



भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**

By Speed Post Ack. Due

SEBI/EFD2/BS/VS/34057/3/2021
November 25, 2021

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

Subject: Notice under Rule 4(1) of SEBI (Procedure for Holding Inquiry and imposing penalties) Rules, 1995 read with Section 15I of the Securities and Exchange Board of India Act, 1992 and under Rule 4 of the Securities Contract (Regulation) (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005 read with Section 23I of the Securities Contract (Regulation) Act, 1956.

1. The undersigned has been appointed as the Adjudicating Officer vide order dated August 27, 2021 (Copy of the Communique dated August 31, 2021 pertaining to the appointment of AO is enclosed as **Annexure-A**):
 - a) under Section 23 I of the Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as “SCRA”) read with Rule 3 of the Securities Contracts (Regulation) (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005 (hereinafter referred to as “SCR Adjudication Rules”) to inquire into and adjudge under the provisions of Section 23A(a) and 23E of the SCRA for the violation of Section 21



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- of SCRA r/w Clause 43 of the erstwhile Listing Agreement {which is now Regulations 32 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "**LODR Regulations**")} by Quasar India Limited (hereinafter referred to as "**Noticee-1**" / "**Company**") and
- b) under Section 15 I (1) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act**") and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as "**SEBI Adjudication Rules**") to inquire into and adjudge under the provisions of Section 15 HA of the SEBI Act for the violation of the provisions of Section 12 A (a) (b) (c) of SEBI Act read with Regulations 3(a)(b)(c)(d), 4(1), 4(2)(f) and (r) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**") by Mr. Ankit Agarwal, Ganesh Prasad Gupta, Yogesh Bansal (hereinafter referred to as **Noticee-2 to 4 respectively**) and Noticee-1.

Observations from Investigation in the matter

2. BSE Limited (hereinafter referred to as "**BSE**") had carried out a preliminary examination of the utilization of funds raised by certain companies including Quasar based on the observation of its Auditors Committee and the DAC (Disciplinary Action Committee).

Major BSE Observations

- a) The funds raised by the Company out of the aforesaid preferential issue had been mainly utilized for: Rs. 4.64 crores for granting loans out of which 2.81 crores were granted without interest and Rs. 0.43 crores for payment of creditors.
- b) The principal business activity of the Company is trading in fabrics. As per notice issued by the Company seeking approval of the shareholders for preferential issue, it was stated that the Company is on a growth trajectory and it proposes to embark upon the expansion of the operations. However, it was observed that the majority of the funds raised had been utilized for granting loans which was not the object of the issue.



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- c) The substantial part of funds raised through preferential issue was utilized for granting interest free loans of Rs. 2.81 crores to various entities. It was also observed that:
- i. There is no provision found in the MOA of the Company which enabled the Company to pursue this object, viz., grant interest free loans.
 - ii. Section 372A of the Companies Act, 1956 provides that no loan should be made at a rate of interest lower than the prevailing bank rate, being standard rate made public under Section of RBI Act, 1934.
 - iii. On seeking clarification, the Company changed its earlier stand and intimated that the funds were given as business advances for different purposes such as buying of premises, purchase of fabrics, setting of power projects, acquisition of sick companies, buying office premises etc. and therefore no interest was charged. The explanations appeared to be an afterthought and to camouflage the transactions.
 - iv. None of the aforesaid transactions for which advances were given got materialized.
 - v. The Company did not earn any income from the aforesaid advances.
 - vi. Majority of the funds given as advances were received back in installments after substantial delay of 27 days to 905 days.
 - vii. The Company had been carrying out activity of lending money which is only permitted to be undertaken by the NBFC registered with RBI. However, the Company did not obtain necessary approval from RBI for carrying out such activities.
- d) The Company had submitted an Auditor's certificate issued by V N Purohit & Co. Chartered Accountants confirming that there had been no misutilization of funds. The certificate appeared to be equivocal and faulty.
3. Subsequently, the matter was taken up by SEBI for preliminary examination of suspected misutilization of funds raised through preferential allotments made by Quasar on January 31, 2014. From the preliminary examination, it was observed that the proceeds of said preferential issue might have been misutilized by the Company.
4. The matter was further taken up for detailed investigation with the focus on whether the company utilized the preferential allotment proceeds for the stated object(s) and to ascertain whether there were any violations of the provisions of PFUTP Regulations and/or Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 with regard to misutilization of funds of



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preferential issue proceeds for the preferential allotment made on January 31, 2014 by the Noticee-1. The investigation period was taken from September 04, 2013 (date of receipt of first subscription money to the preferential allotment) to April 30, 2014 (i.e. three months after the preferential allotment) (hereinafter referred to as "Investigation period / IP"). However, wherever necessary, references was drawn to outside this period.

5. Background of the Company

- a) **About the Company**(Source:- MCA website and company website - www.quasarindia.in)

Quasar India Limited was a fabric/textile trading company located in Delhi. It offered a diverse product range which includes heavy fabric and fabric related items. The company Quasar India Ltd., formerly known as Quasar India Private Limited was incorporated as a Private Limited Company on 18th April 1979 under the Companies Act, 1956. The company converted into a public limited company in November 1984. Its shares were listed at BSE w.e.f 16/06/2014 and Delhi Stock Exchange.

- b) **Management of the company** (Source: MCA (Annexure 1), BSE website/Annual report of Quasar for the year 2013-14(Annexure 2), Company reply dated April 19, 2019(Annexure 4))

The following are the details of directors during the IP:

S. no.	Name of director	Designation	DIN	Date of appointment	Date of cessation
1	Ankit Agarwal*	Director, Executive	05254327	15/10/2012	28/07/2016
2	Ganesh Prasad Gupta	Independent, non-executive director	03611693	05/08/2013	05/02/2019
3	Yogesh Bansal	Independent, non-executive director	06558097	05/08/2013	16/04/2015

*Appointed as whole time director w.e.f 01/03/2014

6. Preferential Allotment made by the Company -

- a) It is noted from the material available on record that the Company in its Extra Ordinary General meeting (EGM) of the members held at its registered office at: 314, R G Mall, Opposite Dharamkunj Apartment, Sector -9, Rohini, New Delhi on



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January 15, 2014 passed the special resolution for allotment of 51,05,000 equity shares of Rs. 10/- each at par aggregating to Rs. 5,10,50,000/-.

- b) The resolution was passed in the EGM of the Company held on January 15, 2014 for issue of 51,05,000 equity shares on a preferential basis. The details of the said allotment are submitted as under:

Table: Details of the preferential issue

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

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

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



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S.no.	Name of allottee	No. of shares allotted	Amount payable @ Rs. 10/- per share	Date of receipt of subscription money	Amount received
38	Sunita Agarwal	70,000	7,00,000	04/10/2013	7,00,000
39	Surender Kumar Jain	70,000	7,00,000	14/10/2013	7,00,000
40	Tikam Saraf	70,000	7,00,000	10/10/2013	7,00,000
41	T S & Sons HUF	70,000	7,00,000	10/10/2013	7,00,000
42	Umesh Chandra Agarwal	70,000	7,00,000	23/10/2013	7,00,000
43	Vandita Saraf	70,000	7,00,000	10/10/2013	7,00,000
44	Varun Khurana HUF	1,00,000	10,00,000	04/09/2013	10,00,000
45	Veena Gupta	70,000	7,00,000	03/10/2013	7,00,000
46	Veena Mittal	70,000	7,00,000	10/10/2013	7,00,000
47	Vinod Singhal	70,000	7,00,000	05/09/2013	7,00,000
48	Yogesh Singhal	70,000	7,00,000	05/09/2013	7,00,000
49	Harbans Kaur	70,000	7,00,000	23/10/2013	7,00,000
	Total	51,05,000	5,10,50,000		5,10,50,000

d) From the bank statement of the Company submitted by the Company duly highlighting the credit transactions, share application forms (Copy at Annexure 4), it was observed that the aforesaid amounts were received by the Company in its bank account no. 1710002100554026(Punjab National Bank) – Copy of bank statement at Annexure 5.

7. Actions taken by BSE as per BSE Report

- Based on parameters approved by SEBI for surveillance action on Companies having made preferential issue in the past few years, BSE suspended trading in the securities of Quasar India Ltd. vide Notice dated December 21, 2015(Copy of notice at Annexure 3).
- In its response, Quasar India Ltd. vide its letter dated 31/01/2016(Copy placed at Annexure 3) provided the details of utilization of funds raised through preferential issue as below:

Details of utilization of proceeds as per letter dated 31/01/2016 submitted by Quasar India Ltd. to BSE	
Particulars	Amount
Loan Given	
Neeru Bansal	50,00,000
Taxus Infrastructure and Power Projects Pvt. Ltd.	75,00,000
Madhu Vashisht	10,00,000
Flair Developers Pvt. Ltd.	15,00,000
Seema Sahai	17,00,000
Sandeep Gupta	10,00,000
Taxus Infrastructure and Power Projects Pvt. Ltd.	15,00,000
Savita Holding Pvt. Ltd.	40,00,000
Lavish Educational Pvt. Ltd.	40,00,000
Pun Films Pvt. Ltd.	12,00,000
Lancer Packers Pvt. Ltd.	27,00,000
Adhir Sachdeva	15,00,000
Josh Impex Pvt. Ltd.	30,00,000



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Rekha Malhotra	6,00,000
Signature Builders Pvt. Ltd.	18,00,000
Chanson Shipping and Packing Co. Pvt. Ltd.	50,00,000
Jatan Kumari	10,00,000
G D Goenka Public School Model Town	10,00,000
Kotia Estates Pvt. Ltd.	17,00,000
Total(a)	4,67,00,000
For payment of creditors	
Jagtarni Traders Pvt. Ltd.	30,74,400
Daisy Distributors Pvt. Ltd.	14,36,000
Total(b)	45,10,400
Total (a+b)	5,12,10,400

- c) As per process finalized in consultation with SEBI, BSE vide its Notice dated March 04, 2016(Copy of notice at Annexure 3), *inter-alia*, informed the Company about the end to end process for revocation of suspension of trading in its scrip. The Notice, *inter-alia*, required the Company to submit an auditor's certificate confirming funds raised from the preferential issue had been utilized as per objects of the issue.
- d) In order to carry out an independent review, the matter was placed by BSE before its Auditors Committee (AC) for their review and recommendation.
- e) The AC in its meeting held on June 22, 2017, after taking into consideration, various documents and submissions made by the Company from time to time, made, *inter-alia*, the following observations(Copy of extracts of the meeting of the Auditor's Committee at Annexure 3):
- As per notice issued by the Company dated December 16, 2013 convening the Extra-ordinary General Meeting of the members of the Company held on January 15, 2014, the objects of the preferential issue were to infuse fresh equity to augment the working capital requirement of the company and to finance the expansion propositions.
 - The substantial part of the funds raised through preferential issue was utilized for granting interest free loans aggregating to Rs. 2.81 crores to various entities.



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- iii. There is no provision found in MOA of the Company which enabled the Company to pursue this object viz., grant interest free loans.
 - iv. Sec. 372A of the Companies Act, 1956, provides that no loan shall be made at a rate of interest lower than prevailing bank rate.
 - v. On seeking clarification, Company changed its earlier stand and intimated that funds were given as business advances for different purpose such as buying of premises, purchase of fabrics, setting of power projects, acquisition of sick company, buying office premises etc. and therefore, no interest was charged. The explanation prima facie appears to be an afterthought and to camouflage these transactions.
 - vi. None of the aforesaid transactions for which advances were given got materialized.
 - vii. Company did not earn any income from aforesaid advances.
 - viii. Majority of funds given as advances were received back in installments and after substantial delay of 27 days to 905 days.
 - ix. The Company had been carrying out activity of lending money which is only permitted to be undertaken by NBFCs that are registered with the RBI. However, the Company did not obtain necessary approval from RBI.
 - x. The Company had submitted an Auditor's certificate issued by V.N. Purohit & Co. confirming that there was no mis-utilization of funds which appears to be equivocal and faulty.
 - xi. The funds raised by the Company did not appear to have been utilized in accordance with approval granted by the shareholders of the Company at the Extra-Ordinary General Meeting.
- f) The AC, after taking into consideration various submissions made by the Company had concluded that there was mis-utilization of funds raised through preferential issue by the Company. Hence, a Show Cause Notice dated July 07,



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2017 was issued by BSE as to why action should not be taken against them for misutilization of funds raised through preferential issue.

g) Further, the findings of the AC were sent to the Disciplinary Action Committee of BSE (DAC) for taking further necessary action. It was also deliberated by DAC that SEBI (ICDR) regulations, 2009 do not prescribe any action in favour of stock exchanges for deviation in utilization of proceeds raised by the companies under preferential issue. Further, Clause 43 of the erstwhile Listing Agreement (which is now Regulation 32 of SEBI (LODR) regulations, 2015 inter-alia only mandates for quarterly disclosures in the event of any such deviation.

h) The following actions were taken by BSE:

- i. Published a list of 19 companies including Quasar India Ltd. on its website where mis-utilization of preferential issue proceeds was observed.
- ii. Placed the securities of the Company in Stage III of GSM framework w.e.f June 18, 2018.

