VPGL to benefit out of fraudulent scheme / device deployed by the company to manipulate the scrip of VPGL.*

(56) *In view of the above, it is alleged that Noticee no.- 1 has violated the provisions of Section 12 A (a), (b), (c) of SEBI Act, 1992 read with Regulations 3 (a), (b), (c), (d), 4(1) and 4(2) (a) of PFUTP Regulations.*

<u>Non-compliance with the provisions of the SC(R) Act, 1956 related to spot delivery:</u>

(Noticee no.- 5, 6, 7, 8 and 9)

(57) *For an off-market transaction to be considered to be valid, it has to fall under the scope/ definition of spot delivery contract as specified under Section 2(i)(a) of the SC(R) Act, 1956 read with Section 13, 16, 18 & 28 of SC(R) Act, 1956 and SEBI Notification No. LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013.*

(58) *The details of the off-market transfer of shares made by Late Bajrang Dass Aggarwal and his related entities during the IP and the corresponding payment details wherein the full consideration as mentioned in the DIS slips has not been paid by the transferee in terms of the aforesaid provisions of SC(R) Act, 1956 as placed below:*

Table No.-21

S. N.	Date of transaction	Name of transferor (From)	Transferor demat a/c no.	Name of transferee (To)	Transferee demat a/c no.	Transferred Qty.	Consideration mentioned in DIS	Date of receipt of Payment by transferor	Consideration received by transferor (in ₹)	Relevant documents
1.	01/01/2019	Bajrang Dass Aggarwal	IN30133019413414	Puneet	1208160004371835	15,00,000	55,65,000	05/01/2019	56,00,059	Relevant extract of Bank A/c statements of Puneet, Gourav & Bajrang Dass Aggarwal indicating bank transaction between them (Annex-G10 on Pg. No. 511-512 & Annex-G11 on Pg. No. 513-514) DIS Slips (Pg. No. 607-612)
2.	01/01/2019	Bajrang Dass Aggarwal	IN30133019413414	Gourav	1208160014491813	35,00,000	1,29,85,000	05/01/2019 09/01/2019 10/01/2019	44,80,000 37,11,000 31,00,000	
3.	04/01/2019	Bajrang Dass Aggarwal	IN30133019413414	Gourav	1208160014491813	54,96,980	2,11,75,000 ------------------ 3,41,60,000	11/01/2019 15/01/2019 16/01/2019 31/01/2019 --------------- TOTAL	98,00,000 84,65,000 38,10,000 84,50,000 ----------------- 4,18,16,000	
4.	03/01/2019	Bajrang Dass Aggarwal	IN30133019413414	Sanjay Pareek	1201210100777109	5,00,000	19,25,000	03/06/2020	5,00,000	Replies of Sanjay Pareek (Annex-I1 – Pg. No. 637-639) and Shweta Pareek (Annex-I1 – Pg. No. 629-631)
5.	03/01/2019	Bajrang Dass Aggarwal	IN30133019413414	Shweta Pareek	1201210100777132	5,00,000	19,25,000	03/06/2020	5,00,000	

S. N.	Date of transaction	Name of transferor (From)	Transferor demat a/c no.	Name of transferee (To)	Transferee demat a/c no.	Transferred Qty.	Consideration mentioned in DIS	Date of receipt of Payment by transferor	Consideration received by transferor (in ₹)	Relevant documents
										Extract of Bank statements of Sanjay Pareek (Annex-H7 – Pg. No. 613) and Shweta Pareek (Annex-H7 – Pg. No. 615) *DIS Slip (Pg. No. 603-606)*
6.	*24/10/2018*	*Nir Singh Sindhu*	*1201910103 144390*	*Rajesh Garg HUF*	*1208240000 018198*	*10,00,000*	*16,80,000*	*25/10/2018* *30/03/2019* *-------------* *TOTAL*	*8,20,000* *8,60,000* *---------------* *16,80,000*	*Reply dated 18.11.2022 of Rajesh Garg HUF (Annex-H3 – Pg. No. 567-571)* *Extract of bank statement of Rajesh Garg HUF (Annex. H7 – Pg. No. 617-618)* *DIS Slips (Pg. No. 602)*
7.	*24/10/2018*	*Nir Singh Sindhu*	*1201910103 144390*	*Puneet*	*1208160004 371835*	*85,00,000*	*1,42,80,000*	*NIL*	*NIL*	*Reply of Nir Singh Sindhu (Annex-G5 on Pg. No. 492-496 & G6 on Pg. No. 498)* *Extract of bank statement of Nir Singh Sindhu & Puneet on relevant dates (Annex-G7 – Pg. No. 619-621).* *DIS Slip (Pg. No. 601)*
8.	*24/10/2018*	*Nir Singh Sindhu*	*1201910103 144390*	*Ekta Mittal*	*1201770101 189766*	*85,00,000*	*1,42,80,000*	*26/10/2018* *30/10/2018* *31/10/2018* *-------------* *TOTAL*	*50,00,000* *25,00,000* *44,00,000* *----------------* *1,19,00,000*	*Reply dated 04.11.2022 of Ekta Mittal (Annex-G12 Pg. No. 519-524)* *Extract of bank statement of Ekta Mittal (Annex-H7 – Pg. No. 622) and Nir Singh Sindhu (Annex-G7 – Pg. No. 499)* *DIS Slips (Pg. No. 600)*
9.	*09/10/2018*	*Amit Babbar*	*IN30051315 406366*	*Puneet*	*1208160004 371835*	*1,00,00,000*	*1,50,00,000*	*NIL*	*NIL*	*Reply of Amit Babbar (Annex-G2 – Pg. No. 463-469)*

S. N.	Date of transaction	Name of transferor (From)	Transferor demat a/c no.	Name of transferee (To)	Transferee demat a/c no.	Transferred Qty.	Consideration mentioned in DIS	Date of receipt of Payment by transferor	Consideration received by transferor (in ₹)	Relevant documents
										DIS Slip (Pg. No. 598)
10.	*02/04/2019*	*Amit Babbar*	*IN30133020081334*	*Gourav*	*1208160014491813*	*1,90,000*	*23,02,800*	*NIL*	*NIL*	*Reply of Amit Babbar (Annex-G2 – Pg. No. 463-469)* *DIS Slip (Pg. No. 596-597)*
11.	*28/11/2018*	*Girish Kansal*	*1201910103155820*	*Gourav*	*1208160014491813*	*1,00,00,000*	*2,49,00,000*	*04/12/2018*	*64,00,000*	*Extract of bank statement of Girish Kansal and Gourav on relevant dates (Annex-H7 – Pg. No. 623-624)* *Reply of Girish Kansal (Annex-G3 – Pg. No. 484-488)* *DIS Slip (Pg. No. 594-595)*
12.	*19/11/2018*	*Girish Kansal*	*1201910103155820*	*Ekta Mittal*	*1201770101189766*	*1,00,00,000*	*2,25,00,000*	*20/11/2018* *20/11/2018* *26/11/2018* *27/11/2018* *27/11/2018* *27/11/2018* *--------------* *TOTAL*	*25,00,000* *25,00,000* *23,00,000* *68,00,000* *65,00,000* *44,00,000* *---------------* *2,50,00,000*	*Reply dated 04.11.2022 of Ekta Mittal (Annex-G12 Pg. No. 519-524)* *Reply of Girish Kansal (Annex-G3 – Pg. No. 484-488)* *Extract of bank statement of Ekta Mittal (Annex-H7 – Pg. No. 622) & Girish Kansal (Annex-G4- Pg. No. 489)* *DIS Slip (Pg. No. 592-593)*
13.	*19/11/2018*	*Girish Kansal*	*1201910103155820*	*Anguri Devi Garg*	*IN30051313956946*	*10,00,000*	*22,10,000*	*26/11/2018* *28/01/2019* *20/03/2019* *--------------* *TOTAL*	*5,00,000* *10,00,000* *7,10,000* *----------------* *22,10,000*	*Reply of Anguri Devi (Annex-H4- Pg. No. 574-576)* *Reply of Girish Kansal (Annex-G3 – Pg. No. 484-488)* *Extract of bank statement of Girish Kansal (Annex-G4- Pg. No. 489)* *DIS Slip (Pg. No. 590-591)*
14.	*19/11/2018*	*Girish Kansal*	*1201910103155820*	*Rajesh Kumar HUF*	*1207080000051170*	*10,00,000*	*22,10,000*	*20/11/2018* *01/12/2018* *--------------* *TOTAL*	*11,05,000* *11,05,000* *---------------* *22,10,000*	*Extract of bank statement of Rajesh Kumar HUF (Annex-H7 – Pg. No. 625)*

S. N.	Date of transaction	Name of transferor (From)	Transferor demat a/c no.	Name of transferee (To)	Transferee demat a/c no.	Transferred Qty.	Consideration mentioned in DIS	Date of receipt of Payment by transferor	Consideration received by transferor (in ₹)	Relevant documents
										Reply of Girish Kansal (Annex-G3 – Pg. No. 484-488) *DIS Slip (Pg. No. 588-589)*

(59) It is observed that the entities viz. Puneet, Gourav, Sanjay Pareek, Shweta Pareek, Rajesh Garg HUF, Ekta Mittal, Anguri Devi Garg and Rajesh Kumar HUF have not paid the full consideration as mentioned in the DIS slips in terms of the provisions of SC(R) Act, 1956 for the shares of VPGL purchased in off-market. Further, as submitted by the entities and also evident from the various transactions in the accounts of Nir Singh Sindhu, Amit Babbar and Girish Kansal that the off-market share transfers were made by Bajrang Dass Aggarwal who had died.

(60) In view of the above, it is alleged that Noticee no.- 5 Noticee no.- 6, Noticee no.- 7, Noticee no.- 8 and Noticee no.- 9 have violated the provisions of Section 2(i)(a) of the SC(R) Act, 1956 read with Section 13, 16 & 18 of the SC(R) Act, 1956 and SEBI Notification No.- LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013."

12. Replies of the Noticees submitted by their respective letters / e-mails are summarised as under:

(i) Reply of Noticee no.- 1:

(a) Noticee no.- 1 denied the allegations levelled against her in the SCN. Noticee further submitted that she was an independent and sleeping director having no information about the company. She had not even attended a single board meeting and the veracity of the same can be found from the record of the company. With regard to Form MGT-7, she submitted that she may not be prosecuted on the basis of false, fabricated and completely incorrect information submitted by the company. She submitted that the company neither presented financial information of the company nor put any information with regard to the corporate announcement before her. She never ever discussed/informed any of her close relatives about the company's financials and corporate announcements as she would not have known about it.

(b) With regard to her dealing in the share of VPGL, she submitted that she has dealt in the scrip of VPGL in compliance with all the relevant provisions of securities law as applicable to her from time to time and she dealt in scrip of VPGL in the normal course of her trading activity and the same was very much within her financial and risk bearing capacity. She had neither intention nor association with Mr. Bajrang Dass Aggarwal or purpose to manipulate the price and volume while dealing in scrip of VPGL as alleged or otherwise.

(c) She submitted that she has no cordial relation with her in-laws and she is living separately. No communication or discussion was made between the Noticee and her said relatives w.r.t. investment in securities including shares of VPGL. Noticee submitted that she has no role behind the given transactions executed by her relatives. They have executed impugned transactions as per their own independent decision.

(d) She requested for providing the listed additional documents gathered during the investigation and indicated a list of documents in this regard. In this regard, she submitted that her request was neglected as she has not received any response. In this regard, Noticee relied upon the judgment of Hon'ble Supreme Court in the matter of *SEBI v. Price Waterhouse* (Civil Appeal No. 6003-6004112) and Hon'ble Securities Appellate Tribunal (hereinafter referred to as **'SAT'**) observations in the matter of *Shri B. Ramalinga Raju v. SEBI* (Appeal No. 286 of 2014 dated May 12, 2017).

