

BEFORE SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTIONS 11(1), 11(4), 11(4A), 11B(1) AND 11B(2) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 4(1) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995 IN THE MATTER OF TRADING ACTIVITIES OF CERTAIN ENTITIES IN THE SCRIP OF VIKAS PROPPANT AND GRANITE LTD.

IN RESPECT OF:

| Noticee No. | Name | PAN |
|-------------|-------------------|------------|
| 1 | Bimla Devi Jindal | ABSPJ6495R |
| 2 | Kamini Jindal | AMIPJ8101H |
| 3 | Puneet | CMNPP7587E |
| 4 | Gourav | BULPG4710P |
| 5 | Ekta Mittal | DOEPM8683E |
| 6 | Kanta Devi | BAMPD7042J |
| 7 | Komal | DSSPK2912L |
| 8 | Praveen Bishnoi | BRVPP0550K |

(The aforesaid entities are referred to by their corresponding names/numbers and collectively referred to as "Noticees")

Background

1. The Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") conducted an investigation in the scrip of Vikas Proppant and Granite Ltd, (hereinafter referred to as "**VPGL**" or "**the company**") based on the internal alert report received from BSE Ltd., (herein after referred to as "**BSE**") on the continuous rise and fall in the price of the scrip as well as on receipt of complaint on the SCORES platform against the said company *inter-alia* alleging price manipulation in the said scrip. The investigation was carried out for the period June 22, 2018 to August 30, 2019

(hereinafter referred to as “**Investigation Period/ IP**”) to ascertain as to whether there was any violation of the provisions of SEBI Act, 1992 (hereinafter referred to as “**SEBI Act**”), SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations**”), SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as “**SAST Regulations**”) and SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as “**PIT Regulations**”) by certain entities while trading in the scrip of VPGL during the IP . However, in case where there is a need for reference to a period other than the IP, the same has been accordingly considered.

Facts of the case

- The company was listed on BSE w.e.f. March 11, 1996 and is under '*Permitted to trade*' category on NSE w.e.f. August 19, 2019. The company is presently listed on BSE and NSE. The closing price of the scrip as on January 16, 2022 was Re. 0.73 on BSE. It is noted that VPGL has gone under Corporate Insolvency Resolution Process (“CIRP”) vide NCLT, Chandigarh order dated August 26, 2022.

Management of VPGL

- The details of Directors/ KMPs of the company during the IP is mentioned below:

(Source: Annual Report of the Company/ MCA website)

| S.N. | Name of Director/ KMP | DIN / PAN | Designation | Appointment Date | Cessation Date |
|------|---|--------------------------|---|---------------------|-------------------|
| 1. | Bimla Devi Jindal (Noticee No. 1) | 00034997 (ABSPJ6495R) | Chairman & Managing Director | 21/08/2007 | 23/06/2021 |
| 2. | Bajrang Dass Aggarwal (B.D. Aggarwal) | 00036553 (ACHPJ9024A) | Director | 31/01/2006 | 21/09/2020 |
| 3. | Kamini Jindal (Noticee No. 2) | 05268741 (AMIPJ8101H) | Director | 11/08/2012 | 23/06/2021 |
| 4. | Ravi Sharma | 00035919 (ACVPS0723P) | Independent Director | 31/01/2006 | 23/06/2021 |
| 5. | Neeraj Chhabra | 06467189 (AONPC7100G) | Independent Director | 04/01/2013 | 23/06/2021 |
| 6. | Aashu Garg | 08312682 (ALTPG7383E) | Independent Director | 28/12/2018 | 23/06/2021 |
| 7. | Deepika Aggarwal | 06443119 (ACSPA6330P) | Independent Director | 04/01/2013 | 30/09/2018 |
| 8. | Praveen Bishnoi (Noticee No. 8) | BRVPP0550K | Company Secretary & Compliance Officer | | |
| 9. | Lokesh Garg | AJUPL0701C | CFO | | |

* Bajrang Dass Aggarwal, Bimla Devi Jindal and Kamini Jindal are also promoters of the company. Bajrang Dass Aggarwal and Bimla Devi Jindal are husband and wife and Kamini Jindal is their adopted daughter. Bajrang Dass Aggarwal is also known as Bajrang Dass Jindal.