8. Investigation into the utilization of preferential Allotment proceeds by SEBI

- a. Vide Notice of Extra Ordinary General Meeting (Copy at Annexure 3) of the members of the Company dated December 16, 2013 for the EGM to be held on January 15, 2014, the said preferential issue was a special business. Further, as per the explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, the objects of the preferential issue were to infuse fresh equity to augment the working capital requirements of the Company & to finance the expansion proposition.
- b. Further, as per the copy of the relevant extract of the minutes of the EGM of the members of the Company held on the said date i.e. January 15, 2014 (Copy placed at Annexure 3) the aforesaid resolution for the preferential allotment was passed by the members, and there has been no mention about any modification made to the Objects of the preferential issue as set out in the Notice of the EGM dated December 16, 2013.



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- c. Vide SEBI letter dated November 28, 2019(Copy placed at Annexure 4), Quasar India Ltd. was advised to provide the details of utilization of funds of the allotment dated January 31, 2014 along with reasons/purpose/transaction/agreement in details along with all relevant documentary evidence. Vide letter dated December 31, 2019(Copy at Annexure 4), Quasar India Ltd. provided the details of utilization of funds raised through the preferential issue. As per the Company, the proceeds raised out of the preferential issue was utilized in the following manner:

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

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

Purpose 2 - To finance the expansion propositions				
S. no.	Name of counterparty	Date of bill/agreement/transaction	Amount	Reasons/purpose of bill/transaction/agreement in detail
1	Kotia Estates Pvt. Ltd.	06/12/2013	17,00,000	Advance given for purchase of office space



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2	Sandeep Gupta	24/09/2013	10,00,000	Advance given for buyout of a probable takeover target company having business synergies with the Company
3	Taxus Infrastructure and Power Projects Pvt. Ltd.	12/09/2013	75,00,000	Share application money given to buy equity shares of Taxus Infrastructure and Power Projects Pvt. Ltd.
4	Taxus Infrastructure and Power Projects Pvt. Ltd.	27/09/2013	15,00,000	Share application money given to buy equity shares of Taxus Infrastructure and Power Projects Pvt. Ltd.
5	Signature Builders Pvt. Ltd.	21/10/2013	18,00,000	Advance given for purchase of a 2 bedroom house for the purpose of use a guest house of the Company
6	Signature Builders Pvt. Ltd.	30/10/2013	72,00,000	Advance given for purchase of a 2 bedroom house for the purpose of use a guest house of the Company
7	Chanson Shipping and Packing Co. Pvt. Ltd.	03/12/2013	19,00,000	Advance given for taking a office cum warehouse on lease
8	Chanson Shipping and Packing Co. Pvt. Ltd.	03/12/2013	50,00,000	Advance given for taking a office cum warehouse on lease
9	Neeru Bansal	10/09/2013	50,00,000	Advance given for purchase of office space

The Company had also submitted the documentary evidence like MOUs/agreements etc. related to the aforesaid transactions. Vide letter dated April 19, 2019, the Company had submitted a copy of its bank account statement highlighting the aforesaid payments/transactions.

- d. It was observed from the details of utilization of funds submitted by the Company vide its letter dated 31/12/2019 that the same did not match with the utilization details as submitted by the Company to BSE vide letter dated 31/01/2016. On seeking clarification, vide letter dated 16/12/2020(Copy placed at Annexure 4), Quasar India Ltd. had submitted that there might have been a clerical error in the submission of data to BSE.
- e. Also, it was observed from the bank account statement of the Company where the preferential issue proceeds were credited, that the fund flow did not match with the deployment of proceeds as provided by Quasar. Therefore, vide letter dated 02/12/2020(Copy placed at Annexure 4), Quasar India Ltd. was advised to provide comments on how the details of funds utilization submitted by them did not match



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with actual fund flow as observed from bank statement of Quasar India. Vide letter dated 16/12/2020(Copy placed at Annexure 4), Quasar India Ltd. submitted that the fund utilization provided vide its letter dated 31/12/2019 was true and correct to the best of their knowledge and belief and depicts the final position of the funds utilization.

- f. The aforesaid reply of Quasar India Ltd. was not acceptable as it was not substantiated by the actual funds movement seen in its bank statement. Therefore, an analysis of the bank statement was done to ascertain the fund flow.
- g. The bank statement of Quasar India Ltd. where preferential allotment money was received viz., Punjab National Bank A/c no. 1710002100554026 was analyzed to check the receipt of the allotment money as well as utilization of preferential allotment proceeds by Quasar India Ltd. Copy of bank account statement as received from Punjab National Bank is placed at Annexure 5.

9. Utilization of preferential allotment proceeds by the Company

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

Sr. no.	Name of Counterparty	Date of bill/agreement/transaction	Amount (in Rs.)
1	Neeru Bansal	10.09.2013	50,00,000
2	Taxus Infrastructure & Power Projects Pvt. Ltd.	12.09.2013	75,00,000
		27.09.2013	15,00,000
3		17.09.2013	10,00,000
4	Flair Developers Pvt. Ltd.	18.09.2013	15,00,000
5	Seema Sahai	23.09.2013	14,00,000
		24.09.2013	3,00,000
6	Sandeep Gupta	24.09.2013	10,00,000
7	Savita Holdings Pvt. Ltd.	05.10.2013	40,00,000
8	Stellar Capital Services	11.10.2013	5,00,000
		18.10.2013	40,00,000
		22.10.2013	13,00,000
9	Lavish Educational Services Pvt. Ltd.	11.10.2013	40,00,000
10	Pun Films Pvt. Ltd.	14.10.2013	12,00,000
11	MSB E trade securities	15.10.2013	17,00,000
12	Lancer Packers Pvt. Ltd.	15.10.2013	27,00,000
13	Adhir Sachdeva	17.10.2013	15,00,000
14	G D Goenka Public School Model Town	17.10.2013	10,00,000
15	Jatan Kumari	17.10.2013	10,00,000
16	Munish Bajaj and Sons HUF	17.10.2013	17,00,000
17	Josh Impex Pvt. Ltd.	21.10.2013	30,00,000



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Sr. no.	Name of Counterparty	Date of bill/agreement/transaction	Amount (in Rs.)
18	Signature Builders Pvt. Ltd.	21.10.2013	18,00,000
		30.10.2013	72,00,000
19	Ankit Sahai	21.10.2013	8,00,000
20	Rekha Malhotra	21.10.2013	6,00,000
21	Blue Rose Constructions	25.10.2013	10,00,000
22	India Finsec Ltd	25.10.2013	16,00,000
23	Jagtarni Traders	29.11.2013	30,74,400
24	Daisy Distributors	29.11.2013	13,00,000
25	Chanson Shipping & Packing Co. Pvt. Ltd.	06.12.2013	50,00,000
26	Kotia Estates Pvt. Ltd.	06.12.2013	17,00,000
	Total		7,08,74,400

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

- b. The detailed analysis and observations on the transfer of issue proceeds by the Company and their utilization by the counterparty entities as mentioned above are as under {For the analysis as under all the documents submitted by the Company to BSE queries (Copy placed at Annexure 3) and documents submitted by the Company to SEBI queries (Copy placed at Annexure 4) were considered}:

Neeru Bansal

- Quasar India Ltd. had submitted to BSE a copy of MOU executed with Neeru Bansal. As per the MOU dated 10/09/2013 executed between Quasar India Ltd. (Lender) and Neeru Bansal (Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 50,00,000 which was to be repaid in accordance with the terms and conditions set out in the memorandum. However, it was observed that nor the specific details of the business for which the loan was availed nor the date of repayment was mentioned. There was no interest amount mentioned on the MOU as well. The MOU was signed by Ankit Agarwal(Director).
- It was observed from the bank statement of the Quasar India Ltd. that Rs. 50,00,000 was transferred to Neeru Bansal on 10/09/2013 from the preferential allotment money. As per the bank statement of Quasar India and ledger statement of Neeru Bansal, it was observed that Rs. 50,00,000 was returned by Neeru Bansal on 16/01/2014, without paying any interest.
- In its replies to SEBI, Quasar India Ltd. had submitted that Rs. 50,00,000 was paid to Neeru Bansal for purchase of office space. It may be noted that in its replies to SEBI, Quasar India Ltd. had not submitted the aforesaid MOU. Instead the Company had submitted the following documents:
 - Letter dated 10/09/2013 addressed to Neeru Bansal for purchase of property situated at 211, New Delhi House, 27, Barakhamba Road, Connaught Place, New Delhi-110001. As per the letter, a token money of Rs. 50,00,000 was to be paid to Neeru Bansal for affixation of furniture and renovation.



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2. Letter dated 05/01/2014 addressed to Neeru Bansal as a reminder to handover the property. As per the letter, Quasar India required Neeru Bansal to confirm the date on which the property would be handed over.
 3. Settlement agreement dated 12/01/2014 between Quasar India and Neeru Bansal as per which Neeru Bansal was required to pay back Quasar India an amount of Rs. 50,00,000. As per the settlement agreement, Neeru Bansal had failed to deliver the possession of the premises.
- iv. Vide letter dated 02/12/2020(Copy placed at Annexure 4), Quasar India Ltd. was advised to provide documents regarding property details, furniture, renovation etc. However, vide its letter dated 16/12/2020(Copy placed at Annexure 4), Quasar India Ltd. stated that there are no documents in this regard. They also stated that they came to know of Neeru Bansal through market sources. Vide its letter dated 23/09/2020(Copy placed at Annexure 4), Quasar India Ltd. had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Neeru Bansal.
- v. Vide email dated 25/02/2021(Copy placed at Annexure 6), Neeru Bansal, inter-alia submitted that Quasar India Ltd. had transferred the funds for renovation of property no. 211, New Delhi House, 27 Barakhamba Road, New Delhi 110001 as the same property had been agreed for sale to them for consideration of Rs. 2 crores. She also submitted that Rs. 50,00,000 had been repaid back to Quasar India Ltd. as the agreement had not taken place. As per the Income Tax returns submitted by Neeru Bansal, her gross total income was Rs. 11,00,317 for the FY 2013-14 which is disproportionate to the amount transferred to her by Quasar India Ltd. This questions the due diligence undertaken by the Company before transferring the money.
- vi. From the above, it was difficult to accept the contention of Quasar India that Rs. 50,00,000 was paid to Neeru Bansal for purchase of office space. No details/documents regarding the purchase property is available with the Company. Further, submitting different documents to BSE and SEBI clearly shows that the reason given by the Company that the amount was utilized for purchase of office space was an afterthought. Since the amount was returned back by Neeru Bansal without paying any interest, it was concluded that the amount paid to Neeru Bansal was actually an interest-free loan.

Taxus Infrastructure and Power Projects Ltd.:

- i. Quasar India Ltd., had submitted to BSE a copy of MOU executed with Taxus Infrastructure and Power Projects Pvt. Ltd.. As per the MOU dated 27/09/2013 executed between Quasar India Ltd. (Lender) and Taxus Infrastructure and Power Projects Pvt. Ltd. (Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 15,00,000. However, nor the specific details of the business for which the loan was availed nor the date of repayment was



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mentioned. There was no interest amount mentioned on the MOU as well. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.).