(e) Noticee submitted that the SCN is general, vague and hence is not valid in the eyes of law. The inferences drawn against the Noticee in the SCN are misconceived, speculative and based on assumptions and conjecture and contrary to the factual position. No material has been brought on the face of SCN to show that the Noticee was aware about the mis-statement of financial of the Company or false corporate announcements given by Mr. Agarwal. SCN does not provide any details as to whether the Noticee was involved in the day to day affair of the Company and/or whether the Noticee has played administrative/executive role at any point of time during her directorship tenure.

(f) The SCN also failed to bring any concrete material supported with documentary evidence to show that the Noticee had attended even a single meeting of Board of Directors of the Company or meeting of any internal committee of the VPGL. SEBI failed to peruse the entire contents of Form MGT-7. Table of Attendance of Director at Page 12 of Form MGT-7 marked as Annexure T of SCN states that the Noticee was entitled to attend only 3 board meetings of the Company. In view of the contents of Form MGT-7, it may be appreciated that the observation alleged on the basis of Form MGT-7 that the Noticee had attended 11 board meetings is incorrect. Noticee neither attended any board meeting or internal committee meeting of the

Company nor get any benefit or perk from the Company. As aforesaid, nothing i.e. financial statement, documents related to corporate announcement, internal audit report, statutory compliance certificate, etc. had been brought before the Noticee at any point of time.

(g) Noticee submitted that she is a resident of Sri Ganganagar, Rajasthan and belongs to a business family. She is a house wife and focused on affairs of her matrimonial home and fully concentrated on her two adduling children i.e. 13 years old son and 8 years old daughter. In addition to discharging her matrimonial duty at home, she is also closely working for social causes i.e. upliftment of the poor class of society and a drive known as Green Sri Ganganagar, Clean Sri Ganganagar by planting trees every year. Therefore, she earned a very respectful position in the eyes of people of Sri Ganganagar.

(h) On the other hand, Mr. Agarwal belonged from an elite class family of Sri Ganganagar and engaged in different kinds of business. He was also promoter of many companies out of which few are listed as public limited companies at stock exchange.

(i) Pertinently, Mr. Agarwal has made his image amongst the public of Sri Ganganagar as a social reformer. It is a fact on record that every year, he was providing food and free education to hundreds of orphan children as well as children from weaker sections of society. During a social event, Mr Agarwal met the Noticee and came to know about the social work of the Noticee. Thereafter, Mr. Agarwal had approached Noticee for appointment of Independent Director of VPGL. The Noticee was very reluctant to accept his offer but Mr. Agarwal insisted and stated that you do not need to come to the office of VPGL. Your name only reflects in the database of the Company to show that respectable people of society are holding office of the Directors of VPGL. He also told her that you will not be responsible for any work of the company and also not be liable for any act of the Company. The people of Sri Ganganagar are believing in Mr. Agarwal blindly due to his social status and the Noticee was not exceptional. The Noticee had agreed to give her consent to use her name as an Independent Director of VPGL without any responsibility.

(j) Noticee did not know anything about the nature of business of VPGL. She never visited office of the VPGL. The Noticee was not part of the decision-making body of the Company. Noticee never ever attended even a single board meeting of the Company. Furthermore, not a single financial statement or any kinds of documents in connection to corporate announcement or internal audit report was brought before the Noticee at any point of time. Mr. Agarwal had given false, fabricated and incorrect information about the attendance of Board Meetings of the Company.

(k) Noticee was a small investor, who relied upon the financial results and news reported in local newspapers about the positive result and corporate announcements of the Company and decided to invest in the company. Noticee had started to invest in the shares of VPGL prior to the IP and before holding the position of Independent Director of the company. The Noticee had also invested in the share of VPGL after the IP. trades of the Noticee were executed independently without any insider information of device setup by Mr. Agarwal.

(l) Furthermore, the Noticee had also invested in the share of Vikas WSP which was also promoted and controlled by Mr. Agarwal. But she had incurred losses in trades executed in the share of VPGL and Vikas WSP during FY 2020-21 for a sum of Rs. 1,03,231.54, which shows the Noticee has not done insider trading and all her trades were executed as a gullible investor.

(m) Noticee had executed buy and sell trades of only 90000 shares of VPGL during IP but in the given table, it has been shown that she had bought 190000 shares and sold 247930 shares during IP which is incorrect.

(n) Noticee relied on the order bearing no. WTM/AB/SEBI/ERO/16/2019-20 dated 31.07.2019 in respect of Guiness Securities Limited and others (in short "GSL") passed by Ld. WTM of SEBI. Vide the said order, the WTM had discharged seven directors of GSL on the ground that they are independent Director and/or Non-Executive Directors and, therefore they may not be aware of the day to day functioning and wrong doings of GSL in connection with the misappropriation of client's securities, falsification of accounts, non-settlement of funds and securities etc. The WTM was of the opinion that these directors were either Independent Directors or Non-Executive Directors and may not be involved in the day to day functioning of GSL and that these Directors were justified in relying upon the statutory compliance certificate and internal audit report in the board meeting which never pointed out any non-compliance by GSL and on the contrary the statutory compliance certificate affirmatively mentioned compliance of the law by GSL. The Ratio coming from the said confirmatory order is *"merely on the ground that the Noticee has attended board meetings does not make the Noticee deemed to have knowledge of the affairs and misconduct of the Company".*

(o) Noticee's role has not been clearly attributed in the SCN. Only common generic allegations have been recorded against her. Not a single instance or observation with regard to the specific role of the Noticee has been outlined in the SCN. In this regard, Noticee relied upon the judgements of Hon'ble Supreme Court viz. *Dayle De'souza vs Government of India through Deputy Chief Labour Commissioner(C) and Another* decided on October 29, 2021 and *Commissioner of Central Excise, Bangalore vs M/s Brindavan Beverages (P) Ltd. and Ors* [Civil Appeal 3417 of 2002] decided on June 15, 2007.

(p) There were no any funds transactions carried out between the Noticee and Mr. Agarwal or his conduit persons. Further, the trading pattern of Noticee clearly indicate that the trades executed by the Noticee has not been based on internal information of the Company.

(q) The Noticee was not indulged in a fraudulent or an unfair trade practice in any manner whatsoever. The requirement of 'intention' is a pre-requisite to prove 'fraud' for violation of PFUTP Regulations. It should be noted that the offences alleged under the PFUTP Regulations in the present case are serious offences against the Noticee which require evidence of 'fraud or deceit' to be carved out and attributed against the Noticee as they are not just ordinary civil defaults.

(r) SCN is not substantiated by any evidence or material on record. In so far as the Noticee is concerned, the charges are based on surmises and conjectures and on the wild allegation of having carried out manipulative trading. The allegations of fraud cannot be based on wild allegations without any convincing evidence. Charges of fraud are of serious nature and should not be made casually by regulators. The judicial precedents indisputably held that fraud is a serious offence and, therefore, the standard of proof must be of a higher degree and mere conjectures and surmises will not be sufficient to hold a person liable for fraud. In this regard, Noticee relied on various judgements of Hon'ble Supreme Court and/or Hon'ble SAT viz. *KSL & Industries Ltd. v. SEBI, Chief Engineer, MSEB and Anr. v. Suresh Raghunath Bhokare* AIR (2005) 10 sec 465, *Nandakishore Prasad v. State of Bihar, Order dated August 28, 2018 in Civil Appeal No. 2595 of 2013, Vintel Securities Pvt. Ltd V. SEBI,* Appeal No. 219/2009*, Ram Sharan Yadav vs.Thakur Muneshwar Nath Singh* (AIR 1985 SC 24), *Parsoli Corporation v/s SEBI* (Appeal No 146/2011 decided on 12.08.2011), *Bishundeo Narain &Anr vs. Seogeni Rai & Anr* decided on 04.05.1951 (1951 AIR 280), *R. K. Global v/s SEBI* (Appeal no. 158/2008 decided on 16.09.2010), *Videocon International v/s SEBI* (2002) 4 CLJ 402 (SAT) etc.

(s) With respect to imposition of penalty under Section 15 HA of the SEBI Act, 1992, in respect of the alleged violations Noticee submitted that there was no disproportionate gain or unfair advantage to the Noticee, Noticee did not cause any harm or loss to investors as she has bought and sold the shares of VPGL in the market at anonymous trading system of exchange and Noticee has never been held guilty for any violation of SEBI Laws. In this regard, Noticee quoted the decision of Hon'ble High Court of Bombay in the matter of *SEBI Vs. Cobot International Capital Corporation Limited (Cabot)* {2004 51 SCL 307 (BOM)}, decision of Hon'ble Supreme Court in the case of *Hindustan Steel vs. State of Orissa* (AIR 1970 SC 253 and in the case of *Ranjit Thakur vs. Union of India* (AIR 1987 SC 2386).

(ii) <u>Reply of Noticee no.- 2:</u>

(a) Noticee no.- 2 denied the allegations levelled against him in the SCN. Noticee submitted that there is an inordinate delay i.e. delay of 5 years in the initiation of the proceedings. In this regard, Noticee relied upon various judgements and observations of Hon'ble Supreme Court and Hon'ble SAT.

(b) Noticee no.- 2 further submitted that he was working with Vikas WSP Limited during the IP. Mr. Bajrang Dass Aggarwal asked him to provide signed DIS and he gave signed DIS to Mr. Bajrang Dass Aggarwal. He did not know that to whom these shares were being transferred and reason for the transactions carried out by Mr. Bajrang Dass Aggarwal.

(c) As regards receipt of shares in preferential allotment, Noticee submitted that he was working with Vikas WSP Limited and Mr. Bajrang Dass Aggarwal credited these shares to his account. He does not know the reason of the same.

(d) Noticee dealt in the shares through off market. Admittedly, the shares dealt in the off market does not have any impact on the dealing of shares in the securities market since no investor interest is involved. He has not made any unlawful gains and/or caused loss to any other investor.

(e) Investigation has proved that all the trades in his account were carried out by Late Bajrang Dass Aggarwal who was the mastermind and main executor of the fraud. Trading in his account was controlled and carried by Late Bajrang Dass Aggarwal and he did not have any role in the entire scheme. Further in Para 23, the AO has also reached at the conclusion that Late Bajrang Dass Aggarwal was the real beneficial owner of the said shares of VPGL which were kept by him in the name of Amit Babbar. It has been concluded in the AO itself that Late Bajrang Dass Aggarwal was operating and controlling the accounts of all the entities, he was the brain behind the entire operation and the responsibility rests with only Late Bajrang Dass Aggarwal.

(f) SCN has failed to provide evidence that there was a deliberate intention on his part to commit fraud. In this context, Noticee quoted the various observations of Hon'ble Supreme Court and/or Hon'ble SAT in the cases of *National Stock Exchange vs Securities and Exchange Board of India (Appeal No. 334 of 2019, Date of decision August 09,2023), SEBI vs Kishore Ajmera* - (2016) 6 SCC 368, *Nishith M. Shah HUF Versus SEBI* (SAT Order dated 16.01.2020, Appeal No.97 of 2019), *Jagruti Securities Limtied vs SEBI* (Appeal No.102 of 2006 decided on October 27, 2008), *Narendra Ganatra v/s SEBI* (Appeal No 47 of 2011 decided on 29.07.2011), *Sterlite Industries (India) Ltd. V.* SEBI (2001) 34 SCL485, *Vintel Securities Pvt. Ltd V. SEBI,* Appeal No. 219/2009*, Videocon International vs. SEBI* (2002)4 CLJ402 (SAT), *Parsoli Corporation v/s* SEBI (Appeal No 146/2011 decided on 12.08.2011) etc.