Financial Results

4. The brief details of the Financial Results of VPGL during the IP is given below:

(Source: BSE website)

| Description | Quarter Ended | | | | | | Year Ended | |
|--------------------------|---------------|--------------|--------------|--------------|-------------|-------------|--------------|-------------|
| | Jun-18 | Sep-18 | Dec-18 | Mar-19 | Jun-19 | Sep-19 | Mar-19 | Mar-20 |
| Total Income | 9.28 | 12.05 | 15.34 | 16.06 | 0.13 | 0.15 | 52.8 | 6.96 |
| Total Expenditure | 0.15 | 0.18 | 0.19 | 0.67 | 0.06 | 0.02 | 0.12 | 1.92 |
| Gross Profit/Loss | 9.13 | 11.87 | 15.15 | 15.39 | 0.07 | 0.13 | 52.68 | 5.04 |

5. It is observed that during the IP, the total income of the company had decreased from Rs.52.80 Cr. in FY 2018-19 to Rs.6.96 Cr. in FY 2019-20. The gross profit of the company had also decreased from Rs.52.68 Cr to Rs.5.04 Cr during the same period

SEBI Investigation

6. SEBI conducted investigation into buying, selling or dealing in the scrip of VPGL. Investigation *inter alia* revealed several irregularities, including fraudulent allotment of preferential shares to certain entities/persons including to the directors of the company without receiving any due consideration on the same. Investigation further observed that the company made misleading corporate announcements and reporting of incorrect financial results/mis-statement by the company and its directors/promoters, accompanied by offloading of equity capital of the company by certain connected entities/persons of the company and its directors/promoters, thereby making a profit to the tune of Rs.22,80,26,285/- at the cost of innocent investors. Further, the company failed to make relevant disclosures regarding the change in shareholding as required by the relevant provisions of SAST Regulations.

7. The main observation and allegation made during the investigation are as under:

A. During the IP, the company was found to have made one preferential allotment on December 28, 2018 to **Bimla Devi Jindal** (Noticee No. 1), **Kamini Jindal** (Noticee No.

2), **Kanta Devi** (Noticee No.6) and **Komal** (Noticee No.7) allegedly without receiving the due consideration from them.

B. The company made several non-genuine and misleading corporate announcements to mislead/lure/influence the unsuspecting investors' investment decisions to purchase/deal in the shares of the company during the IP and in turn allow the promoters to sell/offload the large quantity of their shares of VPGL at higher prices with due rise in demand/ interest in the scrip of VPGL.

C. Further, it was also alleged that VPGL had made mis-representations in its financial statements during the investigation period (FY 2018-19 and FY 2019-20) and thereby attracted the investors by way of non-genuine positive announcements by the company regarding its financial condition and thereby mislead the investors who invested in the shares of the company based on the published financial figures without knowing the actual financial position of the company.

D. Additionally, all the Noticees except Noticee No.8, while acquiring / holding the shares of VPGL during IP, failed to make appropriate disclosures under SAST Regulations.

E. Lastly, it was observed that the off market transactions undertaken by some of the Noticees during the IP were not consistent with the applicable laws and regulations.