- ii. It was observed from the bank statement of the Quasar India Ltd. that Rs. 75,00,000 on 12/09/2013, Rs. 15,00,000 on 27/09/2013 and Rs. 6,00,000 on 07/11/2013 was transferred to Taxus Infrastructure and Power Projects Pvt. Ltd. from the preferential allotment money. As per the bank statement of Quasar India and ledger statement pertaining to Taxus Infrastructure and Power Projects Pvt. Ltd., it was observed that Rs. 3,00,000 on 25/09/2013 and Rs. 93,00,000 on 14/10/2013 was refunded by Taxus Infrastructure and Power Projects Pvt. Ltd., without paying any interest.
- iii. In its replies to SEBI, Quasar India Ltd. had submitted that Rs. 90,00,000 was paid to Taxus Infrastructure and Power Projects Pvt. Ltd. for expanding business in setting 5 MW power projects. With respect to Rs. 6,00,000 which was transferred from Taxus Infrastructure and Power Projects Pvt. Ltd. to Quasar India Ltd. and subsequently transferred back, Quasar India Ltd. vide letter dated 22/02/2017 (Copy placed at Annexure 3) had replied to BSE that Rs. 6,00,000 was a penalty imposed on Taxus for the opportunity loss caused due to failure of the investment. However, the same was returned to Taxus after they made a request to Quasar India Ltd. to refund the penalty amount. It may be noted that in its replies to SEBI, Quasar India Ltd. had not submitted the aforesaid MOU. Instead the Company had submitted the following documents:
 - iv. Letter dated 12/09/2013 addressed to Taxus Infrastructure and Power Projects Pvt. Ltd. to participate in equity shares of Taxus Infrastructure and Power Projects Pvt. Ltd.
 - v. Letter dated 20/09/2013 addressed to Taxus Infrastructure and Power Projects Pvt. Ltd. for refund of application money. As per the letter, Quasar India had provided an advance of Rs. 90,00,000 as application money for equity participation for expanding business in setting 5 MW power projects. However, the management of Quasar India had discussed and realized that setting up of 5 MW Power plant would not be lucrative and time taking. Further, setting up such power plant would not be in accordance with business activity of Quasar India.
 - vi. Settlement agreement dated 09/10/2013 between Quasar India and Taxus Infrastructure and Power Projects Pvt. Ltd. as per which Taxus Infrastructure and Power Projects Pvt. Ltd. was required to pay back Quasar India an amount of Rs. 90,00,000. As per the settlement agreement, Quasar's management had realized that such venture was not so lucrative in line with the business activity of the Company.
- vii. Vide letter dated 02/12/2020 (Copy placed at Annexure 4), Quasar India Ltd. was advised to clarify as to how payment made to Taxus Infrastructure and Power Projects Pvt. Ltd. was in accordance with the objects of the preferential issue along with documentary evidence. However, vide its letter dated 16/12/2020 (Copy placed at Annexure 4), Quasar India Ltd. stated that the amount paid to Taxus Infrastructure and Power Projects Pvt. Ltd. was towards



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meeting the second object of the issue i.e. to finance the expansion propositions. They also stated that they came to know of Taxus Infrastructure and Power Projects Pvt. Ltd. through market sources. However, no supporting documents were submitted by the Company. Vide its letter dated 23/09/2020 (Copy placed at Annexure 4), Quasar India Ltd. had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Taxus Infrastructure and Power Projects Pvt. Ltd.

- viii. A letter was sent to Taxus Infrastructure and Power Projects Pvt. Ltd. seeking reasons for transfer of Rs. 90,00,000 from Quasar India Ltd. The letter was delivered. However, no reply had been received. Copy of delivery status from India Post website and letter placed at Annexure 6.
- ix. From the above, it was difficult to accept the contention of Quasar India that Rs. 90,00,000 was paid to Taxus Infrastructure and Power Projects Pvt. Ltd. in accordance with objects of the issue. No details/documents regarding how the payment made to Taxus in accordance with the objects of the preferential issue was available with the Company. As per information memorandum submitted by the Company to BSE dated June 9, 2014 (Copy placed at Annexure 3), the business activity of the Company was fabric/textile trading. It was not clear as to how participation in power projects would benefit a Company engaged in fabrics. Further, submitting different documents to BSE and SEBI clearly shows that the reason given by the Company that the amount was utilized in accordance with the objects of the issue was an afterthought. Since the amount was returned back by Taxus Infrastructure and Power Projects Pvt. Ltd. without paying any interest, it was concluded that the amount paid to Taxus Infrastructure and Power Projects Pvt. Ltd. was actually an interest-free loan.

Madhu Vashisht:

- i. Quasar India Ltd. had submitted to BSE a copy of MOU executed with Madhu Vashisht. As per the MOU dated 17/09/2013 executed between Quasar India Ltd. (Lender) and Madhu Vashisht (Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 10,00,000. However, nor the specific details of the business for which the loan was availed nor the date of repayment was mentioned. There was no interest amount mentioned on the MOU as well. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.). The Company had also submitted to BSE, a Performa Invoice dated 17/09/2013 bearing Ref. no. 58A/09/2013 (Copy placed at Annexure 3), for purchase of 10,000 meter of golden Italian fabric @ Rs. 200/- per meter. The total amount to be paid was Rs. 20 lakhs out of which Rs. 10 lakhs had been paid as advance. The invoice neither had any sales tax registration no. nor the PANs of buyer or seller. The invoice mentioned to issue a cheque in favor of Madhu Vashisht. However, from the bank statement of Quasar India Ltd., it was observed that Rs. 10,00,000 was transferred to Madhu Vashisht through RTGS. Hence, the Performa Invoice pertaining to Madhu Vashisht is not acceptable.



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- ii. It was observed from the bank statement of the Quasar India Ltd. that Rs. 10,00,000 on 17/09/2013 was transferred to Madhu Vashisht. As per the bank statement of Quasar India Ltd., it was observed that Rs. 5,00,000 on 13/01/2014 and Rs. 5,00,000 on 18/03/2020 was refunded by Madhu Vashisht without paying any interest. As per ledger submitted by Quasar India Ltd., Rs. 45,000 (Interest receivable @9% on 5 lakhs) was charged as interest income on 31/03/2019. The interest amount of Rs. 45,000 was written off as bad debts.
- iii. In its replies to SEBI, Quasar India Ltd. had submitted that Rs. 10,00,000 was paid to Madhu Vashisht to purchase fabric. It may be noted that in its replies to SEBI, Quasar India Ltd. had not submitted the aforesaid MOU and Performa Invoice. Instead the Company had submitted the following documents:
 - i. Letter dated 17/09/2013 addressed to Madhu Vashisht for placing an order for the supply of fabric. As per the letter, Rs. 10,00,000 was to be paid for manufacturing of fabric.
 - ii. Letter dated 14/12/2013 addressed to Madhu Vashisht for revocation of agreement due to inconsonance of samples. As per the letter, Quasar India had called upon Madhu Vashisht to immediately refund the amount of advance paid i.e. Rs. 10,00,000 along with penal interest of 18% p.a. as the material during the inspection procedure was not in consonance to the sample shared by Madhu Vashisht.
 - iii. Settlement agreement dated 13/01/2014 between Quasar India and Madhu Vashisht as per which Madhu Vashisht was required to pay back Quasar India an amount of Rs. 10,00,000. As per the settlement agreement, Madhu approached Quasar for settlement and pursuant to the same, parties had reached an amicable solution.
 - iv. Vide letter dated 02/12/2020 (Copy placed at Annexure 4), Quasar India Ltd. was advised to clarify as to whether any fabric was purchased from Madhu Vashisht prior to September 2013. However, vide its letter dated 16/12/2020 (Copy placed at Annexure 4), Quasar India Ltd. stated that no fabric was purchased from Madhu Vashisht prior to September 2013. Vide its letter dated 23/09/2020 (Copy placed at Annexure 4), Quasar India Ltd. had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Madhu Vashisht.
 - v. Vide letter dated 22/02/2021 (Copy placed at Annexure 6), Madhu Vashisht stated that Rs. 10,00,000 was received from Quasar India Ltd. as advance of supply of goods. However, the same material could not be supplied and the amount was returned to the Company. Madhu Vashisht did not submit any supporting documentary evidence.
 - vi. From the above, it was difficult to accept the contention of Quasar India that Rs. 10,00,000 was paid to Madhu Vashisht for purchase of fabric. No valid legal



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documents regarding the purchase of fabric is available with the Company or the counterparty. Further, submitting different documents to BSE and SEBI clearly shows that the reason given by the Company that the amount was utilized for purchase of fabric was an afterthought. In view of the above, it was concluded that the amount paid Madhu Vashisht was actually an interest-free loan.

Flair Developers Pvt. Ltd.:

- i. Quasar India Ltd., had submitted to BSE a copy of MOU executed with Flair Developers Pvt. Ltd. As per the MOU dated 18/09/2013 executed between Quasar India Ltd. (Lender) and Flair Developers Pvt. Ltd. (Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 15,00,000. However, nor the specific details of the business for which the loan was availed nor the date of repayment was mentioned. An interest amount of Rs. 1,35,000 was payable by the borrower towards interest to the lender. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.). In its replies to SEBI, Quasar India Ltd. had submitted the aforesaid MOU.
- ii. It was observed from the bank statement of the Quasar India Ltd. that Rs. 15,00,000 on 18/09/2013 was transferred to Flair Developers Pvt. Ltd.. As per the bank statement of Quasar India Ltd. and Flair Developers Pvt. Ltd., it was observed that Rs. 15,00,000 on 01/08/2015, Rs. 2,14,577 on 16/09/2015 and Rs. 48,753 on 31/03/2016 was paid by Flair Developers Pvt. Ltd. to Quasar India Ltd.
- iii. Vide its letter dated 23/09/2020(Copy placed at Annexure 4), Quasar India Ltd. had submitted that Rs. 15,00,000 was paid to Flair Developers Pvt. Ltd. as loan and the amount had been repaid. The Company had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Flair Developers Pvt. Ltd.
- iv. From the above, it was concluded that the amount paid to Flair Developers Pvt. Ltd. was a loan.

Seema Sahai:

- i. Quasar India Ltd., had submitted to BSE a copy of MOU executed with Seema Sahai. As per the MOU dated 23/09/2013 executed between Quasar India Ltd. (Lender) and Seema Sahai(Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 17,00,000. However, nor the specific details of the business for which the loan was availed nor the date of repayment was mentioned. An interest amount of Rs. 1,53,000 was payable by the borrower towards interest to the lender. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.). In its replies to SEBI, Quasar India Ltd. had submitted the aforesaid MOU.
- ii. It was observed from the bank statement of the Quasar India Ltd. that Rs. 14,00,000 on 23/09/2013 and Rs. 3,00,000 on 24/09/2013 was transferred to



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Seema Sahai. As per the bank statement of Quasar India Ltd., it was observed that Rs. 16,50,000 on 25/01/2018 and Rs. 8,27,415 on 07/02/2018 was paid by Seema Sahai to Quasar India Ltd.

- iii. Vide its letter dated 23/09/2020(Copy placed at Annexure 4), Quasar India Ltd. had submitted that Rs. 17,00,000 was paid to Seema Sahai as loan and the amount had been repaid. The Company had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Seema Sahai.
- iv. From the above, it was concluded that the amount paid to Seema Sahai was a loan.

Sandeep Gupta:

- i. Quasar India Ltd. had submitted to BSE a copy of MOU executed with Sandeep Gupta. As per the MOU dated 24/09/2013 executed between Quasar India Ltd. (Lender) and Sandeep Gupta (Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 10,00,000. However, nor the specific details of the business for which the loan was availed nor the date of repayment was mentioned. There was no interest amount mentioned on the MOU as well. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.).
- ii. It was observed from the bank statement of the Quasar India Ltd. that Rs. 10,00,000 on 24/09/2013 was transferred to Sandeep Gupta. As per the bank statement of Quasar India Ltd., it was observed that Rs. 5,00,000 on 10/03/2014, Rs. 2,00,000 on 11/03/2014 and Rs. 3,00,000 on 26/03/2014 was refunded by Sandeep Gupta, without paying any interest.
- iii. In its replies to SEBI, Quasar India Ltd. had submitted that Rs. 10,00,000 was paid to Sandeep Gupta as advance for identifying a sick company having similar objects as that of Quasar India as a potential takeover target. It may be noted that in its replies to SEBI, Quasar India Ltd. had not submitted the aforesaid MOU. Instead the Company had submitted the following documents:
- iv. MOU dated 25/10/2013(i.e. after the money had been transferred to Sandeep Gupta) as per which Sandeep Gupta had approached Quasar India Ltd. with a proposal for the expansion of business activities of the Company. Sandeep Gupta proposed before Quasar India about and detailed about a sick company having similar objects i.e. dealing in fabric so that Quasar India could revive such sick companies in order to expand their business. A token money of Rs. 10,00,000 was to be released by Quasar India.
- v. Letter dated 15/01/2014 for repayment of advance given for searching "Sick Companies" with similar business. The letter stated that a token money of Rs. 10,00,000 was provided to Sandeep Gupta as per MOU dated 25/10/2013. Sandeep Gupta was given final opportunity to either share the details of the sick company or refund the whole money within 2 working days of receipt of the notice



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else the Company would initiate the legal action against Sandeep Gupta to recover the whole amount and will also initiate FIR proceedings.

- vi. Vide letter dated 02/12/2020(Copy placed at Annexure 4), Quasar India Ltd. was advised to clarify as to how the payment made to Sandeep Gupta as advance for buyout of a probable takeover target Company having business synergies with Quasar India was in accordance with the objects of the preferential issue. Vide its letter dated 16/12/2020(Copy placed at Annexure 4), Quasar India Ltd. stated that the buyout of a sick target company would have helped the Company to further its objective of expansion which was the second object of preferential issue. Vide its letter dated 23/09/2020(Copy placed at Annexure 4), Quasar India Ltd. had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Sandeep Gupta.
- vii. Sandeep Gupta vide email dated 01/03/2021(Copy placed at Annexure 6), stated that Rs. 10 lakhs was received as advance/loan to pay alimony money and there was no relation of such agreement for any potential takeover company.
- viii. From the above, it was difficult to accept the contention of Quasar India that Rs. 10,00,000 was paid to Sandeep Gupta for buyout of a sick company with similar business objectives. No valid legal documents/agreements regarding the deal is available with the Company. The counterparty entity had denied the existence of any such agreement. Further, it was observed that submitting different documents to BSE and SEBI clearly shows that the reason given by the Company that the amount was utilized for identifying a sick company with similar business objectives was an afterthought. In view of the above, it was concluded that the amount paid to Sandeep Gupta was actually an interest-free loan.