(g) Gourav and Puneet who had received the shares of VPGL in off-market from him, transferred the on-market sale proceeds from sale of the said shares of VPGL to Late Bajrang Dass Aggarwal. In this regard, Noticee submitted that that Gourav and Puneet should have made them co-Noticees in the said SCN.

(h) Regarding non-disclosure under SAST Regulations on reducing the shareholding in the Company from 5.88% to 0.36% (change of 5.52%), Noticee submitted that it was Late Bajrang Dass Aggarwal who traded in the scrip of VPGL on his behalf and on behalf of others. It is stated that he was not aware, or was not having any information of the shares bought, sold, traded, or the percentages of shares acquired and disposed of by Late Bajrang Dass Aggarwal on his behalf. Thus, the entire basis of allegation of violation of SAST Regulations is based on the fact that Late Bajrang Dass Aggarwal had traded in the scrip in all the said trading accounts. In this regard, Noticee relied upon the decisions of Hon'ble Supreme Court and Adjudicating Officers in various matters.

(iii) Reply of Noticee no.- 3:

(a) Noticee no.- 3 acknowledged the receipt of the SCN and sought 15 days' additional time to furnish the reply to the SCN, however, no reply was furnished by him.

(iv) Reply of Noticee no.- 4:

(a) Noticee no.- 4 submitted that he was working as a Peon in Vikas WSP Ltd. and his salary was Rs. 10,000/- to 12,000/- only.

(b) He did not make any payment for acquisition of the said shares of VPGL and he does not know how these shares were allotted to him.

(c) Signed cheques were taken from him and funds received from the sale of shares used to get transferred to account of Bajrang Dass Aggarwal by him. The funds involved are way beyond his means.

(v) Common Reply of Noticee no.- 5 and 6:

(a) Noticee no.- 5 and 6 submitted that SEBI had conducted investigation in the subject matter for the period June 22, 2018 to August 30, 2019 and the SCN is issued only on September 6, 2023. It is submitted that the present proceedings are vitiated by delay and laches. The delay in initiation of the present proceeding is exceedingly inordinate and same causes enormous prejudice to the Noticees.

(b) In this context, Noticee relied on the various observations of Hon'ble Supreme Court and/or Hon'ble SAT viz. *Bharat J Patel vs SEBI* dated September 08, 2020, *ICICI Bank Limited v SEBI* (Appeal No. 583 of 2019) dated July 08, 2020, *Ashok Shivlal Rupani and Ors. Vs SEBI* (Appeal No. 417 of 2018), *Ashlesh Gunvantbhai Shah & Ors. v SEBI* (Appeal No. 169 o/2019), *SEBI vs. Bhavesh Pabari* (Civil Appeal No. 113ll of 2013), *Garware Polyster Limited & Ors. vs* SEBI (Appeal No. 187 of 2021), *Rajeev Bhanot & Ors. Vs SEBI* (Appeal No. 396 of 2018) & (Civil Appeal No. 6441-6443 of 2021) etc.

(c) Noticee no.- 5 and 6 further submitted that they are ex-employees of Vikas WSP Limited. Vikas WSP Limited started facing severe financial issues on account of certain debtors and defaulters of Vikas WSP Limited and on account of a foreign litigation between Vikas WSP Limited and an entity named Economy Polymers and Chemicals Inc. During this period, Vikas WSP Limited for the first time defaulted in payment of their salaries. The said default in payment of salary continued for several months which eventually lead to Noticees' resignations in 2021.

(d) During the period when their salaries were pending, Mr. Sanjay Pareek had from time to time requested Mr. Bajrang Dass Aggarwal who used to handle all the affairs of Vikas WSP Limited to clear the outstanding salaries. However, Mr.

Bajrang Dass Aggarwal always assured that all outstanding payments will be cleared.

(e) In June 2020, Mr. Bajrang Dass Aggarwal was in urgent need of funds, thus he requested the Mr. Noticee no. 5 and 6 for some financial help. On June 3, 2020 and June 4, 2020, Noticee no. 5 transferred an amount of Rs. 5 lacs and Rs. 3,10,314/- to Mr. Bajrang Dass Aggarwal. On June 3, 2020, Mr. Sanjay Pareek transferred an amount of Rs. 5 lacs to Mr. Bajrang Dass Aggarwal, from account of Noticee no. 6. When the Mr. Sanjay Pareek insisted and made repeated follow ups with Mr. Bajrang Dass Aggarwal for their outstanding salaries/dues, Mr. Bajrang Dass Aggarwal in order to keep his assurance and provide comfort to the Noticee transferred 5 lac shares of VPGL to the Noticee on January 3, 2019. Thereafter since Vikas WSP Limited was unable to clear their outstanding salaries/dues, Mr. Bajrang Dass Aggarwal instructed Mr. Sanjay Pareek to sell these 5 lac shares and appropriate the sale consideration towards some part of their outstanding salaries/dues.

(f) Noticee no.- 5 and 6 submitted that the impugned transfer of 5 lac shares on January 3, 2019 and the payment of Rs. 5 lac made from their bank account to Mr. Bajrang Dass Aggarwal on June 3, 2020, has nothing to do with Spot Delivery contract as alleged in the SCN. The SCN has erroneously linked both the transactions together. Further the payment of Rs. 5 lac made from their bank accounts to Mr. Bajrang Dass Aggarwal on June 3, 2020 was not a payment (or a part payment as stated in the SCN) or the same is not any kind of a sale consideration.

(g) Noticees and Mr. Bajrang Dass Aggarwal had not entered into any transaction for purchase and/or sell of shares of VPGL. Therefore, the subject transfer of 5 lac shares on January 3, 2019 and the subsequent payment of Rs. 5 lac from the their bank accounts to Mr. Bajrang Dass Aggarwal, both are independent events and both these events have no connection with each other.

(h) Noticee no.- 5 and 6 submitted that at the relevant time they had no knowledge about what Mr. Bajrang Dass Aggarwal had mentioned on DIS at the time of transfer of the subject 5 lac shares to their account. Since they had not signed the said DIS, Noticee cannot comment on why consideration of Rs. 19,25,000 was mentioned on the DIS. Since the subject transfer of shares was not a purchase or sell transaction there was no question of any consideration and/or corresponding payment. Therefore, there was no reason for Mr. Bajrang Dass Aggarwal to mention any kind of consideration on the said DIS. Merely because Mr. Bajrang Dass Aggarwal mentioned consideration on the DIS, same cannot be considered as purchase or sell of shares through off market. The background, circumstance, intention and purpose of the said transfer of shares to their account was only to provide assurance and a level of comfort to the Noticee regarding the outstanding salaries/dues.

(i) Noticee no.- 5 and 6 have not made any gains or has not gained any unfair advantage and neither the SCN has made any such allegation I averment. It is further submitted that no harm or loss has been caused to any investor. Further, the alleged violation is not repetitive defaulter. With regard to levying of penalty, Noticees have relied on the various observations of Courts viz. *Hindustan Steel vs. State of Orissa* (AIR 1970 SC 253), *Ex-Naik Sardar Singh vs. Union of India* (1991) 3 sec 212) *and Ranjit Thakur vs. Union of India* (AIR 1987 SC 2386).

(vi) Common Reply of Noticee no.- 7 and 8:

(a) Noticee no.- 7 and 8 denied the allegations levelled against it in the SCN.

(b) Noticees requested for providing the listed additional documents gathered during the investigation and indicated a list of documents in this regard. In this regard, Noticee submitted that its request was neglected as it has not received any response. In this regard, Noticee relied upon the judgment of Hon'ble Supreme Court in the matter of *SEBI v. Price Waterhouse (Civil Appeal No. 6003-6004112)* and Hon'ble SAT observations in the matter of *Shri B. Ramalinga Raju v. SEBI (Appeal No. 286 of 2014 dated May 12, 2017).*

(c) With regard to allegation of non-payment of consideration amount of Rs. 16,80,000/- and Rs. 22,10,000/- against the purchase of 10 Lakh shares of VPGL by Noticee no.- 7 and 8 respectively, the Noticees submitted that, as indicated at Table 21 of the SCN, the consideration amount as mentioned in DIS was Rs. 16,80,000/- and Rs. 22,10,000/- and the consideration received by transferor was Rs. 16,80,000/- and Rs. 22,10,000/- respectively. Therefore, the observation as non-payment of the consideration amount alleged in the SCN is incorrect.

(d) Noticee no.- 7 and 8 submitted that they had entered into contract with the Nir Singh Sindhu and Girish Kansal respectively, shareholders of VPGL to purchase 10 Lakh shares of VPGL in-off-market for the consideration amount of Rs. 16,80,000/- and Rs. 22,10,000/- respectively and same was duly paid by the

Noticees to transferors as per the payment terms decided between the parties. Therefore, the Noticees did not violate the provisions of Section 2(i)(a) of SCRA.

(e) With regard to imposition of penalty, Noticee no.- 7 and 8 relied on the judgements of Hon'ble Supreme Court of India in the matters of *Superintended and Remembrancer Legal Affairs to Government of West Bengal vs Abani Maity* (1979) 4 SCC 85, *Bhagat Ram Vs. State of Himachal Pradesh and Ors.* AIR 1983 SC 454 decided on 24.01.1983 and *Ram Sharan Yadav vs. Thakur Muneshwar Nath Singh* (AIR 1985 SC 24).

(f) Noticee no.- 7 and 8 further submitted that the SCN is not substantiated by any evidence or material on record. In so far as Noticee no.- 7 and 8 are concerned, the charges are based on surmises and conjectures and wild allegation of not paying the full consideration amount is levied. In this regard, Noticees relied on the judgements of Hon’ble Supreme Court of India in the matters of *Nandakishore Prasad v. State of Bihar* (1978) 3 SCC 366 and *Union of India v. H. C. Goel* (AIR 1964 SC 364).

(g) Regarding imposition of penalty, Noticees quoted the decision of Hon'ble High Court of Bombay in the matter of *SEBI Vs. Cobot International Capital Corporation Limited (Cabot)* {2004 51 SCL 307 (BOM)}.

(vii) Reply of Noticee no.- 9:

(a) Noticee no.- 9 submitted that he purchased 10,00,000 shares of VPGL @ 2.21 per shares on 18/11/2018 and credited to his D-mat account 19/11/2018. He paid total consideration of Rs.22,10,000/- from his bank account to transferee.

(b) He submitted that his broker never informed him that the Section 2(i){a) of the SC(R) Act,1956 read with Section 13, 16, & 18 of the SC{R) Act, 1956 and SEBI notification no. LAD-NRO/GN/2013-14/26/6667 DATED 03/10/2013 is applicable on these shares. He is a simple person and does not know the SEBI Law.

CONSIDERATION OF ISSUES AND FINDINGS

13. I have carefully perused the charges levelled against the Noticees in the SCN, submissions made by the Noticees and material available on record. The issues that arise for consideration in the present case are as follows:

I. Whether the Noticees have violated the regulatory provisions of the SEBI Act, 1992, PFUTP Regulations, SAST Regulations and SC(R) Act, 1956 as mentioned in para 2 hereinabove?

II. Does the violation, if any, attract monetary penalty under Section 15A(b) and 15HA of the SEBI Act, 1992 and Section 23H of the SC(R) Act, 1956?