8. In view of the aforesaid, the following violations were alleged against the Noticees:

| Noticee No. | Name of the Noticee | Alleged Violations |
|-------------|---------------------|---|
| 1. | Bimla Devi Jindal | <ul style="list-style-type: none">• Section 12 A (a), (b), (c) of SEBI Act, 1992 r/w Regulations 3 (a), (b), (c), (d), 4(1) and 4(2) (a), (e), (f), (k) & (r) of PFUTP Regulations• Regulation 4 (1) of the LODR Regulations• Regulation 29(2) read with Regulation 29(3) of the SAST Regulations |
| 2. | Kamini Jindal | <ul style="list-style-type: none">• Section 12 A (a), (b), (c) of SEBI Act, 1992 r/w Regulations 3 (a), (b), (c), (d), 4(1) and 4(2) (a), (e), (f), (k) & (r) of PFUTP Regulations• Regulation 4 (1) of the LODR Regulations• Regulation 29(2) read with Regulation 29(3) of the SAST Regulations |
| 3. | Puneet | <ul style="list-style-type: none">• Section 12 A (a), (b), (c) of SEBI Act, 1992 r/w Regulations 3 (a), (b), (c), (d), 4(1) and 4(2) (a) of PFUTP Regulations• Section 2(i)(a) of SCRA read with Section 13, 16 & 18 of SCRA and SEBI Notification No. LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013 |

| Noticee No. | Name of the Noticee | Alleged Violations |
|-------------|---------------------|---|
| | | <ul style="list-style-type: none"> Reg. 3(1) of SAST Regulations r/w Regulation 2 (1) (I) of SAST Regulations Regulation 3(2) of the SAST Regulations Regulation 29(1) and 29 (2) read with Regulation 29(3) of the SAST Regulations Regulation 30(1) read with Regulation 30(3) of the SAST Regulations |
| 4. | Gourav | <ul style="list-style-type: none"> Section 12 A (a), (b), (c) of SEBI Act, 1992 r/w Regulations 3 (a), (b), (c), (d), 4(1) and 4(2) (a) of PFUTP Regulations Section 2(i)(a) of SCRA read with Section 13, 16 & 18 of SCRA and SEBI Notification No. LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013 Regulation 3(2) of the SAST Regulations Regulation 29 (2) read with Regulation 29(3) of the SAST Regulations |
| 5. | Ekta Mittal | <ul style="list-style-type: none"> Section 12 A (a), (b), (c) of SEBI Act, 1992 r/w Regulations 3 (a), (b), (c), (d), 4(1) and 4(2) (a) of PFUTP Regulations Section 2(i)(a) of SCRA read with Section 13, 16 & 18 of SCRA and SEBI Notification No. LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013 Regulation 29(1) & 29 (2) read with Regulation 29(3) of the SAST Regulations |
| 6. | Kanta Devi | <ul style="list-style-type: none"> Section 12 A (a), (b), (c) of SEBI Act, 1992 r/w Regulations 3 (a), (b), (c), (d) & 4(1) of PFUTP Regulations Reg. 3(1) of SAST Regulations r/w Regulation 2 (1) (I) of SAST Regulations Regulation 3(2) of the SAST Regulations Regulation 29(1) & 29 (2) read with Regulation 29(3) of the SAST Regulations Regulation 30(1) read with Regulation 30(3) of the SAST Regulations |
| 7. | Komal | <ul style="list-style-type: none"> Section 12 A (a), (b), (c) of SEBI Act, 1992 r/w Regulations 3 (a), (b), (c), (d) & 4(1) of PFUTP Regulations Reg. 3(1) of SAST Regulations r/w Regulation 2 (1) (I) of SAST Regulations Regulation 3(2) of the SAST Regulations Regulation 29(1) & 29 (2) read with Regulation 29(3) of the SAST Regulations Regulation 30(1) read with Regulation 30(3) of the SAST Regulations |
| 8. | Praveen Bishnoi | <ul style="list-style-type: none"> Section 12A (a), (b) & (c) of the SEBI Act 1992 r/w Regulation 3 (b), (c), (d) and 4 (1) of the PFUTP Regulations Regulation 6 (2) of the LODR Regulations |

9. Having regards to the aforesaid alleged violations, the Noticees were called upon to show cause as to why suitable directions under Sections 11(1), 11(4) and 11B(1) of SEBI Act, 1992, should not be issued against them. In addition, the Noticees were also called upon to show cause:

9.1. Noticee No. 1 (Bimla Devi Jindal) and Noticee No. 2 (Kamini Jindal), as to why suitable directions under Section 11(4) r/w Section 28B of the SEBI Act, 1992 for disgorgement of wrongful gains of Rs.21,51,61,285/-, jointly and severally, should not be issued against them.