Savita Holdings Pvt. Ltd.:

- i. Quasar India Ltd., had submitted to BSE a copy of MOU executed with Savita Holdings Pvt. Ltd. As per the MOU dated 05/10/2013 executed between Quasar India Ltd. (Lender) and Savita Holdings Pvt. Ltd.(Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 40,00,000. However, nor the specific details of the business for which the loan was availed nor the date of repayment was mentioned. An interest amount of Rs. 3,20,000 was payable by the borrower towards interest to the lender. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.). In its replies to SEBI, Quasar India Ltd. had submitted the aforesaid MOU.
- ii. It was observed from the bank statement of the Quasar India Ltd. that Rs. 40,00,000 on 05/10/2013 was transferred to Savita Holdings Pvt. Ltd. As per the ledger statement pertaining to Savita Holdings Pvt. Ltd. and bank statement of Quasar India Ltd., it was observed that Rs. 42,20,931 on 06/01/2015 and Rs. 1,40,449 on 06/01/2015 was paid by Savita Holdings Pvt. Ltd. to Quasar India Ltd.



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- iii. Vide its letter dated 23/09/2020(Copy placed at Annexure 4), Quasar India Ltd. had submitted that Rs. 40,00,000 was paid to Savita Holdings Pvt. Ltd. as loan and the amount had been repaid. The Company had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Savita Holdings Pt. Ltd.
- iv. From the above, it was concluded that the amount paid to Savita Holdings Pvt. Ltd. was a loan.

Stellar Capital Services Ltd.:

- i. It was observed from the bank statement of Quasar India that it had transferred Rs. 5,00,000 on 11/10/2013, Rs. 40,00,000 on 18/10/2013 and Rs. 13,00,000 on 22/10/2013 i.e. a total of Rs. 58,00,000 to Stellar Capital Services Ltd. from the preferential allotment money.
- ii. In its replies to SEBI, Quasar India Ltd. had submitted a confirmation of accounts pertaining to Stellar Capital Services as documentary evidence. From the confirmation of accounts, it was observed that the aforesaid amounts were paid as advance. Further, Rs. 51,00,000 on 30/10/2013 and Rs. 7,00,000 on 06/11/2013 was refunded by Stellar Capital Services to Quasar India without paying any interest.
- iii. Vide letter dated 16/12/2020, Quasar India Ltd. mentioned that the amount was given to Stellar Capital Services Limited as a short term loan as the money was lying idle and had no immediate use. The Company also stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Stellar Capital Services Ltd.
- iv. From the above, it was concluded that the amount paid to Stellar Capital Services Ltd. was an interest free loan.

Lavish Educational Services Pvt. Ltd.:

- i. Quasar India Ltd., had submitted to BSE a copy of MOU executed with Lavish Educational Services Pvt. Ltd. As per the MOU dated 11/10/2013 executed between Quasar India Ltd. (Lender) and Lavish Educational Services Pvt. Ltd.(Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 40,00,000. However, nor the specific details of the business for which the loan was availed nor the date of repayment was mentioned. An interest amount of Rs. 3,60,000 was payable by the borrower towards interest to the lender. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.). In its replies to SEBI, Quasar India Ltd. had submitted the aforesaid MOU.
- ii. It was observed from the bank statement of the Quasar India Ltd. that Rs. 40,00,000 on 11/10/2013 was transferred to Lavish Educational Services Pvt. Ltd. As per the bank statement of Quasar India Ltd., it was observed that Rs. 40,00,000



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on 12/09/2016, Rs. 8,52,658 on 15/09/2016 was paid by Lavish Educational Services Pvt. Ltd. to Quasar India Ltd.

- iii. Vide its letter dated 23/09/2020(Copy placed at Annexure 4), Quasar India Ltd. had submitted that Rs. 40,00,000 was paid to Lavish Educational Services Pvt. Ltd. as loan and the amount had been repaid. The Company had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Lavish Educational Services Pvt. Ltd.
- iv. From the above, it was concluded that the amount paid to Lavish Educational Services Pvt. Ltd. was a loan.

Pun Films Pvt. Ltd.:

- i. Quasar India Ltd., had submitted to BSE a copy of MOU executed with Pun Films Pvt. Ltd. As per the MOU dated 14/10/2013 executed between Quasar India Ltd. (Lender) and Pun Films Pvt. Ltd.(Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 12,00,000. However, nor the specific details of the business for which the loan was availed nor the date of repayment was mentioned. An interest amount of Rs. 1,20,000 was payable by the borrower towards interest to the lender. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.). In its replies to SEBI, Quasar India Ltd. had submitted the aforesaid MOU.
- ii. It was observed from the bank statement of the Quasar India Ltd. that Rs. 12,00,000 on 14/10/2013 was transferred to Pun Films Pvt. Ltd.
- iii. Vide its letter dated 23/09/2020(Copy placed at Annexure 4), Quasar India Ltd. had submitted that Rs. 12,00,000 was paid to Pun Films Pvt. Ltd. as loan and the amount had not been repaid. The Company had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Pun Films Pvt. Ltd.
- iv. From the above, it was concluded that the amount paid to Pun Films Pvt. Ltd. was a loan which had not been received back by the Company.

MSB E-trade Securities Ltd.:

- i. It was observed from the bank statement of Quasar India that it had transferred Rs. 17,00,000 on 15/10/2013 to MSB E-Trade Securities Ltd. from the preferential allotment money.
- ii. In its replies to SEBI, Quasar India Ltd. had submitted a confirmation of accounts pertaining to MSB E-trade Securities Ltd. as documentary evidence. From the confirmation of accounts, it was observed that the aforesaid amount was paid to share broker for trading in stock market. Further, Rs. 17,00,000 on 17/10/2013 was refunded by MSB E-trade Securities Ltd. to Quasar India.



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- iii. Vide letter dated 16/12/2020, Quasar India Ltd. mentioned that the amount was given to MSB E-trade Securities Ltd. for trading in the stock market to earn some extra revenue as the money was lying idle and had no immediate use. The Company also stated that Quasar India Ltd. is/was, in no manner whatsoever, associated/related/connected etc. to MSB E-trade Securities Ltd.
- iv. It may be noted that Quasar India Ltd. had accepted that the amount was given for trading in the stock market which was not an object of the preferential issue.

Lancer Packers Pvt. Ltd.:

- i. Quasar India Ltd., had submitted to BSE a copy of MOU executed with Lancer Packers Pvt. Ltd. As per the MOU dated 15/10/2013 executed between Quasar India Ltd. (Lender) and Lancer Packers Pvt. Ltd.(Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 27,00,000. However, nor the specific details of the business for which the loan was availed nor the date of repayment was mentioned. An interest amount of Rs. 2,43,000 was payable by the borrower towards interest to the lender. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.). In its replies to SEBI, Quasar India Ltd. had submitted the aforesaid MOU.
- ii. It was observed from the bank statement of the Quasar India Ltd. that Rs. 27,00,000 on 15/10/2013 was transferred to Lancer Packers Pvt. Ltd. As per the bank statement Quasar India Ltd., it was observed that Rs. 1,00,063 on 17/05/2014, Rs. 27,60,517 on 10/07/2014 was paid by Lancer Packers Pvt. Ltd. to Quasar India Ltd.
- iii. Vide its letter dated 23/09/2020(Copy placed at Annexure 4), Quasar India Ltd. had submitted that Rs. 27,00,000 was paid to Lancer Packers Pvt. Ltd. as loan and the amount had been repaid. The Company had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Lancer Packers Pvt. Ltd.
- iv. From the above, it was concluded that the amount paid to Lancer Packers Pvt. Ltd. was a loan and that the interest paid by Lancer Packers Pvt. Ltd. to Quasar India Ltd. is short by Rs. 82,420 from the agreed amount as per the MOU.

Adhir Sachdeva:

- i. Quasar India Ltd., had submitted to BSE a copy of MOU executed with Adhir Sachdeva. As per the MOU dated 23/09/2013 executed between Quasar India Ltd. (Lender) and Adhir Sachdeva(Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 15,00,000. However, nor the specific details of the business for which the loan was availed nor the date of repayment was mentioned.



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An interest amount of Rs. 1,80,000 was payable by the borrower towards interest to the lender. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.). In its replies to SEBI, Quasar India Ltd. had submitted the aforesaid MOU.

- ii. It was observed from the bank statement of the Quasar India Ltd. that Rs. 15,00,000 on 17/10/2013 was transferred to Adhir Sachdeva. As per bank statement of Quasar India Ltd. and ledger statement pertaining to Adhir Sachdeva, Rs. 15,74,250 was paid by Adhir Sachdeva to Quasar India Ltd. on 24/03/2014.
- iii. Vide its letter dated 23/09/2020(Copy placed at Annexure 4), Quasar India Ltd. had submitted that Rs. 15,00,000 was paid to Adhir Sachdeva as loan and the amount had been repaid. The Company had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Adhir Sachdeva.
- iv. From the above, it was concluded that the amount paid to Adhir Sachdeva was a loan and that the interest paid by Adhir Sachdeva to Quasar India Ltd. is short by Rs. 1,05,750 from the agreed amount as per the MOU.

G D Goenka Public School:

- i. Quasar India Ltd., had submitted to BSE a copy of MOU executed with G D Goenka Public School. As per the MOU dated 05/10/2013 executed between Quasar India Ltd. (Lender) and G D Goenka Public School(Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 10,00,000. However, nor the specific details of the business for which the loan was availed nor the date of repayment was mentioned. An interest amount of Rs. 1,50,000 was payable by the borrower towards interest to the lender. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.). In its replies to SEBI, Quasar India Ltd. had submitted the aforesaid MOU.
- ii. It was observed from the bank statement of the Quasar India Ltd. that Rs. 10,00,000 on 17/10/2013 was transferred to G D Goenka Public School. From the bank statement of Quasar India Ltd. and ledger statement pertaining to G D Goenka Public School Model Town, Rs. 10,59,917 was paid by G D Goenka Public School Model Town to Quasar India Ltd. on 24/03/2014.
- iii. Vide its letter dated 23/09/2020(Copy placed at Annexure 4), Quasar India Ltd. had submitted that Rs. 10,00,000 was paid to G D Goenka Public School as loan and the amount had been repaid. The Company had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to G D Goenka Public School.



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

Jatan Kumari:

- i. Quasar India Ltd., had submitted to BSE a copy of MOU executed with Jatan Kumari. As per the MOU dated 17/10/2013 executed between Quasar India Ltd. (Lender) and Jatan Kumari (Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 10,00,000. However, nor the specific details of the business for which the loan was availed nor the date of repayment was mentioned. An interest amount of Rs. 1,20,000 was payable by the borrower towards interest to the lender. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.). In its replies to SEBI, Quasar India Ltd. had submitted the aforesaid MOU.
- ii. It was observed from the bank statement of the Quasar India Ltd. that Rs. 10,00,000 on 17/10/2013 was transferred to Jatan Kumari. From the bank statement of Quasar India Ltd. and ledger statement pertaining to Jatan Kumari, it was observed that Rs. 10,00,000 on 05/05/2014 and Rs. 65,750 on 21/10/2014 was paid by Jatan Kumari to Quasar India Ltd.
- iii. Vide its letter dated 23/09/2020 (Copy placed at Annexure 4), Quasar India Ltd. had submitted that Rs. 10,00,000 was paid to Jatan Kumari as loan and the amount had been repaid. The Company had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Jatan Kumari.
- iv. From the above, it was concluded that the amount paid to Jatan Kumari was a loan and that the interest paid by Jatan Kumari to Quasar India Ltd. is short by Rs. 54,250.

Munish Bajaj & Sons HUF:

- i. It was observed from the bank statement of Quasar India Ltd. that it had transferred Rs. 17,00,000 on 17/10/2013 to Munish Bajaj & Sons HUF from the preferential allotment money.
- ii. In its replies to SEBI, Quasar India Ltd. had submitted a confirmation of accounts pertaining to Munish Bajaj & Sons HUF as documentary evidence. From the confirmation of accounts, it was observed that the aforesaid amounts were paid as advance given against purchase of property no. 203, 02nd floor, Aggarwal Plaza, Sector-14, Rohini, Delhi-110085. Further, Rs. 17,00,000 on 29/10/2013 was refunded by Munish Bajaj & Sons HUF to Quasar India Ltd.
- iii. Vide letter dated 16/12/2020, Quasar India Ltd. mentioned that the amount was given to Munish Bajaj & Sons HUF as an advance. The Company did not submit any



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property documents citing reasons that the decision to give advance to Munish Bajaj & Sons HUF was taken based on actual site verification. The Company also stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Munish Bajaj & Sons HUF.