III. If so, what would be the monetary penalty that can be imposed upon the Noticees taking into consideration the factors stipulated in Section 15-J of the SEBI Act, 1992 read with Rule 5(2) of the SEBI Adjudication Rules and Section 23-J of the SC(R) Act, 1956 read with Rule 5(2) of the SCR Adjudication Rules, 2005?

14. Before proceeding further, it is pertinent to refer to the relevant provisions which are alleged to have been violated. The said provisions are reproduced hereunder:

Relevant provisions of the SEBI Act, 1992:

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

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

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

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

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

Relevant provisions of PFUTP Regulations:

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

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

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

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

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

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

[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.

(2) Dealing in securities shall be deemed to be a manipulative fraudulent or an unfair trade practice if it involves any of the following: —

(a) knowingly indulging in an act which creates false or misleading appearance of trading in the securities market;

…………….

Relevant provisions of SAST Regulations:

Disclosure of acquisition and disposal.

29. *…………..*

(2) [Any person together] with persons acting in concert with him, holds shares or voting rights entitling them to five per cent or more of the shares or voting rights in a target

company, shall disclose the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below five per cent, if there has been change in such holdings from the last disclosure made under sub-regulation (1) or under this sub-regulation; and such change exceeds two per cent of total shareholding or voting rights in the target company, in such form as may be specified.]

[Provided that in case of listed entity which has listed its specified securities on Innovators Growth Platform, any reference to "five per cent" shall be read as "ten per cent" and any reference to "two per cent" shall be read as "five per cent".]

(3) The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within two working days of the receipt of intimation of allotment of shares, or the acquisition [or the disposal] of shares or voting rights in the target company to,—

(a) every stock exchange where the shares of the target company are listed; and

(b) the target company at its registered office.

<u>Relevant provisions of SC(R) Act, 1956:</u>

Section 2 (i) - Spot Delivery Contract

"Spot Delivery Contract" means a contract which provides for:

(a) actual delivery of securities and the payment of a price therefore either on the same day as the date of the contract or on the next day, the actual period taken for the dispatch of the securities or the remittance of money therefore through the post being excluded from the computation of the period aforesaid if the parties to the contract do not reside in the same town or locality;

Section 13: Contracts in notified areas illegal in certain circumstances.

If the Central Government is satisfied, having regard to the nature or the Volume of transactions in securities in any State or States or area that it is necessary so to do, it may, by notification in the Official Gazette, declared this section to apply to such State or States or area, and thereupon every contract in such State or States or area which is entered into after the date of the notification otherwise than between members of a recognized stock exchange or recognized stock exchanges in such State or States or area or through or with such member shall be illegal:

Provided that any contract entered into between members of two or more recognised stock exchanges in such State or States or area, shall —

(i)be subject to such terms and conditions as may be stipulated by the respective stock exchanges with prior approval of Securities and Exchange Board of India;
(ii) require prior permission from the respective stock exchanges if so stipulated by the stock exchanges with prior approval of Securities and Exchange Board of India.

Section 16: Power to prohibit contracts in certain cases.
16. (1) If the Central Government is of opinion that it is necessary to prevent undesirable speculation in specified securities in any State or area, it may, by notification in the Official Gazette, declare that no person in the State or area specified in the notification shall, save with the permission of the Central Government, enter into any contract for the sale or purchase of any security specified in the notification except to the extent and in the manner, if any, specified therein.
(2) All contracts in contravention of the provisions of sub-section (1) entered into after the date of notification issued thereunder shall be illegal.

Section 18: Exclusion of spot delivery contracts from sections 13, 14, 15 and 17.
18. (1) Nothing contained in sections 13, 14,15 and 17 shall apply to spot delivery contracts.
(2) Notwithstanding anything contained in sub-section (1), if the Central Government is of opinion that in the interest of the trade or in the public interest it is expedient to regulate and control the business of dealing in spot delivery contracts also in any State or area (whether section 13 has been declared to apply to that State or area or not), it may, by notification in the Official Gazette, declare that the provisions of section 17 shall also apply to such State or area in respect of spot delivery contracts generally or in respect of spot delivery contracts for the sale or purchase of such securities as may be specified in the notification, and may also specify the manner in which, and the extent to which, the provisions of that section shall so apply.

15. Based on perusal of the material available on record and giving regard to the facts and submission of the Noticees and circumstances of the case, I record my findings hereunder:

Issue I. Whether the Noticees have violated the regulatory provisions of the SEBI Act, 1992, PFUTP Regulations, SAST Regulations and SC(R) Act, 1956 as mentioned in para 2 hereinabove?

16. Before I proceed to deal with the matter on merits, I would like to address certain preliminary issues raised by the Noticees. Noticee No. 2, 5 and 6 stated that there has been an inordinate delay in the issuance of SCN, hence the instant proceeding is vitiated by delay and latches. This has allegedly caused 'enormous prejudice to the Noticees' and hence there is a violation of the principles of natural justice. In this regard, I note that the Noticees have mainly contented that the IP of the instant proceeding is from June 22, 2018 to August 30, 2019 and the SCN was issued only on June 15, 2023. To address the contention, it is pertinent to reproduce the judgment of Hon'ble Supreme Court in the case of ***Adjudicating Officer, SEBI vs. Bhavesh Pabari*** (2019) SCC Online SC 294; wherein it was held that:

"There are judgments which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. What would be reasonable time will depend upon the facts and circumstances of the case, nature of the default/statute, prejudice caused, whether the third party rights had been created etc."

17. Further, though the Noticees contented that the delay has caused enormous prejudice to them, however, they did not specify in what manner the prejudice is caused to them.

18. In respect of the contention of the delay, I note that delay itself may not be a ground that would vitiate the instant proceedings. However, it is required to examine whether delay has caused any prejudice. In this regard, I note that in the instant case, SEBI received examination/alert reports from BSE on the continuous rise and fall in the price of the scrip of VPGL for the periods June 22, 2018 to August 30, 2019 as well as the concerned department of SEBI received a complaint against the company in the SCORES platform of SEBI *inter-alia*, alleging price manipulation in the said scrip. After preliminary examination, the matter has been sent for further examination to the concerned department of SEBI. As it was decided to investigate the matter, an investigating authority was appointed and information was sought from the stock exchange and other sources on the same, thereafter an analysis of information including connections and trading details of all the entities. Finally, the investigating authority submitted a report on March 28,

2023. Subsequently, the case was assigned to Shri G. Ramar, CGM as the Adjudicating Officer, vide order dated May 15, 2023, however, due to redistribution of the cases, it was reassigned to the undersigned on July 25, 2023. Thereafter, SCN in the matter was issued on September 06, 2023. Further, I note that since all relevant and relied upon documents were supplied to the Noticees, including the investigation report, documents relied upon for connections, copy of DIS slips and relevant bank statements etc., were already provided to the Noticees as annexures to the SCN, in my view the Noticees had sufficient material to defend their case. In fact, they were able to put forth their defense in detail, as is apparent from their replies and submissions. In this regard, I note that the Hon'ble SAT in the matter of ***Pooja Vinay Jain Vs. SEBI*** (SAT Appeal No. 152 of 2019, decided on March 17, 2020) held as follows:

"13. In the present case, the appellant neither put a plea of prejudice before the AO nor before us. It was simply stated that since the proceedings were launched by respondent SEBI after a period seven years, the same should be quashed on the ground of delay. The record would show that all the documents concerning the defense of the appellant were filed by her before the AO. Therefore, for want of any prejudice the proceedings cannot be quashed simply on the ground of delay in launching the same. Further, as explained by the learned counsel for the respondent as recorded in paragraph No. 6.4 above, large numbers of entities and transactions were analysed by SEBI which took some time."

19. Further, I also note from the SCN that the investigation process involved examination of a large number of entities, connection between various entities and several trails of fund movements. During the investigation process, statement of various entities was recorded and complex web of various trails of fund movement were decoded after examining bank details of several entities. In addition, there was intermittent period of multiple nationwide covid lockdowns.

20. In ***Ravi Mohan & Ors. v. SEBI*** decided on August 08, 2013, Hon'ble SAT, Mumbai while referring to its own decision in ***HB Stockholdings Ltd. v. SEBI*** (Appeal no. 114 of 2012) decided on August 27, 2013 and decision of Hon'ble Supreme Court in ***Collector of Central Excise, New Delhi v. Bhagsons Paint Industry (India)*** reported in 2003 (158) ELT 129 (S.C.), observed as under:

"...Based on decision of this Tribunal in case of HB Stockholdings Ltd. vs. SEBI (supra) it was contended on behalf of the appellants that in view of the delay of more than 8 years in issuing the show cause notice, the impugned order is liable to be quashed and set aside. There is no merit in this contention, because, this Tribunal while setting aside the decision of SEBI on merits has clearly held in para 20 of the order, that delay itself may not be fatal in each and every case. Moreover, the Apex Court in case of Collector of Central Excise, New Delhi vs. Bhagsons Paint Industry (India) (supra) has held that if there no statutory bar for adjudicating the matter beyond a particular date, the Tribunal cannot set aside the adjudication order merely on the ground that the adjudication order is passed after a lapse of several years from the date of issuing notice...."

21. This apart, it is to be noted that the SEBI Act, 1992 and the regulations framed thereunder have got a larger public purpose in the form of investor protection and the regulation and development of the securities market. These purposes would stand defeated if the manipulators are allowed to go scot-free just because of delay in initiating action against them. In view of the above facts, I find that no prejudice has been caused upon the Noticees nor have they been able to make out a case of prejudice due to the alleged delay in initiation of proceedings. In view of this, it cannot be said that there is an inordinate delay in the issuance of SCN and hence the said contention of the Noticees cannot be accepted.

22. Further, during the present adjudication proceedings, Noticee no. 1, 7 and 8 requested for providing the listed additional documents gathered during the investigation and indicated a list of documents in this regard and stated that it is against the principles of natural justice. In this regard, I note that the Noticees were already provided with all the relevant and relied upon documents viz. a copy of the Investigation Report along with its relevant annexures, demat transaction statements, copy of documents available in MCA database, copy of DIS slips and relevant bank statements etc., were provided to the Noticees as annexures to the SCN. In this regard, Noticee no. 1, 7 and 8 were informed that all the relevant and relied upon documents for issuance of SCN were already provided to them along with the SCN as its annexures.

23. I note that there is no other information / document being relied upon further in the present proceedings as such requested by the Noticees. Hence, above issue require no further consideration as all the information / records related to the Noticees relied upon in the present proceedings have been provided to Noticees in the SCN. Further, information which is not available to Noticees in general course or as a matter of public records is not relied upon in the present proceedings in respect of the Noticees. Therefore, in my view Noticees had sufficient material to defend their case and no prejudice was caused upon the Noticees.

24. In view of the above, the preliminary objections made by the Noticee regarding the delay in the issuance of the SCN and non-providing the indicated additional documents hold no merit. Having dealt with the preliminary contentions, I shall now proceed to address the key issues that arise for consideration, in light of the facts of the case and the submissions made by the Noticees.

<u>Changes in shareholdings and Non-disclosures under SAST Regulations:</u>

25. It was alleged in SCN that shareholding of Noticee no.- 2, Noticee no.- 3 and Noticee no.- 4 in VPGL was changed significantly pursuant to off-market transactions during the IP which triggered the disclosure requirements under Regulation 29 (2) of SAST Regulations as mentioned in table no. 5 above. Shareholding of Noticee no.- 2 was reduced from 5.88% to 0.36% (change of 5.52%) on October 09, 2018, shareholding of Noticee no.- 3 was reduced from 12.14% to 5.52% (change of 6.62%) on November 19, 2018 and further reduced from 5.52% to 0.00% (change of 5.52%) on November 28, 2018 and shareholding of Noticee no.- 4 was reduced from 10.49% to 5.80% (change of 4.69%) on October 24, 2018 and further reduced from 5.80% to 0.55% (change of 5.25%) on October 24, 2018. These off-market transactions triggered the disclosure requirements under Regulation 29 (2) of SAST Regulations, however, Noticee no.- 2, 3 and 4 had failed to make disclosures on above instances under the SAST Regulations and therefore violated the provisions of Regulation 29 (2) read with Regulation 29 (3) of the SAST Regulations.