9.2. Noticee No. 5 (Ekta Mittal), as to why suitable directions under Section 11(4) of the SEBI Act, 1992 for disgorgement of wrongful gains of Rs.1,28,65,000/- should not be issued against her.

9.3. Noticee No. 1 (Bimla Devi Jindal) and Noticee No. 2 (Kamini Jindal), as to why suitable directions imposing penalty under Sections 11B(2) and 11(4A) of the SEBI Act read with Section 11(1) and Section 15HA, 15HB and 15A(b) of SEBI Act, 1992 and Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, should not be imposed on them.

9.4. Noticee No. 3 (Puneet), Noticee No. 4 (Gourav), Noticee No. 6 (Kanta Devi) and Noticee No. 7 (Komal), as to why suitable directions imposing penalty under Sections 11B(2) and 11(4A) of the SEBI Act read with Section 11 (1) and Section 15HA, 15H (ii) and 15A(b) of the SEBI Act, 1992 and Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, should not be imposed on them.

9.5. Noticee No. 3 (Puneet) and Noticee No. 4 (Gourav), as to why suitable directions imposing penalty under Sections 11B(2) and 11(4A) of the SEBI Act read with Section 11 (1) of the SEBI Act, 1992 and Section 23H of the SC(R)A, 1956 and Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, should not be imposed on them.

9.6. Noticee No. 5 (Ekta Mittal), as to why suitable directions imposing penalty under Sections 11B(2) and 11(4A) of the SEBI Act read with Section 11(1) and Section 15HA & 15A(b) of SEBI Act, 1992 and Section 23H of the SC(R)A, 1956 and Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, should not be imposed on them.

9.7. Noticee No. 8 (Praveen Bishnoi), as to why suitable directions imposing penalty under Sections 11B(2) and 11(4A) of the SEBI Act read with Section 11 (1) and Section 15HA and 15HB of the SEBI Act, 1992 and Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, should not be imposed on them.

Show Cause Notice, Reply and Personal Hearing:

10. Pursuant to the investigation, a common Show Cause Notice dated June 15, 2023 (hereinafter referred to as “**SCN**”) was issued to the Noticees for the alleged violations stated therein. The said SCN was served to the Noticees vide Speed Post (SPAD) and email except Noticee No.1 to whom it was served only through e-mail.

11. Subsequent to the service of SCN, since the Noticees did not submit any reply within the stipulated time, a reminder letter dated July 04, 2023 was sent to the Noticees and further time of two weeks was granted to submit their reply. Subsequent to that, multiple extensions were also provided to the Noticees to submit their replies upon receiving request for the same. Thereafter, as requested by Noticee No.3-7, the relied upon documents in the instant matter were forwarded to the said Noticees. Subsequently, the Noticees submitted their written submissions, which were duly taken on record.
12. An opportunity of personal hearing was granted to the Noticees. In the said personal hearings, respective ARs appeared for the Noticees and made submissions in line with their written replies submitted by the Noticees. The details of personal hearing are tabulated below:

| S.No. | Name of Noticee | Date of Hearing |
|-------|-------------------|---|
| 1 | Bimla Devi Jindal | 25/09/2023 (Did not attend); 08/12/2023 |
| 2 | Kamini Jindal | 25/09/2023 (Did not attend); 08/12/2023 |
| 3 | Puneet | 25/09/2023 adjourned to 13/10/2023 |
| 4 | Gourav | 25/09/2023 adjourned to 13/10/2023 |
| 5 | Ekta Mittal | 10/10/2023 |
| 6 | Kanta Devi | 26/09/2023 adjourned to 13/10/2023 |
| 7 | Komal | 26/09/2023 adjourned to 13/10/2023 |
| 8 | Praveen Bishnoi | 26/09/2023 adjourned to 27/09/2023 |