- iv. Vide email dated 22/02/2021(Copy placed at Annexure 6), Munish Bajaj & Sons HUF stated that amount of Rs. 17,00,000 from Quasar India Ltd. was received towards advance of sale of property deal on 17/10/2013. The deal was cancelled and the amount of Rs. 17,00,000 was refund and repaid on 29/10/2013. However, no supporting documents/property details were submitted by Munish Bajaj & Sons HUF.
- v. From the above, it was difficult to accept the contention of Quasar India that Rs. 17,00,000 was paid to Munish Bajaj & Sons HUF in accordance with objects of the issue. No details/documents regarding the property was available with the Company. Since the amount was returned back by Munish Bajaj & Sons HUF without paying any interest, it was concluded that the amount paid to Munish Bajaj & Sons HUF was actually an interest-free loan.

Josh Impex Pvt. Ltd.:

- i. Quasar India Ltd. had submitted to BSE a copy of MOU executed with Josh Impex Pvt. Ltd. As per the MOU dated 21/10/2013 executed between Quasar India Ltd. (Lender) and Josh Impex Pvt. Ltd. (Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 30,00,000. However, nor the specific details of the business for which the loan was availed nor the date of repayment was mentioned. There was no interest amount mentioned on the MOU as well. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.).
- ii. It was observed from the bank statement of the Quasar India Ltd. that Rs. 30,00,000 on 21/10/2013 was transferred to Josh Impex Pvt. Ltd. As per the bank statement of Quasar India Ltd., it was observed that Rs. 30,00,000 on 08/08/2014 was refunded by Josh Impex Pvt. Ltd., without paying any interest.
- iii. In its replies to SEBI, Quasar India Ltd. had submitted that Rs. 30,00,000 was paid to Josh Impex Pvt. Ltd. to purchase fabric. It may be noted that in its replies to SEBI, Quasar India Ltd. had not submitted the aforesaid MOU. Instead the Company had submitted the following documents:
- iv. Letter dated 21/10/2013 addressed to Josh Impex Pvt. Ltd. regarding terms and conditions for purchase of fabric. As per the letter, 20,000 metres of Blended Wooven Fabric was to be purchased by Quasar India Ltd..
- v. Letter dated 21/03/2014 addressed to Josh Impex Pvt. Ltd. for withdrawal of order of the fabric and repayment of advance paid. As per the letter, due to change in govt. import policies and prevailing market condition, Quasar India had taken the step to withdraw the order. The Company also requested Josh Impex Pvt. Ltd. to refund the advance amount of Rs. 30,00,000.



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- vi. Letter dated 05/05/2014 addressed to Quasar India Ltd. from Josh Impex Pvt. Ltd. as per which Josh Impex Pvt. Ltd. had considered Quasar's request and confirmed that the amount would be refunded.
- vii. Vide letter dated 02/12/2020(Copy placed at Annexure 4), Quasar India Ltd. was advised to clarify as to whether any fabric was purchased Josh Impex Pvt. Ltd. prior to October 2013. However, vide its letter dated 16/12/2020(Copy placed at Annexure 4), Quasar India Ltd. stated that no fabric was purchased from Josh Impex Pvt. Ltd. prior to October 2013. Vide its letter dated 23/09/2020(Copy placed at Annexure 4), Quasar India Ltd. had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Josh Impex Pvt. Ltd.
- viii. Letter dated 12/2/2021(Copy placed at Annexure 6) was sent to Josh Impex Pvt. Ltd. seeking reasons for transaction with Quasar India Ltd. The letter returned undelivered with postal remark - Addressee left without instructions (Annexure 6).
- ix. From the above, it was difficult to accept the contention of Quasar India that Rs. 30,00,000 was paid to Josh Impex Pvt. Ltd. for purchase of fabric. No valid legal documents regarding the purchase of fabric is available with the Company. Further, submitting different documents to BSE and SEBI clearly shows that the reason given by the Company that the amount was utilized for purchase of fabric was an afterthought. In view of the above, it was concluded that the amount paid Josh Impex Pvt. Ltd. was actually an interest-free loan.

Signature Builders Pvt. Ltd.:

- i. Quasar India Ltd. had submitted to BSE a copy of MOU executed with Signature Builders Pvt. Ltd. As per the MOU dated 21/10/2013 executed between Quasar India Ltd. (Lender) and Signature Builders Pvt. Ltd. (Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 18,00,000 which was to be repaid in accordance with the terms and conditions set out in the memorandum. However, nor the specific details of the business for which the loan was availed nor the date of repayment was mentioned. There was no interest amount mentioned on the MOU as well. The MOU was signed by Ankit Agarwal(Director).
- ii. It was observed from the bank statement of the Quasar India Ltd. that Rs. 18,00,000 on 21/10/2013 and Rs. 72,00,000 on 30/10/2013 was transferred to Signature Builders Pvt. Ltd. on. As per the bank statement of Quasar India Ltd., it was observed that Rs. 11,00,000 on 18/03/2014, Rs. 35,00,000 on 19/03/2014, Rs. 30,00,000 on 20/03/2014 and Rs. 14,00,000 on 27/03/2014 was paid by Signature Builders Pvt. Ltd. to Quasar India, without paying any interest.
- iii. In its replies to SEBI, Quasar India Ltd. had submitted that Rs. 90,00,000 was paid to Signature Builders Pvt. Ltd. to take 2BHK flat under the project as guest house of the Company. It may be noted that in its replies to SEBI, Quasar India Ltd. had



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not submitted the aforesaid MOU. Instead the Company had submitted the following documents:

- iv. MOU dated 21/10/2013 executed between Quasar India Ltd. and Signature Builders Pvt. Ltd. as per which Quasar India had agreed to advance to Signature a sum of Rs. 90,00,000 and Signature accepted the advance for booking of 2BHK flat in accordance with terms and conditions set out in the MOU. The advance would be paid in tranches. The first tranche would be of Rs. 18 lakhs and subsequent tranches would be payable as discussed between managements of Quasar and Signature. Signature had also agreed to repay to Quasar the advance amount if there is any delay in delivery of possession of the property.
- v. Letter dated 21/10/2013 addressed to Signature Builders Pvt. Ltd. for intent to take 2BHK flat as guest house of the Company.
- vi. Letter dated 05/11/2013 as reminder to handover the possession of 2BHK flat.
- vii. Letter dated 06/11/2013 from Signature Builders Pvt. Ltd. to Quasar India Ltd. for extension of time to handover the possession of 2BHK flat. As per the letter, Signature Builders Pvt. Ltd. requested Quasar India Ltd. to grant an extension of 2 months.
- viii. Letter dated 15/02/2014 addressed to Signature Builders Pvt. Ltd. as second reminder to handover the possession of 2 BHK flat.
- ix. Letter dated 27/02/2014 addressed to Signature Builders Pvt. Ltd. for revocation of agreement due to failure to deliver the flat.
- x. Settlement agreement dated 15/03/2014 between Quasar India Ltd. and Signature Builders Pvt. Ltd.
- xi. Vide letter dated 02/12/2020(Copy placed at Annexure 4), Quasar India Ltd. was advised to provide documents regarding property details etc. However, vide its letter dated 16/12/2020(Copy placed at Annexure 4), Quasar India Ltd. stated that there are no documents in this regard. They also stated that they came to know of Signature Builders Pvt. Ltd. through newspaper and television advertisements. Vide its letter dated 23/09/2020(Copy placed at Annexure 4), Quasar India Ltd. had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Signature Builders Pvt. Ltd.
- xii. Signature Builders Pvt. Ltd., vide email dated 22/02/2021(Copy placed at Annexure 6), stated that Rs. 90,00,000 was received by them as share application money. Signature was planning to raise finance for general corporate purposes and issue shares to selected persons for the same. Signature provided a copy of account ledger of Quasar India as documentary evidence. Vide email dated 22/02/2021, Signature Builders Pvt. Ltd. was advised to provide documentary evidence apart from the ledger that show that the money was received for share application. Signature Builders Pvt. Ltd., vide email dated 28/02/2021(Copy placed at Annexure 6), changed their earlier submission and stated that it had executed a MOU with Quasar India Ltd. on 21/10/2013 in respect of sale of flat and in respect of which Rs. 90,00,000 was paid. The entity submitted the same MOU as submitted by Quasar India Ltd. to SEBI as documentary evidence.



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

Ankit Sahai:

- i. Quasar India Ltd., had submitted to BSE a copy of MOU executed with Ankit Sahai. As per the MOU dated 21/10/2013 executed between Quasar India Ltd. (Lender) and Ankit Sahai(Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 8,00,000. However, nor the specific details of the business for which the loan was availed nor the date of repayment was mentioned. An interest amount of Rs. 72,000 was payable by the borrower towards interest to the lender. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.). In its replies to SEBI, Quasar India Ltd. had submitted the aforesaid MOU.
- ii. It was observed from the bank statement of the Quasar India Ltd. that Rs. 8,00,000 on 21/10/2013 was transferred to Ankit Sahai. From the ledger statement pertaining to Ankit Sahai, it was observed that Rs. 10,44,220 (Rs. 8,00,000 + Interest) was written off as bad debts on 31/03/2020.
- iii. Vide its letter dated 23/09/2020(Copy placed at Annexure 4), Quasar India Ltd. had submitted that Rs. 8,00,000 was paid to Ankit Sahai as loan. The Company had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Ankit Sahai.
- iv. From the above, it was concluded that the amount paid to Ankit Sahai was a loan. However, no interest was received by Quasar India Ltd.

Rekha Malhotra:

- i. Quasar India Ltd. had submitted to BSE a copy of MOU executed with Rekha Malhotra. As per the MOU dated 21/10/2013 executed between Quasar India Ltd. (Lender) and Rekha Malhotra (Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 6,00,000. However, nor the specific details of the business for which the loan was availed nor the date of repayment was mentioned. There was no interest amount mentioned on the MOU as well. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.). The Company had also submitted to BSE, a Performa Invoice dated 21/10/2013 bearing Ref. no.



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123/2013(Copy placed at Annexure 3), for purchase of 12,000 meter of fabric @ Rs. 100/- per meter. The total amount to be paid was Rs. 12 lakhs out of which Rs. 6 lakhs had been paid as advance. The invoice neither had any sales tax registration no. nor the PANs of buyer or seller. The invoice mentioned to issue a cheque In favor of Rekha Malhotra. However, from the bank statement of Quasar India Ltd., it was observed that Rs. 6,00,000 was transferred to Rekha Malhotra through RTGS. Hence, the Performa Invoice pertaining to Rekha Malhotra is not acceptable.

- ii. It was observed from the bank statement of the Quasar India Ltd. that Rs. 6,00,000 on 21/10/2013 was transferred to Rekha Malhotra As per the bank statement of Quasar India Ltd., it was observed that Rs. 4,00,000 on 19/05/2016 and Rs. 2,00,000 on 10/08/2016 was paid by Rekha Malhotra to Quasar India, without paying any interest.
- iii. In its replies to SEBI, Quasar India Ltd. had submitted that Rs. 6,00,000 was paid to Rekha Malhotra to purchase 12000 mtr fabric. It may be noted that in its replies to SEBI, Quasar India Ltd. had not submitted the aforesaid MOU. Instead the Company had submitted the following documents:
- iv. Letter dated 21/10/2013 addressed to Rekha Malhotra regarding purchase of goods and materials i.e. fabric. As per the letter, 12,000 meters of Italian Fabric with golden colour was to be purchased by Quasar India Ltd. The delivery was as per the purchase order and an advance of Rs. 6,00,000 was to be paid as advance.
- v. Undated Letter addressed to Rekha Malhotra for revocation of agreement due to inconsonance of samples and unethical behavior of Rekha Malhotra during inspection. As per the letter, Quasar India stated that the material supplied was not in order and the whole color was not golden and the same was not to be accepted. Quasar India directed Rekha Malhotra to refund the amount on immediate basis.
- vi. Settlement agreement dated 13/04/2016 between Rekha Malhotra and Quasar India Ltd. As per the agreement, the parties had reached an amicable solution for full and final settlement of account whereby Rekha Malhotra would pay to Quasar the advance received by her amounting to Rs. 6,00,000 on the next working day of the agreement.
- vii. Vide letter dated 02/12/2020(Copy placed at Annexure 4), Quasar India Ltd. was advised to clarify as to whether any fabric was purchased from Rekha Malhotra prior to October 2013. However, vide its letter dated 16/12/2020(Copy placed at Annexure 4), Quasar India Ltd. stated that no fabric was purchased from Rekha Malhotra prior to October 2013. Vide its letter dated 23/09/2020(Copy placed at Annexure 4), Quasar India Ltd. had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Rekha Malhotra.
- viii. Vide letter dated 12/2/2021(Copy placed at Annexure 6) and reminder emails dated 22/02/2021 and 26/02/2021(Copies placed at Annexure 6), Rekha Malhotra was advised to provide reasons for the payment made from Quasar India. However, no reply had been received from Rekha Malhotra till date.