26. I note that as per Regulation 29 (2) of SAST Regulations *'any person together with persons acting in concert with him, holds shares or voting rights entitling them to five per cent or more of the shares or voting rights in a target company, shall disclose the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below five per cent, if there has been change in such holdings from the last disclosure made under sub-regulation (1) or under this sub-regulation; and such change exceeds two per cent of total shareholding or voting rights in the target company, in such form as may be specified'*. Regulation 29 (3) of the SAST Regulations further provides that *'the disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within two working days of the receipt of intimation of allotment of shares, or the acquisition or the disposal of shares or voting rights in the target company to every stock exchange where the shares of the target company are listed and the target company at its registered office'*.

27. In this regard, Noticee no. 2 submitted that Late Bajrang Dass Aggarwal traded in the scrip of VPGL on his behalf and on behalf of others and he was not aware and had not any information of the shares bought, sold, traded, or the percentages of shares acquired and disposed of by Shri Bajrang Dass Aggarwal on his behalf. Noticee no.- 3 has not furnished any reply to the SCN nor availed the opportunity of hearing for making any submission in the matter. Noticee no.- 4 submitted that he was working as a Peon in Vikas WSP Ltd. and he did not make any payment for acquisition of the said shares of VPGL and he does not know how these shares were allotted to him. Signed cheques were taken from him and funds received from the sale of shares used to get transferred to account of Bajrang Dass Aggarwal by him. The funds involved are way beyond his means.

28. Submissions of Noticee no.- 2 and 4 that Late Bajrang Dass Aggarwal traded in the scrip of VPGL on their behalf and they are not aware and had not any information about the shares bought, sold, traded, or the percentages of shares acquired and disposed of by Shri Bajrang Dass Aggarwal on their behalf cannot be accepted as I am of the view that the Noticees are responsible for the trading activities done in their trading accounts and they were also liable to make the mandatory disclosures under the SAST Regulations for the aforesaid trades and

they cannot shift the responsibility of compliance with securities rules and regulations on other person. Thus, I hold that shareholding of Noticee no.- 2 was reduced from 5.88% to 0.36% (change of 5.52%) on October 09, 2018 and shareholding of Noticee no.- 4 was reduced from 10.49% to 5.80% (change of 4.69%) on October 24, 2018 and further reduced from 5.80% to 0.55% (change of 5.25%) on October 24, 2018 pursuant to off-market transactions done by them. These off-market transactions triggered the disclosure requirements under Regulation 29 (2) of SAST Regulations, however, Noticee no.- 2 and 4 had failed to make disclosures on above instances under the SAST Regulations.

29. I note that sufficient opportunity has been provided to Noticee no.- 3 (Girish Kansal) to represent his case by way of reply to the SCN and also by way of personal hearing. However, it is a matter of record that Noticee no.- 3 had requested for extension of 15 days' time to submit reply to the SCN, however, he failed to furnish his reply and also failed to appear for personal hearing before the undersigned. Therefore, in the absence of reply to the SCN from Noticee no. 3 and his failure to avail the opportunity of personal hearing for making any submission in response to the allegation levelled in the SCN, I am inclined to presume that the Noticee no. 3 has nothing to offer in his defense and therefore, he has admitted to the allegations levelled against him in the SCN. In this context, Hon'ble SAT in the matter of **Sanjay Kumar Tayal vs SEBI**, *vide* Order dated February 11, 2014 held that *"appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted to the charges levelled against them in the show cause notice."*

I also refer to the judgment of Hon'ble SAT dated December 08, 2006 in the matter of **Classic Credit Ltd. v SEBI** (Appeal No. 68 of 2003) wherein, it is observed, *"… the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them".*

Further, the same position is reiterated by the Hon'ble SAT in the matter of ***Dave Harihar Kirtibhai Vs SEBI*** (Appeal No. 181 of 214 dated December 19, 2014), wherein the Hon’ble SAT observed as under:*“...further, it is being increasingly observed by the Tribunal that many persons/entities do not appear before SEBI (Respondent) to submit reply to SCN or, even worse, do not accept notices/letters of Respondent and when orders are passed ex-parte by Respondent, appear before Tribunal in appeal and claim non-receipt of notice and do not appear and/or submit reply to SCN but claim violation of principles of natural justice due to not being provided opportunity to reply to SCN or not provided personal hearing. This leads to unnecessary and avoidable loss of time and resources on part of all concerned and should be eschewed, to say the least. Hence, this case is being decided on basis of material before this Tribunal...”*

30. In view of the aforesaid observations made by the Hon’ble SAT, I find no reason to take a different view and accordingly, I deem it appropriate to proceed against Noticee no. 3 as ex-parte.

31. Therefore, in the absence of any material contrary to the allegations, I find that materials on record are sufficient enough to reasonably conclude that shareholding of Noticee no.- 3 was reduced from 12.14% to 5.52% (change of 6.62%) on November 19, 2018 and further reduced from 5.52% to 0.00% (change of 5.52%) on November 28, 2018 pursuant to off-market transactions done by him. These off-market transactions triggered the disclosure requirements under Regulation 29 (2) of SAST Regulations, however, Noticee no.- 3 had failed to make disclosures on above instances under the SAST Regulations.

32. In view of the above, I hold that the aforesaid off-market transactions undertaken by the Noticee no.- 2, 3 and 4 triggered the disclosure requirements under Regulation 29 (2) of SAST Regulations, however, they had failed to make disclosures on aforementioned instances under the SAST Regulations, therefore, Noticee no.- 2, 3 and 4 have violated the provisions of Regulation 29 (2) read with Regulation 29 (3) of the SAST Regulations.

Disposal of shares by Promoter and Directors of VPGL:

33. It was alleged in the SCN that Bajrang Dass Aggarwal and some of his related entities disposed the shares of VPGL in off-market. SCN further alleged that Noticee no.- 2, Noticee no.- 3 and Noticee no.- 4 were employed in Vikas WSP Limited, a company promoted / controlled by Bajrang Dass Aggarwal, thus he exercised control over the Noticee no.- 2, 3 and 4 as promoter and CMD of Vikas WSP Ltd. These 3 Noticees were allegedly used by the promoters of VPGL (viz. Bajrang Dass Aggarwal and/or Bimla Devi Jindal) as mule account / front entity to keep their shares in the scrip of VPGL and used these Noticees accounts to dispose their shares in off-market to their related entities who in turn sold these shares in the market. Noticee no.- 2, 3 and 4 were allotted the aforesaid shares of VPGL in preferential allotment made by the company on September 15, 2008. It was alleged that Bajrang Dass Aggarwal and/or Bimla Devi Jindal were the real beneficial owners of the said shares of VPGL which were kept by them in the name of these Noticees. Further, it was observed that the entire consideration received from off-market sale of these shares was transferred by Noticee no.- 3 and 4 to Bajrang Dass Aggarwal / Bimla Devi Jindal. Gourav and Puneet, who had received the shares of VPGL in off-market from Noticee no.- 2, transferred the on-market sale proceeds from sale of the said shares of VPGL to Bajrang Dass Aggarwal. Therefore, it was alleged that Noticee no.- 2, Noticee no.- 3 and Noticee no.- 4 aided and abetted the Promoters and Directors in deploying the aforesaid fraudulent scheme / device to allow them to dispose-off their large quantity of shares of VPGL in the market through their related / associated entities. Thereby, Noticee no.- 2, 3 and 4 had violated the provisions of Section 12 A (a), (b), (c) of SEBI Act, 1992 read with Regulations 3 (a), (b), (c), (d), 4(1) and 4(2) (a) of the PFUTP Regulations.

34. In response to above allegations, Noticee No. 2 submitted that he was working with Vikas WSP Limited during the IP. Mr. Bajrang Dass Aggarwal asked him to provide signed DIS and he gave signed DIS to Mr. Bajrang Dass Aggarwal. He did not know that to whom these shares were being transferred and reason for the transactions carried out by Mr. Bajrang Dass Aggarwal. Mr. Bajrang Dass Aggarwal credited these shares to his account. Noticee does not know the reason of the

same. Noticee further stated that Investigation has proved that all the trades in his account were carried out by Late Bajrang Dass Aggarwal who was the mastermind and main executor of the fraud. Trading in his account was controlled and carried by Late Bajrang Dass Aggarwal and Noticee No. 2 did not have any role in the entire scheme. AO has also reached at the conclusion that Late Shri Bajrang Dass Aggarwal was the real beneficial owner of the said shares of VPGL which were kept by him in the name of Amit Babbar. Late Bajrang Dass Aggarwal was operating and controlling the accounts of all the entities, he was the brain behind the entire operation and the responsibility rests with only Late Bajrang Dass Aggarwal. Noticee No. 2 further submitted SCN has failed to provide evidence that there was a deliberate intention on his part to commit fraud. Gourav and Puneet who had received the shares of VPGL in off-market from him, transferred the on-market sale proceeds from sale of the said shares of VPGL to Late Bajrang Dass Aggarwal, thus, Gourav and Puneet should have made them co-Noticees in the said SCN. Noticee no.- 3 has not furnished any reply to the SCN. Noticee no.- 4 submitted that he was working as a Peon in Vikas WSP Ltd. and he did not make any payment for acquisition of the said shares of VPGL and he does not know how these shares were allotted to him. Signed cheques were taken from him and funds received from the sale of shares used to get transferred to account of Bajrang Dass Aggarwal by him. The funds involved are way beyond his means.

35. I find that Noticee No. 2 has accepted that he was working with Vikas WSP Limited during the IP and trading in his account was controlled and carried out by Late Bajrang Dass Aggarwal. Noticee further accepted that he provided signed DIS to Mr. Bajrang Dass Aggarwal on his instructions, though he did not know that to whom these shares were being transferred and reason for the transactions carried out by Mr. Bajrang Dass Aggarwal. Noticee No. 2 also admitted that Mr. Bajrang Dass Aggarwal credited these shares to his account and Mr. Bajrang Dass Aggarwal was the real beneficial owner of the said shares of VPGL which were kept by him in the name of Noticee. Noticee No. 2 further stated that all the trades in his account were carried out by Late Bajrang Dass Aggarwal who was the mastermind and main executor of the fraud. Contention of Noticee No. 2 that Late Bajrang Dass Aggarwal was operating and controlling the accounts of all the entities, he was the brain behind the entire operation and the responsibility rests

with only Late Bajrang Dass Aggarwal cannot be accepted as Noticee is responsible for the trading activities done in through trading account and he cannot shift the responsibility of on other person for carrying out trades, operating and controlling his trading account. Noticee no.- 4 also accepted that he was working as a Peon in Vikas WSP Ltd., he does not know how these shares were allotted to him and signed cheques were taken from him by Bajrang Dass Aggarwal and funds received from the sale of shares were transferred to account of Bajrang Dass Aggarwal by himself. Noticee no.- 3 has not furnished any submission w.r.t. these allegations, which indicates that Noticee no.- 3 has nothing to submit in this regard and hence it is presumed that the above charges alleged against him in the SCN have been admitted by him.