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- ix. From the above, it was difficult to accept the contention of Quasar India that Rs. 6,00,000 was paid to Rekha Malhotra for purchase of fabric. No valid legal documents regarding the purchase of fabric is available with the Company. Further, submitting different documents to BSE and SEBI clearly shows that the reason given by the Company that the amount was utilized for purchase of fabric was an afterthought. In view of the above, it was concluded that the amount paid Rekha Malhotra was actually an interest-free loan.

Blue Rose Construction Pvt. Ltd.:

- i. Quasar India Ltd. had submitted to BSE a copy of MOU executed with Blue Rose Construction Pvt. Ltd.. As per the MOU dated 25/10/2013 executed between Quasar India Ltd. (Lender) and Blue Rose Construction Pvt. Ltd. (Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 10,00,000. However, nor the specific details of the business for which the loan was availed nor the date of repayment was mentioned. An interest amount of Rs. 90,000 mentioned on the MOU as well. The MOU was signed by Ankit Agarwal (Director of Quasar India Ltd.). In its replies to SEBI, Quasar India Ltd. had submitted the aforesaid MOU.
- ii. It was observed from the bank statement of the Quasar India Ltd. that Rs. 10,00,000 on 25/10/2013 was transferred to Blue Rose Construction Pvt. Ltd.. As per the ledger statement pertaining to Blue Rose Construction Pvt. Ltd., it was observed that Rs. 14,31,632 on 31/03/2020 was written off by Quasar India. Interest amount and TDS were mentioned on the ledger.
- iii. Vide its letter dated 23/09/2020(Copy placed at Annexure 4), Quasar India Ltd. had submitted that Rs. 10,00,000 was paid to Blue Rose Construction Pvt. Ltd. as loan. The Company had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Blue Rose Construction Pvt. Ltd.
- iv. From the above, it was concluded that the amount paid to Blue Rose Construction Pvt. Ltd. was a loan.

India Finsec Ltd.:

- i. It was observed from the bank statement of Quasar India that it had transferred Rs. 16,00,000 on 25/10/2013 to India Finsec Ltd. from the preferential allotment money.
- ii. In its replies to SEBI, Quasar India Ltd. had submitted a confirmation of accounts pertaining to India Finsec Ltd. as documentary evidence. From the confirmation of accounts and bank statement of Quasar India Ltd., it was observed that the aforesaid amount was paid as advance. Further, Rs. 12,00,000 on 26/10/2013 and Rs. 4,00,000 on 30/10/2013 was refunded by India Finsec Ltd. to Quasar India.



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- iii. Vide letter dated 16/12/2020, Quasar India Ltd. mentioned that the amount was given to India Finsec Limited as a short term loan as the money was lying idle and had no immediate use towards the objects of the issue. Vide letter dated 23/09/2020, the Company had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to India Finsec Ltd.
- iv. It may be noted that Quasar India Ltd. had accepted that the amount was given a loan. Granting of loans was not an object of the preferential issue.

Jagtarni Traders Pvt. Ltd.:

- i. Quasar India Ltd. had submitted to BSE a copy of creditors ledger pertaining to Jagtarni Traders Pvt. Ltd. As per the creditors ledger, a purchase of Rs. 30,74,400 was made on 20/08/2013 by Quasar India Ltd. from Jagtarni Traders Pvt. Ltd. In its replies to SEBI, Quasar India had submitted the aforesaid ledger as documentary evidence.
- ii. From the bank statement of Quasar India Ltd., it was observed that Rs. 30,74,000 on 29/11/2013 was transferred from Quasar India Ltd. to Jagtarni Traders Pvt. Ltd. from the preferential allotment money.
- iii. Vide letter dated 12/09/2020(Copy placed at Annexure 4), Quasar India Ltd. stated that Rs. 30,74,400 was paid to Jagtarni Traders Pvt. Ltd. for purchase of fabric. Jagtarni Traders Pvt. Ltd., vide email dated 24/02/2021(Copy placed at Annexure 6), submitted that Rs. 30,74,400 were received by them from Quasar India Ltd. for purchase of goods. As documentary evidence, Jagtarni Traders Pvt. Ltd. had submitted a copy of Invoice no. Fab/001/2013 dated 20/08/2013. As per the invoice, Quasar India Ltd. bought 18,000 meters of fabric at the rate of 170.80/meter. The PANs of the buyer and seller were mentioned on the invoice. From the documents filed by Jagtarni Traders Pvt. Ltd. with MCA for FY 2014-15(Copy placed at Annexure 1), it was observed that the financial statements mentioned a sale of fabrics in the previous financial year(i.e. FY ended March 2014) worth Rs. 30,74,400.
- iv. Hence, it was concluded that Rs. 30,74,400 was paid to Jagtarni Traders Pvt. Ltd. for purchase of fabric.

Daisy Distributors Pvt. Ltd.:

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



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- ii. From the bank statement of Quasar India Ltd., it was observed that Rs. 13,00,000 on 29/11/2013 was transferred from Quasar India Ltd. to Daisy Distributors Pvt. Ltd. from the preferential allotment money.
- iii. Vide letter dated 12/09/2020(Copy placed at Annexure 4), Quasar India Ltd. stated that Rs. 13,00,000 was paid to Daisy Distributors Pvt. Ltd. for purchase of fabric. Daisy Distributors Pvt. Ltd., vide email dated 22/02/2021(Copy placed at Annexure 6), submitted that Rs. 13,00,000 were received by them from Quasar India Ltd. for sale of goods(fabrics). As documentary evidence, Daisy Distributors Pvt. Ltd. had submitted a copy of Invoice no. 1 dated 01/08/2013. As per the invoice, Quasar India Ltd. bought 18,000 meters of fabric at the rate of 152/meter. The PANs of the buyer and seller were mentioned on the invoice. From the documents filed by Daisy Distributors Pvt. Ltd. with MCA for FY 2014-15(Copy placed at Annexure 1), it was observed that the financial statements mentioned a sale of fabrics in the previous financial year(i.e. FY ended March 2014) worth Rs. 27,36,000. Quasar India Ltd. had replied that a total of Rs. 27,36,000(Rs. 13,00,000 in the first tranche and Rs. 14,36,000 in the second tranche on 29/11/2013) had been paid to Daisy Distributors Pvt. Ltd. against sale of fabrics.
- iv. Hence, it was concluded that Rs. 13,00,000 was paid to Daisy Distributors Pvt. Ltd. for purchase of fabric.

Kotia Estates Pvt. Ltd.:

- i. Quasar India Ltd. had submitted to BSE a copy of MOU executed with Kotia Estates Pvt. Ltd. As per the MOU dated 06/12/2013 executed between Quasar India Ltd. (Lender) and Kotia Estates Pvt. Ltd. (Borrower), it was stated that the lender agreed to lend the borrower a sum of Rs. 17,00,000 which was to be repaid in accordance with the terms and conditions set out in the memorandum. However, nor the specific details of the business for which the loan was availed nor the date of repayment was mentioned. There was no interest amount mentioned on the MOU as well. The MOU was signed by Ankit Agarwal (Director).
- ii. It was observed from the bank statement of the Quasar India Ltd. that Rs. 17,00,000 on 06/12/2013 was transferred to Kotia Estates Pvt. Ltd.. As per the bank statement of Quasar India Ltd., it was observed that Rs. 17,00,000 on 25/08/2014 was paid by Kotia Estates Pvt. Ltd. to Quasar India, without paying any interest.
- iii. In its replies to SEBI, Quasar India Ltd. had submitted that Rs. 17,00,000 was paid to Kotia Estates Pvt. Ltd. as advance for booking an office space in its project. It may be noted that in its replies to SEBI, Quasar India Ltd. had not submitted the aforesaid MOU. Instead the Company had submitted the following documents:
- iv. Letter of intent to purchase office space dated 06/12/2013 addressed to Kotia Estates Pvt. Ltd. As per the letter, Quasar India Ltd. accepted the proposal of booking an office space. The delivery of possession of the space was to be three



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- months from the date of signing of the letter. In event of failure, Quasar was duly entitled to claim the refund. Rs. 17,00,000 would be paid in advance.
- v. Letter dated 15/04/2014 for revocation of agreement due to delay in possession of premises. As per the letter, Quasar had not received any response/update regarding possession of the premises. The management of Quasar India had decided to withdraw the booking and directed Kotia Estates Pvt. Ltd. to refund the whole amount along with interest at 18% p.a.
- vi. Settlement agreement dated 25/08/2014 executed between Quasar India Ltd. and Kotia Estates Pvt. Ltd. wherein both the parties had reached an solution for full and final settlement and Kotia Estates Pvt. Ltd. would pay the advance Rs. 17,00,000 on the next working day of the execution of the agreement.
- vii. Vide letter dated 02/12/2020(Copy placed at Annexure 4), Quasar India Ltd. was advised to provide documents regarding property details etc. However, vide its letter dated 16/12/2020(Copy placed at Annexure 4), Quasar India Ltd. stated that there are no documents in this regard as the decision to give advance was taken based on the discussions with the representatives of Kotia Estates Pvt. Ltd. They also stated that they came to know of Kotia Estates Pvt. Ltd. through market sources. Vide its letter dated 12/09/2020(Copy placed at Annexure 4), Quasar India Ltd. had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Kotia Estates Pvt. Ltd.
- viii. Kotia Estates Pvt. Ltd., vide email dated 23/02/2021(Copy placed at Annexure 6), stated that Rs. 17,00,000 was received by them with intent to purchase office space as per agreement and the same had been repaid. The entity submitted the same letters as stated above and its bank statement used for repayment. As per financial statements of Kotia Estates Pvt. Ltd. available on MCA portal(Copy placed at Annexure 1), Rs. 17,00,000 from Quasar India Ltd. was shown under the head – Short Term Borrowings(Others Loans and advances) as on 31/03/2014.
- ix. From the above, it was difficult to accept the contention of Quasar India that Rs. 17,00,000 was paid to Kotia Estates Pvt. Ltd. for booking an office space. No details/documents regarding the purchase property is available with the Company or the counterparty. Further, submitting different documents to BSE and SEBI clearly shows that the reason given by the Company that the amount was utilized to take office space was an afterthought. Since the amount was returned back by Kotia Estates Pvt. Ltd. without paying any interest, it was concluded that the amount paid to Kotia Estates Pvt. Ltd. was actually an interest-free loan.

Chanson Shipping and Packing Co. Pvt. Ltd.:

- i. Quasar India Ltd. had submitted to BSE a copy of MOU executed with Chanson Shipping and Packing Co. Pvt. Ltd. As per the MOU dated 06/12/2013 executed between Quasar India Ltd. (Lender) and Chanson Shipping and Packing Co. Pvt. Ltd.(Borrower), it was stated that the lender agreed to lend the borrower a sum of



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Rs. 50,00,000 which was to be repaid in accordance with the terms and conditions set out in the memorandum. However, nor the specific details of the business for which the loan was availed nor the date of repayment was mentioned. There was no interest amount mentioned on the MOU as well. The MOU was signed by Ankit Agarwal (Director).