36. In view of the above, I hold that Bajrang Dass Aggarwal exercised control over the Noticee no.- 2, 3 and 4 as promoter and CMD of Vikas WSP Ltd and these Noticees were allotted the shares of VPGL in preferential allotment and were used by the promoters of VPGL (viz. Bajrang Dass Aggarwal and/or Bimla Devi Jindal) as mule account / front entity to keep their shares in the scrip of VPGL and used these Noticees accounts to dispose their shares in off-market to their related entities who in turn sold these shares in the market. Further, I hold that the entire sale proceeds received from off-market sale of these shares was transferred by Noticee no.- 3 and 4 to Bajrang Dass Aggarwal / Bimla Devi Jindal. Similarly, Gourav and Puneet, who had received the shares of VPGL in off-market from Noticee no.- 2, transferred the on-market sale proceeds from sale of the said shares of VPGL to Bajrang Dass Aggarwal, which was held by Quasi-Judicial Authority order dated January 15, 2024 in the matter of Vikas Proppant and Granite Ltd. Thus, I hold that Bajrang Dass Aggarwal and Bimla Devi Jindal were the real beneficial owners of the said shares of VPGL, which were kept by them in the name of these Noticees and Noticee no.- 2, 3 and 4 were used as mule account / front entity in the fraudulent scheme/device deployed by the promoters and directors of VPGL to manipulate the scrip of VPGL and facilitated the Promoters of VPGL to sell large quantities of their shares to the genuine gullible investors.

37. Noticee No. 2 further contended that SCN has failed to provide evidence that there was a deliberate intention on his part to commit fraud.

38. In this regard, I find it appropriate to rely on the observations of Hon'ble SAT made in the matter of **Ketan Parekh Vs. SEBI** (Appeal No. 2 of 2004 decided on 14.07.2006) that, *"............Any transaction executed with the intention to defeat the market mechanism whether negotiated or not would be illegal. Whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism will depend upon the intention of the parties which could be inferred from the attending circumstances because direct evidence in such cases may not be available. The nature of the transaction executed, the frequency with which such transactions are undertaken, the value of the transactions, whether they involve circular trading and whether there is real change of beneficial ownership, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn."*

39. Further, Hon'ble Supreme Court of India in the matter of **SEBI v Kishore Ajmera** (order dated February 23, 2016), observed that: *"It is a fundamental principle of law that proof of an allegation levelled against a person may be in the form of direct substantive evidence or, as in many cases, such proof may have to be inferred by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof the Courts cannot be helpless. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to the Court to be a reasonable conclusion therefrom. The test would always be that what inferential process that a reasonable / prudent man would adopt to arrive at a conclusion…*

40. Considering the above observations of Hon'ble Supreme Court of India and Hon'ble SAT, I am of the view that the proof of deliberate intention to commit fraud in the circumstances always depends on inferences drawn from a mass of factual details, the nature of transactions, conduct of the parties etc. It is difficult to prove

intent by direct evidence in these types of manipulation and, therefore, circumstantial evidence has to be taken into consideration. Accordingly, I note that direct evidence is not forthcoming in the present matter as regards deliberate intention of the Noticee No. 2 to commit fraud, however, intention of the Noticee No. 2 could be inferred from the attending circumstances. In the present case, Noticee was used by Bajrang Dass Aggarwal as mule account / front entity to keep his shares of VPGL and to dispose his shares in off-market to related entities of promoters, who in turn sold these shares in the market and transferred the on-market sale proceeds to Bajrang Dass Aggarwal. Thus, he acted under the instructions of Bajrang Dass Aggarwal in the fraudulent scheme / device deployed by the promoters and directors of VPGL to manipulate the scrip of VPGL and facilitated the Bajrang Dass Aggarwal to sell large quantities of his shares to the genuine gullible investors. Therefore, I hold that Noticee No. 2 was a part of the fraudulent scheme / device deployed by the promoters and directors of VPGL to manipulate the scrip of VPGL.

41. Noticee No. 2 further submitted that Gourav and Puneet who had received the shares of VPGL in off-market from him, transferred the on-market sale proceeds from sale of the said shares of VPGL to Late Bajrang Dass Aggarwal, thus, Gourav and Puneet should have made them co-Noticees in the said SCN. I note that Gourav and Puneet have also been made Noticees in the case of Vikas Proppant and Granite Ltd proceedings, which were approved under Sections 11(1), 11(4) and 11B(1) of the SEBI Act, 1992 against 8 other entities, including among them Gourav, Puneet, Promoters and Directors of VPGL, the matter was dealt with against these entities and order by Quasi-Judicial Authority in the matter has been passed on January 15, 2024.

42. In view of the above, I hold that Noticee no.- 2, 3 and 4 aided and abetted the Promoters and Directors in deploying the aforesaid fraudulent scheme / device to allow them to dispose-off their large quantity of shares of VPGL in the market through their related / associated entities. Therefore, the allegations that the Noticee No.- 2, 3 and 4 have violated the provisions of Section 12 A (a), (b), (c) of SEBI Act, 1992 read with Regulations 3 (a), (b), (c), (d), 4(1) and 4(2) (a) of the PFUTP Regulations, stand established.

Transactions done by Aashu Garg, Independent Director (Noticee No.- 1) and her related entities:

43. It was alleged in the SCN that Aashu Garg (Noticee No.- 1) was an Independent Director of VPGL and attended all Board Meetings of the company during the IP, therefore, she was aware about the internal functioning of the company including the details regarding the non-genuineness of the misleading corporate announcements made by the company during IP and the details regarding the mis-representations by the company in its financial statements. Further, SCN alleged that the trading pattern of Noticee No.- 1 and her related entities, who had traded in the scrip of VPGL during the IP and the fact that she was an Independent Director in VPGL clearly indicates that there is high preponderance of probability that Aashu Garg knew about the manipulative device/scheme of VPGL and aided her related entities to benefit from the manipulation in the scrip of VPGL. Therefore, it was alleged that Noticee No.- 1 acted in deceitful manner to deal in the shares of VPGL and also induced her related entities deal in the shares of VPGL to benefit out of fraudulent scheme / device deployed by the company to manipulate the scrip of VPGL.

44. In response to above allegations, Noticee No.- 1 submitted that she was an independent and sleeping director having no information about the company. She had not even attended a single board meeting and the veracity of the same can be found from the record of the company. With regard to Form MGT-7, she submitted that she may not be prosecuted on the basis of false, fabricated and completely incorrect information submitted by the company. Mr. Agarwal had given false, fabricated and incorrect information about the attendance of Board Meetings of the Company. She submitted that the company neither presented financial information of the company nor put any information with regard to the corporate announcement before her. She never ever discussed / informed any of her close relatives about the company's financials and corporate announcements as she would not have known about it. She has no cordial relation with her in-laws and she is living separately. No communication or discussion was made between the Noticee and her said relatives w.r.t. investment in securities including shares of VPGL. Noticee submitted that she has no role behind the given transactions executed by her

relatives. With regard to her dealing in the share of VPGL, she submitted that she has dealt in the scrip of VPGL in compliance with all the relevant provisions of securities law as applicable to her from time to time and she dealt in scrip of VPGL in the normal course of her trading activity and the same was very much within her financial and risk bearing capacity. She had neither intention nor association with Mr. Bajrang Dass Aggarwal or purpose to manipulate the price and volume while dealing in scrip of VPGL as alleged or otherwise.

45. Noticee No.- 1 further submitted that the inferences drawn against the Noticee in the SCN are misconceived, speculative and based on assumptions and conjecture and contrary to the factual position. No material has been brought on the face of SCN to show that the Noticee was aware about the mis-statement of financial of the Company or false corporate announcements given by Mr. Agarwal. SCN does not provide any details as to whether the Noticee was involved in the day to day affair of the Company and/or whether the Noticee has played administrative/executive role at any point of time during her directorship tenure. The SCN also failed to bring any concrete material supported with documentary evidence to show that the Noticee had attended even a single meeting of Board of Directors of the Company or meeting of any internal committee of the VPGL. Noticee relied on the order bearing no. WTM/AB/SEBI/ERO/16/2019-20 dated 31.07.2019 in respect of Guiness Securities Limited and others (in short "GSL") passed by Ld. WTM of SEBI and stated that the Ratio coming from the said confirmatory order is *"merely on the ground that the Noticee has attended board meetings does not make the Noticee deemed to have knowledge of the affairs and misconduct of the Company".*

46. Further, Noticee No.- 1 submitted that SEBI failed to peruse the entire contents of Form MGT-7. Table of Attendance of Director of Form MGT-7 marked as states that the Noticee was entitled to attend only 3 board meetings of the Company. In view of the contents of Form MGT-7, it may be appreciated that the observation alleged on the basis of Form MGT-7 that the Noticee had attended 11 board meetings is incorrect. Noticee neither attended any board meeting or internal committee meeting of the Company.

47. Noticee submitted that she is a resident of Sri Ganganagar, Rajasthan and belongs to a business family. She is a house wife and focused on affairs of her matrimonial home and fully concentrated on her two children. In addition to discharging her matrimonial duty at home, she is also closely involved in philanthropic activities, therefore, she earned a very respectful position in the eyes of people of Sri Ganganagar. On the other hand, Mr. Agarwal belonged from an elite class family of Sri Ganganagar and engaged in different kinds of business. He was also promoter of many companies out of which few are listed as public limited companies at stock exchange. Pertinently, Mr. Agarwal has made his image amongst the public of Sri Ganganagar as a social reformer. He was also involved in philanthropic activities. During a social event, Mr Agarwal met the Noticee and came to know about the social work of the Noticee. Thereafter, Mr. Agarwal had approached Noticee for appointment of Independent Director of VPGL. The Noticee was very reluctant to accept his offer but Mr. Agarwal insisted and stated that Noticee was needed to come to the office of VPGL and her name only reflects in the database of the Company to show that respectable people of society are holding office of the Directors of VPGL. He also told her that she will not be responsible for any work of the company and also not be liable for any act of the Company. The people of Sri Ganganagar are believing in Mr. Agarwal blindly due to his social status and the Noticee was not exceptional. The Noticee had agreed to give her consent to use her name as an Independent Director of VPGL without any responsibility.

48. Noticee submitted that she was a small investor, who relied upon the financial results and news reported in local newspapers about the positive result and corporate announcements of the Company and decided to invest in the company. Noticee had started to invest in the shares of VPGL prior to the IP and before holding the position of Independent Director of the company. The Noticee had also invested in the share of VPGL after the IP. Trades of the Noticee were executed independently without any insider information of device setup by Mr. Agarwal. Furthermore, the Noticee had also invested in the share of Vikas WSP which was also promoted and controlled by Mr. Agarwal. But she had incurred losses in trades executed in the share of VPGL and Vikas WSP during FY 2020-21 for a sum of Rs. 1,03,231.54, which shows the Noticee has not done insider trading and all her

trades were executed as a gullible investor. Noticee had executed buy and sell trades of only 90000 shares of VPGL during IP but in the given table, it has been shown that she had bought 190000 shares and sold 247930 shares during IP which is incorrect. There were no funds transactions carried out between the Noticee and Mr. Agarwal or his conduit persons. Further, the trading pattern of Noticee clearly indicate that the trades executed by the Noticee has not been based on internal information of the Company.

49. Noticee No.- 1 further submitted that the Noticee was not indulged in a fraudulent or an unfair trade practice in any manner whatsoever. In so far as the Noticee is concerned, the charges are based on surmises and conjectures and on the wild allegation of having carried out manipulative trading. The allegations of fraud cannot be based on wild allegations without any convincing evidence. Charges of fraud are of serious nature and should not be made casually by regulators. The judicial precedents indisputably held that fraud is a serious offence and, therefore, the standard of proof must be of a higher degree and mere conjectures and surmises will not be sufficient to hold a person liable for fraud.

50. In this regard, I find that the Noticee was entitled to attend only 3 board meetings of the Company in FY 2018-19, thus the allegation that the she had attended all 11 board meetings in FY 2018-19 is not correct. Further, in view of the submissions of the Noticee no.- 1 that she had not even attended a single board meeting, she had come into contact with Mr. Bajrang Dass Aggarwal during philanthropic work and agreed to become Independent Director of VPGL, she relied upon the financial results and news reported in local newspapers about the positive result and corporate announcements of the Company and decided to invest in the company and she had also incurred losses in trades executed in the share of VPGL and Vikas WSP, which would not have been the case if she had knowledge of the manipulative device / scheme of VPGL and Mr. Bajrang Dass Aggarwal had given false, fabricated and incorrect information about the attendance of board meetings of the Company in Form MGT-7, and in the absence of minutes of board meetings or any concrete evidences proving that she attended the board meetings, it cannot be decided with certainty whether she had attended the board meetings or not and also, there is nothing on record to show that she communicated anything to her

relatives or their trades were based on her advice, thus, I am inclined to give benefit of doubt to Noticee no.- 1. Further, I keep in mind the WTM orders relied upon by the Noticee regarding role of Independent Director vs. Executive Director on attending board meetings. Accordingly, I hold that the allegations that being an Independent Director in VPGL, Aashu Garg knew about the manipulative device/scheme of VPGL and aided her related entities to benefit from the manipulation in the scrip of VPGL, have not been established. Therefore, I hold that the allegations that Noticee no.- 1, has violated the provisions of Section 12 A (a), (b), (c) of SEBI Act, 1992 read with Regulations 3 (a), (b), (c), (d), 4(1) and 4(2) (a) of PFUTP Regulations, does not stand established.

Non-compliance with the provisions of the SC(R) Act, 1956 related to spot delivery:

51. I note that for an off-market transaction to be considered to be valid, it has to fall under the scope/ definition of spot delivery contract as specified under Section 2(i)(a) of the SC(R) Act, 1956 read with Section 13, 16, 18 & 28 of SC(R) Act, 1956 and SEBI Notification No. LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013. Section 2(i) of the SC(R) Act, 1956 provides that "Spot Delivery Contract" means a contract which provides for *'actual delivery of securities and the payment of a price therefore either on the same day as the date of the contract or on the next day, the actual period taken for the dispatch of the securities or the remittance of money therefore through the post being excluded from the computation of the period aforesaid if the parties to the contract do not reside in the same town or locality.'* Therefore, in terms of the aforesaid Section 2(i) (a) of the SC(R) Act, 1956, a contract in securities market will be completed on actual delivery of shares and payment of consideration either on the same day or the next day of the contract. In other words, a spot contract in securities market is said to be completed only if delivery / transfer of securities and payment therefor has been made within the time limit prescribed under Section 2 (i) (a) of SC(R) Act, 1956.

52. SCN alleged that Sanjay Pareek, Shweta Pareek, Rajesh Garg HUF, Anguri Devi Garg and Rajesh Kumar HUF (Noticee No.- 5 6, 7, 8 and 9 respectively) had not paid the full consideration as mentioned in the DIS slips in terms of the provisions

of SC(R) Act, 1956 for the shares of VPGL purchased in off-market as detailed in table no. 21, therefore, Noticee No.- 5 6, 7, 8 and 9 had violated the provisions of Section 2(i)(a) of the SC(R) Act, 1956 read with Section 13, 16 & 18 of the SC(R) Act, 1956 and SEBI Notification No.- LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013.

53. In this regard, Noticee no.- 5 and 6 submitted that they are ex-employees of Vikas WSP Limited. Vikas WSP Limited started facing severe financial issues on account of certain debtors and defaulters and on account of a foreign litigation between Vikas WSP Limited and an entity named Economy Polymers and Chemicals Inc. During this period, Vikas WSP Limited for the first time defaulted in payment of their salaries and default in payment of salary continued for several months which eventually lead to Noticees' resignations in 2021. During the period when their salaries were pending, Mr. Sanjay Pareek had from time to time requested Mr. Bajrang Dass Aggarwal who used to handle all the affairs of Vikas WSP Limited to clear the outstanding salaries. However, Mr. Bajrang Dass Aggarwal always assured that all outstanding payments will be cleared.

54. Noticee no.- 5 and 6 further stated that in June 2020, Mr. Bajrang Dass Aggarwal was in urgent need of funds, thus he requested the Mr. Noticee no. 5 and 6 for some financial help. On June 3, 2020 and June 4, 2020, Noticee no. 5 transferred an amount of Rs. 5 lakhs and Rs. 3,10,314/- to Mr. Bajrang Dass Aggarwal. On June 3, 2020, Mr. Sanjay Pareek transferred an amount of Rs. 5 lakhs to Mr. Bajrang Dass Aggarwal, from account of Noticee no. 6. When the Mr. Sanjay Pareek insisted and made repeated follow ups with Mr. Bajrang Dass Aggarwal for their outstanding salaries/dues, Mr. Bajrang Dass Aggarwal in order to keep his assurance and provide comfort to the Noticee transferred 5 lakh shares of VPGL to the Noticee on January 3, 2019. Thereafter, since Vikas WSP Limited was unable to clear their outstanding salaries/dues, Mr. Bajrang Dass Aggarwal instructed Mr. Sanjay Pareek to sell these 5 lakh shares and appropriate the sale consideration towards some part of their outstanding salaries/dues. The impugned transfer of 5 lakh shares on January 3, 2019 and the payment of Rs. 5 lakh made from their bank account to Mr. Bajrang Dass Aggarwal on June 3, 2020, has nothing to do with Spot Delivery contract as alleged in the SCN. The SCN has

erroneously linked both the transactions together. Further the payment of Rs. 5 lakh made from their bank accounts to Mr. Bajrang Dass Aggarwal on June 3, 2020 was not a payment (or a part payment as stated in the SCN) or the same is not any kind of a sale consideration. Noticees and Mr. Bajrang Dass Aggarwal had not entered into any transaction for purchase and/or sell of shares of VPGL. Therefore, the subject transfer of 5 lakh shares on January 3, 2019 and the subsequent payment of Rs. 5 lakhs from their bank accounts to Mr. Bajrang Dass Aggarwal, both are independent events and both these events have no connection with each other.

55. Noticee no.- 5 and 6 further submitted that at the relevant time they had no knowledge about what Mr. Bajrang Dass Aggarwal had mentioned on DIS at the time of transfer of the 5 lakh shares to their account. Since they had not signed the said DIS, Noticee cannot comment on why consideration of Rs. 19,25,000 was mentioned on the DIS. Since the subject transfer of shares was not a purchase or sell transaction there was no question of any consideration and/or corresponding payment. Therefore, there was no reason for Mr. Bajrang Dass Aggarwal to mention any kind of consideration on the said DIS. Merely because Mr. Bajrang Dass Aggarwal mentioned consideration on the DIS, same cannot be considered as purchase or sell of shares through off market. The background, circumstance, intention and purpose of the said transfer of shares to their account was only to provide assurance and a level of comfort to the Noticee regarding the outstanding salaries/dues.

56. In view of the above submissions and explanations of the Noticee no.- 5 and 6, particularly that their salaries were not paid several months and for their outstanding salaries/dues, Mr. Bajrang Dass Aggarwal in order to keep his assurance and to provide comfort to the Noticee no.- 5 and 6, transferred 5 lakh shares of VPGL to them, I hold that the transfer of 5 lakh shares on January 3, 2019 and the payment of Rs. 5 lakhs made from the Noticee’s bank account to Mr. Bajrang Dass Aggarwal on June 3, 2020, cannot be linked with certainty with each other and also in the absence of contract, the payment of Rs. 5 lakhs cannot surely be established as payment towards sale consideration of shares. Therefore, I hold that the allegations that Noticee no. - 5 and 6 have violated the provisions of

Section 2(i)(a) of the SC(R) Act, 1956 read with Section 13, 16 & 18 of the SC(R) Act, 1956 and SEBI Notification No.- LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013, does not stand established.

57. With regard to allegation of non-payment of consideration amount of Rs. 16,80,000/- and Rs. 22,10,000/- against the purchase of 10 Lakh shares of VPGL by Noticee no.- 7 and 8 respectively, the Noticees submitted that the consideration amount as mentioned in DIS was Rs. 16,80,000/- and Rs. 22,10,000/- and the consideration received by the transferors. Therefore, the observation as non-payment of the consideration amount alleged in the SCN is incorrect. Noticee no.- 7 and 8 further submitted that they had entered into contract with Nir Singh Sindhu and Girish Kansal respectively, to purchase 10 Lakh shares of VPGL in-off-market for the consideration amount of Rs. 16,80,000/- and Rs. 22,10,000/- respectively and same was duly paid by the Noticees to transferors as per the payment terms decided between the parties. Therefore, the Noticees did not violate the provisions of Section 2(i)(a) of SCRA.

58. Noticee no.- 7 and 8 further submitted that the SCN is not substantiated by any evidence or material on record. In so far as Noticee no.- 7 and 8 are concerned, the charges are based on surmises and conjectures and wild allegation of not paying the full consideration amount is levied. In this regard, Noticees relied on the judgements of Hon'ble Supreme Court of India in the matters of *Nandakishore Prasad v. State of Bihar* (1978) 3 SCC 366 and *Union of India v. H. C. Goel* (AIR 1964 SC 364). I this regard, I note that all relevant documents including the investigation report, documents relied upon for connections, copy of DIS slips and relevant bank statements etc., which were and relied upon for issuance of SCN were provided to the Noticees as annexures to the SCN. Further, Noticees also accepted the off-market purchase of shares of VPGL and the consideration amount paid by them for it. Thus, above contentions do not hold any merit.

59. I note that Noticee no.- 7 and 8 have admitted that they had entered into contract with Nir Singh Sindhu and Girish Kansal respectively, to purchase 10 Lakh shares of VPGL in off-market for the consideration amount of Rs. 16,80,000/- and Rs. 22,10,000/-, respectively and the same was duly paid by the Noticees to transferors

as per the payment terms decided between the parties. In this regard, I find that the Noticee no.- 7 purchased 10 Lakh shares of VPGL from Nir Singh Sindhu in-off-market for the consideration amount of Rs. 16,80,000/- on October 24, 2018, however, he made the payments of Rs. 8,20,000/- on October 25, 2018 and Rs. 8,60,000/- on March 30, 2019 towards consideration of the said purchase of shares. Similarly, I find that the Noticee no.- 8 purchased 10 Lakh shares of VPGL from Girish Kansal in-off-market for the consideration amount of Rs. 22,10,000/- on November 19, 2018, however, she made the payments of Rs. 5,00,000/- on November 26, 2018, Rs. 10,00,000/- on January 28, 2019 and Rs. 7,10,000/- on March 20, 2019 towards consideration of the said purchase of shares. However, in terms of the aforesaid Section 2(i)(a) of the SC(R) Act, 1956, a contract in securities market will be completed on actual delivery of shares and payment of consideration either on the same day or the next day of the contract. In other words, a spot contract in securities market is said to be completed only if delivery / transfer of securities and payment therefor has been made within the time limit prescribed under Section 2 (i) (a) of SC(R) Act, 1956. Thus, I note that Noticee no.- 7 and 8 while they may have paid the full consideration amount of Rs. 16,80,000/- and Rs. 22,10,000/- respectively, however, they did not make the payment within time frame stipulated in terms of the provisions of SC(R) Act, 1956.