- ii. It was observed from the bank statement of the Quasar India Ltd. that Rs. 19,00,000 on 03/12/2013 and Rs. 50,00,000 on 06/12/2013 was transferred to Chanson Shipping and Packing Co. Pvt. Ltd. It may be noted that Rs. 50,00,000 was from the preferential allotment money. As per the bank statement of Quasar India Ltd. and reply of Chanson Shipping and Packing Co. Pvt. Ltd., it was observed that Rs. 69,00,000 on 04/10/2014 was paid by Chanson Shipping and Packing Co. Pvt. Ltd. to Quasar India, without paying any interest.
- iii. In its replies to SEBI, Quasar India Ltd. had submitted that Rs. 69,00,000 was paid to Chanson Shipping and Packing Co. Pvt. Ltd. as advance to take office cum warehouse. It may be noted that in its replies to SEBI, Quasar India Ltd. had not submitted the aforesaid MOU. Instead the Company had submitted the following documents:
- iv. Letter of intent to take office cum warehouse on lease dated 06/12/2013. As per the letter, advance of Rs. 50,00,000 was to be paid for construction of the office cum warehouse. The office cum warehouse was to be fully furnished and should have all the required interiors as mutually agreed. The tenure of the same would be 3 years from the date of possession. The date of possession would be three months from the date of signing the agreement.
- v. Letter dated 06/03/2014 addressed to Chanson Shipping and Packing Co. Pvt. Ltd. as reminder to handover the possession of the leased office cum warehouse. As per the letter, Quasar India Ltd. had paid Rs. 50,00,000 for the construction, renovation and interior work of the office cum warehouse, however no update regarding possession of the premises had been received. Chanson Shipping and Packing Co. Pvt. Ltd. was required to confirm the exact date of possession.
- vi. Letter dated 10/03/2014 from Chanson Shipping and Packing Co. Pvt. Ltd. to Quasar India Ltd. to provide extension of 3 months' time to handover the possession of leased warehouse.
- vii. Letter dated 10/06/2014 from Quasar India Ltd. to Chanson Shipping and Packing Co. Pvt. Ltd. as reminder letter. There was no update received by Quasar India Ltd. w.r.t possession of the premises even after 3 months' extension.
- viii. Letter dated 15/06/2014 from Chanson Shipping and Packing Co. Pvt. Ltd. to Quasar India Ltd. requesting a further extension of 2 months.
- ix. Letter dated 14/08/2014 from Chanson Shipping and Packing Co. Pvt. Ltd. to Quasar India Ltd. regarding revocation of agreement due to non-fulfillment of agreement even after several reminders.
- x. Settlement agreement dated 28/09/2014 executed between Quasar India Ltd. and Chanson Shipping and Packing Co. Pvt. Ltd. whereby Chanson shall pay Rs. 50,00,000 as the advance received on the next working day.
- xi. Vide letter dated 02/12/2020(Copy placed at Annexure 4), Quasar India Ltd. was advised to provide documents regarding property details etc. However, vide its letter dated 16/12/2020(Copy placed at Annexure 4), Quasar India Ltd. stated



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- that there are no documents in this regard. They also stated that they came to know of Chanson Shipping and Packing Co. Pvt. Ltd. through market sources. Vide its letter dated 12/09/2020 (Copy placed at Annexure 4), Quasar India Ltd. had stated that neither Quasar India Ltd. nor its promoter/directors/employees are/were ever associated/related/connected etc. in any capacity, whether indirectly/directly to Chanson Shipping and Packing Co. Pvt. Ltd.
- xii. Letter dated 12/01/2021 (Copy placed at Annexure 6) was sent to Chanson Shipping and Packing Co. Pvt. Ltd. seeking relevant details. Chanson Shipping and Packing Co. Pvt. Ltd., vide email dated 02/03/2021 (Copy placed at Annexure 6), submitted that Rs. 50,00,000 on 06/12/2013 received from Quasar India Ltd. was utilized for giving loan to M/s Track Components Ltd. and Omega Barke Components Ltd. (their sister concerns). Chanson submitted a confirmation of accounts pertaining to Quasar India Ltd. as documentary evidence. There was no mention of any agreement/MoU with Quasar India Ltd. to take office cum warehouse.
- xiii. From the above, it was difficult to accept the contention of Quasar India that Rs. 50,00,000 was paid to Chanson Shipping and Packing Co. Pvt. Ltd. for office cum warehouse. No details/documents regarding the purchase property is available with the Company. The reply of counterparty entity is also silent on whether any agreement for office cum warehouse was made. Further, submitting different documents to BSE and SEBI clearly shows that the reason given by the Company that the amount was utilized for taking office cum warehouse was an afterthought. Since the amount was returned back by Chanson Shipping and Packing Co. Pvt. Ltd. without paying any interest, it was concluded that the amount paid to Chanson Shipping and Packing Co. Pvt. Ltd. was actually an interest-free loan.

Observations on the documentary evidence/MOU/invoices submitted by the Company and entities:

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



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11. In view of the above, it was concluded that the utilization of preferential issue proceeds by Quasar India Ltd. is as given in the table below:

Sr. no.	Name of Counterparty	Amount paid (in Rs.)	Amount returned back (if any) (in Rs.)	Interest(if any)	Purpose/Reason
1	Neeru Bansal	50,00,000	50,00,000	0	Interest free loan
2	Taxus Infrastructure & Power Projects Pvt. Ltd.	75,00,000	90,00,000	0	Interest free loan
		15,00,000			
3	Madhu Vashisht	10,00,000	10,00,000	0	Interest free loan
4	Flair Developers Pvt. Ltd.	15,00,000	17,63,330	2,63,330	Loan
5	Seema Sahai	14,00,000	24,77,415	7,77,415	Loan
		3,00,000			
6	Sandeep Gupta	10,00,000	10,00,000	0	Interest free loan
7	Savita Holdings Pvt. Ltd.	40,00,000	43,61,380	3,61,380	Loan
8	Stellar Capital Services	5,00,000	58,00,000	0	Interest free Loan
		40,00,000			
		13,00,000			
9	Lavish Educational Services Pvt. Ltd.	40,00,000	48,52,658	8,52,658	Loan
10	Pun Films Pvt. Ltd.	12,00,000	0	0	Loan
11	MSB E trade securities	17,00,000	17,00,000	0	Amount paid to broker for trading in stock market
12	Lancer Packers Pvt. Ltd.	27,00,000	28,60,580	1,60,580	Loan
13	Adhir Sachdeva	15,00,000	15,74,250	74,250	Loan
14	G D Goenka Public School Model Town	10,00,000	10,59,917	59,917	Loan
15	Jatan Kumari	10,00,000	10,65,750	65,750	Loan
16	Munish Bajaj and Sons HUF	17,00,000	17,00,000	0	Interest free loan
17	Josh Impex Pvt. Ltd.	30,00,000	30,00,000	0	Interest free loan
18	Signature Builders Pvt. Ltd.	18,00,000	90,00,000	0	Interest free loan
		72,00,000			
19	Ankit Sahai	8,00,000	0	0	Loan
20	Rekha Malhotra	6,00,000	6,00,000	0	Interest free loan
21	Blue Rose Constructions	10,00,000	0	0	Loan
22	India Finsec Ltd	16,00,000	16,00,000	0	Loan
23	Jagtarini Traders Pvt. Ltd.	30,74,400	-	-	Purchase of fabric
24	Daisy Distributors Pvt. Ltd.	13,00,000	-	-	Purchase of fabric
25	Chanson Shipping & Packing Co. Pvt. Ltd.	50,00,000**	50,00,000**	0	Interest free loan
26	Kotia Estates Pvt. Ltd.	17,00,000	17,00,000	0	Interest free loan
	Total	7,08,74,400	6,60,41,030	41,15,280	

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

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

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

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



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13. Considering all facts and evidences available on record, it was concluded that Quasar India Ltd. had misutilized the preferential issue proceeds by utilizing the proceeds for granting loans/advances. Loans amounting to Rs. 4.67 crores was given from the preferential allotment money. Further, Rs. 1.81 crores was given to different counterparties which were subsequently returned and again utilized. Rs. 0.17 crores was also paid to stock broker for trading in the stock market. Granting of loans/advances and utilizing the proceeds for trading in the stock market was not the object of the issue. As such, the Company had misutilized the issue proceeds by not deploying funds for the stated objects of the preferential issue.
14. As per Memorandum of Association of Quasar India Ltd. (Copy placed at Annexure 3), one of the main objects of the Company was to deal in manufacturing and supply of fabrics, garments, fabric related items. Hence, no adverse inference is drawn w.r.t the utilization of funds of Rs. 43,74,400 for purchase of fabric as the same is considered as working capital of the Company.
15. In view of all the above, it is hereby alleged that Noticee-1 has committed "fraud" as defined under Regulation 2(1)(c) of PFUTP Regulations by deviating and misutilizing the preferential issue proceeds and had, thereby, violated Section 12A (a) (b) (c) of SEBI Act, 1992 r/w Regulations 3 (a) (b) (c) (d), 4(1), 4(2)(f) & 4(2)(r) of PFUTP Regulations, 2003.

Ratification of deviation by shareholders of Quasar India Ltd.

16. BSE vide its Notice no. 20180613-29 dated 13/06/2018 had, inter-alia, directed Quasar India Ltd. to make mandatory disclosures w.r.t misutilization of preferential issue proceeds along with ensuing quarterly audited/unaudited financial results and to get the same ratified by the shareholders of the Company within 3 months from the intimation of the notice.



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

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

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

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

20. BSE, vide its Notice no. 20190723-26 dated 23/07/2019(Copy placed at Annexure 3) had revoked the suspension of trading in the securities of the Company. As per the



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

21. It was observed that although the preferential allotment happened in the year 2013-14, the Company had undertaken ratification only after 6 years in 2019 and no reason had been stated for the delay. Further, the Company had undertaken ratification only after receiving explicit directions from BSE vide its notice no. 20180613-29. However, it was observed that the fact remained and established that Quasar India Ltd. had deviated and misutilized the proceeds of the preferential issue dated 31/01/2014. It was observed that the past fraudulent acts and deeds of Quasar India Ltd. cannot be legitimized by subsequent ratification of the same by shareholders of the Company. Thus, as stated above at para ____ Noticee-1 is hereby alleged to have violated Section 12A (a) (b) (c) of SEBI Act read with Regulations 3 (a) (b) (c) (d), 4(1), 4(2)(f) & 4(2)(r) of PFUTP Regulations by deviating and misutilizing the preferential issue proceeds.

Role of directors in the misutilization of preferential issue proceeds

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



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23. As per Quasar India Ltd. reply letter dated 19/04/2019, annual reports of Quasar India Ltd. for FY 2013-14, 2014-15, details on MCA website (Copies placed at Annexure 1,2,4), the following were the directors of the Company during the IP:

S. no.	Name of director	Designation	DIN	Date of appointment	Date of cessation
1	Ankit Agarwal*	Director, Executive	05254327	15/10/2012	28/07/2016
2	Ganesh Prasad Gupta	Independent, non-executive director	03611693	05/08/2013	05/02/2019
3	Yogesh Bansal	Independent, non-executive director	06558097	05/08/2013	16/04/2015

*Appointed as whole time director w.e.f 01/03/2014

24. Ankit Agarwal was the only executive director of the Company during the IP and hence, responsible for the management of the affairs of the Company. He was actively involved in the activities of the Company. His role in the Company during the period relevant to the preferential allotment dated 31/03/2014 is listed below:

- Signed Notice dated 16/12/2013 for the Extra Ordinary General Meeting of the Company to be held on 15/01/2014 for issue of 51,05,000 equity shares on a preferential basis. As per the minutes of the meeting, he was present in the Extra Ordinary General meeting as Chairman.
- He was present in the meeting of the board of directors held on 31/01/2014 of Quasar India Ltd. as Chairman where the equity shares were allotted on a preferential basis.
- As per documents submitted by Quasar India Ltd. to BSE (Copies placed at Annexure 3), he was the authorized signatory on behalf of Quasar India Ltd. for Memorandum of Understanding (MOU) with the counterparties- Pun Films Pvt. Ltd., Seema Sahai, Ankit Sahai, Lavish Educational services Pvt. Ltd., Blue Rose Constructions Pvt. Ltd., Rekha Malhotra, Madhu Vashisht, Neeru Bansal, Flair Developers Pvt. Ltd., Sandeep Gupta, M/s Taxus Infrastructure and Power Projects Pvt. Ltd., M/s Savita Holdings Pvt. Ltd, M/s Lancer Packers Pvt. Ltd., Adhir Sachdeva, Josh Impex Pvt. Ltd., M/s Signature Builders Pvt. Ltd., M/s Chanson Shipping and Packing Co. Pvt. Ltd., Jatan Kumari, G D Goenka Public School Model Town, M/s Kotia Estates Pvt. Ltd. As brought out above, the funds raised out of the preferential allotment was transferred to these entities.
- Only authorized signatory/person authorized to operate the bank account of Quasar India Ltd. - Punjab National Bank A/c 1710002100554026, where the preferential allotment money was credited. Reply of PNB at Annexure 5.
- Attended all the 19 Board meetings and the only Audit Committee meeting during the year 2013-14.
- Member of Audit Committee (constituted on 18/02/2014), Nomination and remuneration committee (constituted on 25/04/2014) and Chairman of shareholders and grievance committee (constituted on 18/02/2014).



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vii. Signed the balance sheet, profit and loss statement and cash flow statement of the Company during the year 2013-14. In the Notes to the financial statements, it was mentioned that 51,05,000 equity shares were allotted in the year pursuant to preferential allotment.