60. In view of the above, I hold that the allegations that Noticee No.- 7, and 8 had violated the provisions of Section 2(i)(a) of the SC(R) Act, 1956 read with Section 13, 16 & 18 of the SC(R) Act, 1956 and SEBI Notification No.- LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013, stand established.

61. In response to above allegations, Noticee no.- 9 submitted that he purchased 10,00,000 shares of VPGL at Rs. 2.21 per shares on November 18, 2018 and credited to his demat account November 19, 2018. He paid total consideration of Rs. 22,10,000/- from his bank account to the transferee. He further submitted that his broker never informed him that the Section 2(i){a) of the SC(R) Act,1956 read with Section 13, 16, & 18 of the SC{R) Act, 1956 and SEBI notification no. LAD-NRO/GN/2013-14/26/6667 DATED 03/10/2013 is applicable on these shares. He is a simple person and does not know the SEBI Law.

62. I note that Noticee no.- 9 have accepted that he purchased 10,00,000 shares of VPGL at Rs. 2.21 per shares on November 18, 2018 and credited to his demat account November 19, 2018, for which he paid total consideration of Rs. 22,10,000/- from his bank account to the transferee. In this regard, I find that the Noticee no.- 9 purchased 10 Lakh shares of VPGL from Girish Kansal in-off-market for the consideration amount of Rs. 22,10,000/- on November 19, 2018, however, he made the payments of Rs. 11,05,000/- on November 20, 2018 and Rs. 11,05,000/- on December 01, 2018 towards consideration of the said purchase of shares. However, as stated above, in terms of the aforesaid Section 2(i)(a) of the SC(R) Act, 1956, a contract in securities market will be completed on actual delivery of shares and payment of consideration either on the same day or the next day of the contract. In other words, a spot contract in securities market is said to be completed only if delivery / transfer of securities and payment therefor has been made within the time limit prescribed under Section 2 (i) (a) of SC(R) Act, 1956. Thus, I note that though the Noticee no.- 9 had paid the full consideration amount of Rs. 22,10,000/-, however, he did not make the full payment within the time frame stipulated in terms of the provisions of SC(R) Act, 1956.

63. In view of the above, I hold that the allegations that Noticee No.- 9 have violated the provisions of Section 2(i)(a) of the SC(R) Act, 1956 read with Section 13, 16 & 18 of the SC(R) Act, 1956 and SEBI Notification No.- LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013, stand established.

Issue II. Does the violation, if any, attract monetary penalty under Section 15A(b) and 15HA of the SEBI Act, 1992 and Section 23H of the SC(R) Act, 1956?

64. In the light of findings and observations made against the Noticees brought out in the foregoing paragraphs, it is evident that the Noticees have violated the following regulatory provisions:

    (a) Noticee no.- 2, 3 and 4 violated the provisions of Regulation 29 (2) read with Regulation 29 (3) of the SAST Regulations,

(b) Noticee No.- 2, 3 and 4 violated the provisions of Section 12 A (a), (b), (c) of SEBI Act, 1992 read with Regulations 3 (a), (b), (c), (d), 4(1) and 4(2) (a) of the PFUTP Regulations, and

(c) Noticee No.- 7, 8 and 9 violated the provisions of Section 2(i)(a) of the SC(R) Act, 1956 read with Section 13, 16 & 18 of the SC(R) Act, 1956 and SEBI Notification No.- LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013.

65. With regard to imposition of penalty, Noticee no.- 7 and 8 submitted that imposing penalty on them is unwarranted and uncalled for and relied on the judgements of Hon'ble Supreme Court of India in the matters of *Superintended and Remembrancer Legal Affairs to Government of West Bengal vs Abani Maity* (1979) 4 SCC 85, *Bhagat Ram Vs. State of Himachal Pradesh and Ors.* AIR 1983 SC 454 decided on 24.01.1983 and *Ram Sharan Yadav vs. Thakur Muneshwar Nath Singh* (AIR 1985 SC 24). Further, Noticees also quoted the decision of Hon'ble High Court of Bombay in the matter of *SEBI Vs. Cobot International Capital Corporation Limited (Cabot)* {2004 51 SCL 307 (BOM)}.

66. In this regard, reliance is placed upon the judgment of Hon’ble Supreme Court of India in the matter of **SEBI Vs. Shri Ram Mutual Fund** [2006] 68 SCL 216(SC) which inter-alia has held that:

“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...”.

67. The aforesaid violations are serious in nature and make the Noticee no.- 2, 3 and 4 liable for monetary penalty under the provisions of Section 15A(b) and Section 15HA of the SEBI Act, 1992 and Noticee No.- 7, 8 and 9 liable for monetary penalty under the provisions of Section 23H of the SC(R) Act, 1956. The content of the said provision of law is reproduced herein below:

Relevant provision of the SEBI Act, 1992:

Penalty for failure to furnish information, return, etc.

15A. *If any person, who is required under this Act or any rules or regulations made thereunder,—*

…………..

(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents, he 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;.

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 which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.*

Relevant provision of the SC(R) Act, 1956:

Penalty for contravention where no separate penalty has been provided.

23H. *Whoever fails to comply with any provision of this Act, the rules or articles or bye- laws or the regulations of the recognised stock exchange or directions issued by the Securities and Exchange Board of India for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.*

Issue III. If so, what would be the monetary penalty that can be imposed upon the Noticees taking into consideration the factors stipulated in Section 15-J of the SEBI Act, 1992 read with Rule 5(2) of the SEBI Adjudication Rules, and Section 23-J of the SC(R) Act, 1956 read with Rule 5(2) of the SCR Adjudication Rules, 2005?

68. While determining the quantum of penalty, it is important to consider the factors stipulated in Section 15-J of the SEBI Act, 1992 and Section 23-J of the SC(R) Act, 1956, which reads as under: -

<u>SEBI Act, 1992:</u>

Factors to be taken into account while adjudging quantum of penalty

15J *While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board 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.

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

<u>SCRA, 1956:</u>

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 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.

[Explanation.—For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 23A to 23C shall be and shall always be deemed to have exercised under the provisions of this section.]

69. In this case, since the violations against the Noticees have been established, I shall now deal with the instant issue as under:

Unlawful gains made by the Promoters and conduits:

70. Promoters of VPGL and their related entities transferred large quantity of shares to certain related entities of the promoters, who in turn disposed the shares in market and transferred the entire or part of the sale proceeds to the Late Bajrang Dass Aggarwal and his related entities. Moreover, certain shares were disposed by promoters through their related entities in off-market and sale proceeds received from off-market sale of these shares were transferred to Bajrang Dass Aggarwal and Bimla Devi Jindal. As the shares were disposed by the promoters through their conduits in market as well as off-market, the calculations for unlawful gains made through disposal of shares in market and off-market was calculated separately, as mentioned at para no. 11(41) to 11(44) hereinabove at page no. 18 and 19 hereinabove.

71. With regard to the aforesaid observation, Noticees have not furnished anything, therefore, I am inclined to presume that the Noticee have nothing to submit in this regard. Thus, I consider the calculations of unlawful gains made in the SCN as appropriate and proceed accordingly.

72. I note that the unlawful gains made by the all the entities has already been considered by the Quasi-Judicial Authority in the matter of Vikas Proppant and Granite Ltd and order dated January 15, 2024 has been passed to disgorge the amount of unlawful gains and penalty has been levied on 8 entities in that proceedings. Therefore, I proceed to decide the amount of penalty in the instant matter against Noticees in this SCN based on the violations done by them.

73. Further, from the material available on record, it may not be possible to ascertain the exact monetary loss to the investors on account of PFUTP violations done by the Noticees. With respect to the repetitive nature of the default, I do not find anything on record against the Noticees. Noticee no.- 2, 3 and 4 were used as mule account / front entity and hence aided and abetted the Promoters and Directors in

deploying the fraudulent scheme / device to allow them to dispose-off their large quantity of shares of VPGL in the market to the genuine gullible investors through their related / associated entities and the sale proceeds received from sale of such shares were transferred directly or indirectly to Bajrang Dass Aggarwal / Bimla Devi Jindal, who were the real beneficial owners of the shares of VPGL, which were kept by them in the name of these Noticees. It has been held that the Noticee No.- 2, 3 and 4 have violated the provisions of Section 12 A (a), (b), (c) of SEBI Act, 1992 read with Regulations 3 (a), (b), (c), (d), 4(1) and 4(2) (a) of the PFUTP Regulations. Noticee no.- 7, 8 and 9 had not paid the full consideration amount as mentioned in DIS slips, within the prescribed time limit, in terms of the provisions of SC(R) Act, 1956, thus, violated the provisions of Section 2(i)(a) of the SC(R) Act, 1956 read with Section 13, 16 & 18 of the SC(R) Act, 1956 and SEBI Notification No.- LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013. The conduct of the Noticees in not complying with the provisions of the PFUTP Regulations, SEBI Act, 1992 and SC(R) Act, 1956 cannot be taken lightly. The violations done by the Noticees are serious, therefore, should be dealt with sternly by imposing monetary penalty as effective deterrence.

ORDER

74. Having considered all the facts and circumstances of the case, the submissions made by the Noticees, material available on record, the factors mentioned in Section 15J of the SEBI Act and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act, 1992 read with Rule 5 of the SEBI Adjudication Rules, I hereby impose the following monetary penalty on the Noticees to be paid individually:

Sr. No.	Name of Noticee	Provisions Violated	Penalty Provisions	Amount of penalty (in ₹)
1.	Amit Babbar	Regulation 29 (2) read with Regulation 29 (3) of the SAST Regulations.	Section 15A(b) of the SEBI Act, 1992	1,00,000/-

		Section 12 A (a), (b), (c) of SEBI Act, 1992 read with Regulations 3 (a), (b), (c), (d), 4(1) and 4(2) (a) of the PFUTP Regulations.	Section 15HA of the SEBI Act, 1992	5,00,000/-
2.	Girish Kansal	Regulation 29 (2) read with Regulation 29 (3) of the SAST Regulations.	Section 15A(b) of the SEBI Act, 1992	1,00,000/-
		Section 12 A (a), (b), (c) of SEBI Act, 1992 read with Regulations 3 (a), (b), (c), (d), 4(1) and 4(2) (a) of the PFUTP Regulations.	Section 15HA of the SEBI Act, 1992	5,00,000/-
3.	Nir Singh Sindhu	Regulation 29 (2) read with Regulation 29 (3) of the SAST Regulations.	Section 15A(b) of the SEBI Act, 1992	1,00,000/-
		Section 12 A (a), (b), (c) of SEBI Act, 1992 read with Regulations 3 (a), (b), (c), (d), 4(1) and 4(2) (a) of the PFUTP Regulations.	Section 15HA of the SEBI Act, 1992	5,00,000/-
4.	Rajesh Garg HUF	Section 2(i)(a) of the SC(R) Act, 1956 read with Section 13, 16 & 18 of the SC(R) Act, 1956 and SEBI Notification No.- LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013.	Section 23H of the SC(R) Act, 1956	1,00,000/-
5.	Anguri Devi Garg			1,00,000/-
6.	Rajesh Kumar HUF			1,00,000/-

In my view, the said penalty is commensurate with the violations committed by the Noticees in this case.

75. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order 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

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

77. In terms of Rule 6 of the SEBI Adjudication Rules, copy of this order is sent to the Noticees and also to the SEBI.

Place: Mumbai	**SHASHI KUMAR VALSAKUMAR**
Date: March 20, 2024	**ADJUDICATING OFFICER**