25. Although Ganesh Prasad Gupta was an independent, non-executive director of the Company, he was actively involved in the activities of the Company. His role in the Company during the period relevant to preferential allotment is listed below:

- i. As per the minutes of the meeting, he was present in the Extra Ordinary General Meeting of the Company held on 15/01/2014 where the resolution to issue 51,05,000 equity shares on a preferential basis was passed as an ordinary resolution.
- ii. As per the minutes of the meeting, he was present in the meeting of the board of directors held on 31/01/2014 of Quasar India Ltd. where the equity shares were allotted on a preferential basis.
- iii. As per documents submitted by Quasar India Ltd. to SEBI, he signed the letter for purchase of goods and materials, revocation of the agreement and subsequent settlement agreement - all addressed to/executed with Rekha Malhotra. As brought out above, the funds raised out of the preferential allotment was transferred to Rekha Malhotra. Investigation had observed that the money transferred to Rekha Malhotra was not in accordance with the objects of the issue.
- iv. Signed the letter of interest for equity participation in M/s Taxus Infrastructure and Power Projects Pvt. Ltd., letter for refund of application money amounting to Rs. 90,00,000 and subsequent settlement agreement. Rs. 90,00,000 was transferred to Taxus Infrastructure and Power Projects Pvt. Ltd. from the preferential allotment money. Investigation had observed that the money transferred to Taxus Infrastructure and Power Projects Pvt. Ltd. was not in accordance with the objects of the issue.
- v. Signed the balance sheet, profit and loss statement and cash flow statement of the Company during the year 2013-14. In the Notes to the financial statements, it was mentioned that 51,05,000 equity shares were allotted in the year pursuant to preferential allotment.
- vi. Attended all the 19 Board meetings and the only Audit Committee meeting during the year 2013-14 as per annual report.
- vii. Member of Audit Committee (constituted on 18/02/2014), Nomination and remuneration committee (constituted on 25/04/2014) and shareholders and grievance committee (constituted on 18/02/2014) as per annual report.

26. Although Yogesh Bansal was an independent, non-executive director of the Company, he was actively involved in the activities of the Company. His role in the Company during the period relevant to preferential allotment is listed below:



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- i. As per the minutes of the meeting, he was present in the Extra Ordinary General Meeting of the Company held on 15/01/2014 where the resolution to issue 51,05,000 equity shares on a preferential basis was passed as an ordinary resolution.
- ii. As per the minutes of the meeting, he was present in the meeting of the board of directors held on 31/01/2014 of Quasar India Ltd. where the equity shares were allotted on a preferential basis.
- iii. Signed the true copy of special resolution passed by the shareholders of the Company in the extra ordinary general meeting held on 15/01/2014 where the resolution to issue 51,05,000 equity shares on a preferential basis was passed as an ordinary resolution.
- iv. Signed the true copy of resolution passed by the board of directors of the Company at their meeting held on 31/01/2014, where 51,05,000 equity shares on a preferential basis was allotted to entities. As per the resolution, Yogesh Bansal was authorized to apply with the Delhi Stock Exchange (DSE) for the listing of aforesaid shares and also with NSDL/CDSL for crediting the equity shares of the Company through Corporate Action. Also, Yogesh Bansal or Ankit Agarwal were authorized, jointly and severally to sign and file the necessary form and papers with the Registrar of Companies and to take other steps as may be required.
- v. Attended all the 19 Board meetings and the only Audit Committee meeting during the year 2013-14 as per annual report.
- vi. Chairman of Audit Committee (constituted on 18/02/2014), Chairman of Nomination and remuneration committee (constituted on 25/04/2014) and shareholders and grievance committee (constituted on 18/02/2014) as per annual report.

27. Vide letters/emails dated 12/03/2021(Copy placed at Annexure 6), the directors viz., Ankit Agarwal, Ganesh Prasad Gupta and Yogesh Bansal were advised to provide their comments regarding their involvement day to day affairs of the Company during the relevant period of preferential allotment as per documents available on record. The letters to Ankit Agarwal and Yogesh Bansal were delivered. The email to Ganesh Prasad Gupta as per email address in UCC (Annexure 7) was delivered. Copy of delivery reports/status is at Annexure 6. However, reply only from Ankit Agarwal had been received till date.

28. Vide email dated 31/03/2021(Copy placed at Annexure 6), Ankit Agarwal stated that Quasar India Ltd. had not deviated from the objects or misutilized the proceeds raised out of the preferential issue dated January 31, 2014. He stated that the shareholders of the Company, had, vide an Extra Ordinary General Meeting held on



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18/01/2019 had ratified the management's decision utilize the proceeds of issue of shares on a preferential basis as it deemed fit and appropriate in the best interests of the Company at the time of such utilization. He further stated that the people who are the actual owners of the Company (i.e. the shareholders) and to whom the money really belonged, ratified an action taken by the management in the best interests of the Company at the time of taking that action and had absolutely no grievance or objection whatsoever to the said action and as a result there had not been any shareholder complaint till date. There was no cause for mounting a full scale investigation into purported alleged wrong doings by an entity. He stated that Rs. 1,85,00,000 was utilized to augment the working capital requirements of the Company and Rs. 3,26,00,000 was utilized to finance the expansion propositions of the Company which were in accordance with the objects of the preferential issue and there had been no mis-utilization of funds. He also stated that he had not violated any provisions of SEBI (PFUTP) Regulations, 2003 and SEBI Act, 1992. The aforesaid reply of Ankit Agarwal is not acceptable as it had been brought out in the investigation that Quasar India had actually deviated from the objects of the preferential issue and the past fraudulent acts and deeds of Quasar India Ltd. cannot be legitimized by subsequent ratification of the same by shareholders of the Company.

29. In view of the above, it is hereby alleged that the alleged fraudulent act of deviating and misutilizing the preferential issue proceeds was done by Quasar India Ltd. with the knowledge of its directors i.e Ankit Agarwal, Ganesh Prasad Gupta and Yogesh Bansal (Noticees-2 to 4). Thus, Noticees-2 to 4 are hereby alleged to have violated Section 12A (a) (b) (c) of SEBI Act, 1992 r/w Regulations 3 (a) (b) (c) (d), 4(1), 4(2)(f) & 4(2)(r) of SEBI (PFUTP) Regulations, 2003. The text of the aforesaid provisions are reproduced hereunder:

SEBI Act, 1992



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

12A. No person shall directly or indirectly—

- (a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;*
- (b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;*
- (c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;*

PFUTP Regulations

Regulation 3 of SEBI: - Prohibition of certain dealings in securities

3. No person shall directly or indirectly—

- (a) buy, sell or otherwise deal in securities in a fraudulent manner;*
- (b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made thereunder;*
- (c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;*
- (d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made thereunder.*

Regulation 4 of SEBI (PFUTP) Regulations: - Prohibition of manipulative, fraudulent and unfair trade practices

- (1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.*
- (2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:-*



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- (f) *[knowingly] publishing or causing to publish or reporting or causing to report by a person dealing in securities any information *[relating to securities, including financial results, financial statements, mergers and acquisitions, regulatory approvals,] which is not true or which he does not believe to be true prior to or in the course of dealing in securities;*
- (r) *[knowingly] planting false or misleading news which may induce sale or purchase of securities*

** inserted vide Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) (Amendment) Regulations, 2018 w.e.f. February 01, 2019.*

30. In view of the above, Noticees (i.e. 1 to 4) are hereby called upon to show cause as to why an inquiry should not be held against them in terms of Rule 4 of SEBI Adjudication Rules read with Section 15I of the SEBI Act and a penalty, if any, should not be imposed on them under Section 15 HA of the SEBI Act.

Disclosure to stock exchanges regarding deviation from the purpose of preferential issue

31. Clause 43 of the erstwhile Listing Agreement (which is now Regulation 32 of SEBI (LODR) regulations, 2015), inter-alia, states that *"the Company agrees that it will furnish on a quarterly basis a statement to the Exchange indicating the variations between projected utilisation of funds and/or projected profitability statement made by it in its prospectus or letter of offer or object/s stated in the explanatory statement to the notice for the general meeting for consideration of preferential issue of securities, and the actual utilization of funds and/or actual profitability"*.

32. Quasar India Ltd. was listed on Delhi Stock Exchange (DSE) during the preferential issue. It was listed on BSE under direct listing norms w.e.f 16/06/2014.

33. In the instant case, the Company had ratified the resolution for utilization of funds raised through preferential issue dated 31/01/2014 by way of passing special resolution at the Extra Ordinary General Meeting of the Company held on 18/01/2019. The true extent to which deviation had been made such as giving loans



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and advances etc. should have been disclosed to DSE, on a quarterly basis, as per Clause 43 of the erstwhile Listing Agreement.

34. Although DSE had exited the stock exchange business, efforts were made to gather information from DSE. Vide email dated 26/06/2019 and reminder email dated 08/07/2019 (Copies placed at Annexure 3), DSE was advised to provide documents submitted to DSE in relation to preferential allotment dated 31/01/2014. However, vide email dated 08/07/2019 (Copy placed at Annexure 3), DSE, stated that they were not able to trace the documents in their records.

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

36. Vide letter dated 31/12/2019 (Copy placed at Annexure 4), Quasar India Ltd. itself admitted that it had not complied with all applicable provisions under Clause 43 of the Listing Agreement for the issue proceeds raised through preferential allotment dated 31/01/2014.

37. In view of the above, it was observed that the fact remained and established that the Company had deviated and misutilised the proceeds of the preferential issue and therefore should have disclosed the true extent of deviation on quarterly basis to the stock exchanges. In view of the same, it is hereby alleged that the Noticee-1 has violated Clause 43 of the Erstwhile Listing Agreement (which is now Regulation 32



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of SEBI (LODR) regulations, 2015) r/w Section 21 of SCRA. The Provisions of Regulation 32 of LODR Regulations, 2015 and Section 21 of SCRA is reproduced hereunder:

LODR Regulations, 2015

Statement of deviation(s) or variation(s).

32. (1) *The listed entity shall submit to the stock exchange the following statement(s) on a quarterly basis for public issue, rights issue, preferential issue etc.,-*

(a) indicating deviations, if any, in the use of proceeds from the objects stated in the offer document or explanatory statement to the notice for the general meeting, as applicable;

(b) indicating category wise variation (capital expenditure, sales and marketing, working capital etc.) between projected utilisation of funds made by it in its offer document or explanatory statement to the notice for the general meeting, as applicable and the actual utilisation of funds.

(2) *The statement(s) specified in sub-regulation (1), shall be continued to be given till such time the issue proceeds have been fully utilised or the purpose for which these proceeds were raised has been achieved.*

(3) *The statement(s) specified in sub-regulation (1), shall be placed before the audit committee for review and after such review, shall be submitted to the stock exchange(s).*

(4) *The listed entity shall furnish an explanation for the variation specified in sub-regulation (1), in the directors' report in the annual report.*

(5) *The listed entity shall prepare an annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice, certified by the statutory auditors of the listed entity, and place it before the audit committee till such time the full money raised through the issue has been fully utilized.*

(6) *Where the listed entity has appointed a monitoring agency to monitor utilisation of proceeds of a public or rights issue, the listed entity shall submit to the stock exchange(s) any comments or report received from the monitoring agency.*

(7) *Where the listed entity has appointed a monitoring agency to monitor the utilisation of proceeds of a public or rights issue, the monitoring report of such agency shall be placed before the audit committee on an annual basis, promptly upon its receipt.*

Explanation,— "For the purpose of this sub-regulation, "monitoring agency" shall mean the monitoring agency specified in regulation 16 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009."



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#[(7A) Where an entity has raised funds through preferential allotment or qualified institutions placement, the listed entity shall disclose every year, the utilization of such funds during that year in its Annual Report until such funds are fully utilized.]

(8) For the purpose of this regulation, any reference to "quarterly/quarter" in case of listed entity which have listed their specified securities on SME Exchange shall respectively be read as "half yearly/half year".

#Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, w.e.f. 1.4.2019.

SCRA, 1956

Conditions for listing.

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

38. In view of the above Noticee - 1 is hereby also called upon to show cause as to why an inquiry should not be held against it in terms of Rule 4 of the SCR Adjudication Rules read with Section 23I of the SCRA and why penalty, if any, should not be imposed on it under Section 15 HA of the SEBI Act and under section 23E of the SCRA.

39. Your reply, if any, should reach the undersigned within 15 days from the date of receipt of this notice, failing which it shall be presumed that you have no reply to submit and the matter shall be proceeded on the basis of the material available on record. Further, you are advised to send the soft copy of your reply via e-mail at bijus@sebi.gov.in.

40. You are also required to submit a copy of your PAN card and your contact details (contact person, designation, phone numbers, email ID and fax number) for our records. If you desire to avail the opportunity of personal hearing you may indicate the same in your reply.



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41. Further you may note that if there is any change in your address during the period of the current Adjudication proceedings, you are required to inform the same to the Adjudicating Officer, immediately.

Biju S

Adjudicating Officer

Enclosures: Annexure-A & Annexures - 1 to 7