Summary of written submission by the Noticees

Common Contention by Noticees

- The Noticees have raised a common contention that there has been an inordinate delay in the issue of SCN as the IP for the instant case is from June 22, 2018 to August 30, 2019 and the SCN has issued only on June 25, 2023. Further, stated that the delay has caused enormous prejudice and hence there is a violation of principles of natural justice. The Noticees has also stated that they could have sought details from Late Shri Ram and/or Late B D Aggarwal, if SEBI would have investigated the matter promptly. Hence, the delay has prevented SEBI from ascertaining the true facts and circumstances of the case.
- Further, w.r.t. the above, the Noticees have quoted various orders of Hon'ble SAT, such as, ***Bharat J Patel vs SEBI*** (DoD: September 08, 2020), ***ICICI Bank Limited***

v SEBI (Appeal No. 583 of 2019) and **Ashok Shivlal Rupani and Ors. Vs. Securities and Exchange Board of India** (Appeal No. 417 of 2018), inter alia.

Summary of replies of Bimla Devi and Kamini Jindal

- Bimla Devi (Noticee No.1) and Kamini Jindal (Noticee No.2) submitted that though they were the directors of the company, they never involved in the day to day working of the company and they totally depended on (*Bimla Devi Jindal and Kamini Jindal are also promoters of the company. Bajrang Dass Aggarwal and Bimla Devi Jindal are husband and wife and Kamini Jindal is their adopted daughter*) their husband/father, Late Sh. B.D. Aggarwal. As directors of the company, they always act under his bonafide trust and used to sign the documents on the instructions of Late Sh.B.D.Aggarwal. Further submitted that this position of directorship in VPGL also got by virtue of being wife/daughter of Late Mr. B.D. Aggarwal, hence, no 'Mens Rea' on the Noticees' part for the said fraudulent activity. As regards to the allegation of fraud, they submitted that from, various rulings given by the Hon'ble Supreme Court, Hon'ble SAT and other courts, to establish fraud, strict proof and compelling evidence is required and the same cannot be proved by preponderance of probabilities. Further, the Noticee No.1 submitted that she being an uneducated, she used to simply sign the documents without knowing the content at the instruction of the Late Mr. B.D.Aggarwal who was the real beneficiary.

Preliminary submission

- The preliminary contention raised by the said Noticee No.1 & 2 is that the present proceedings is against the principles of *Res Judicata* as SEBI has already passed one order on February 28, 2023 in the same matter, for the same investigation period involving the same provision of violation of Section 12A (a), (b), (c) of SEBI Act, 1992 r/w Regulations 3(b), (c), (d) & 4(1) and 4(2)(f) of PFUTP Regulations and Regulation 4(1) of LODR Regulations against them imposing penalties. Further, they stated that the said order has also been challenged before Hon'ble SAT and stayed vide order dated June 28, 2023, hence, the present proceeding should be kept in abeyance.

For Preferential issue of shares

- With regard to this, it is submitted that the said issuance of preferential shares was handled by Late Sh. B.D. Aggarwal and they were not aware about the said issuance of preferential shares in their name. However, with regard to the allegation of issuance of the said shares against the lease rights as consideration, it is submitted that just non registration of the lease deed which is duly notarised cannot prove that there is no lease agreement in place. Further, they submitted that the said shares issued through the said preferential allotment is still lying in their demat accounts. As regards to the Jodhpur land lease rights transferred as consideration, it is submitted that the jamabandi document is in the name of M/s MIDC as provided by Mr. Punit Singhvi, which clearly depicts the ownership of M/s MIDC over this land hence, the claim that the state is the owner of the land is patently erroneous.

For SAST disclosures

- Regarding the change in the shareholdings of said Noticees, it is submitted that they never involved in the day-to-day affairs and management of the company. The said change in the shareholdings occurred due to purchase and sale of shares which was done by Late B.D. Aggarwal in their names and not by the them. Further, it is submitted that due to the said non-disclosure, they neither gained nor incurred any loss or caused harm to the investors.
- Finally, the said Noticees submitted that one does not expect a man to do what he cannot possibly perform (impotentia excusat legem). Hence, as the said violation was only technical and venial in nature and unintentional, no penalty should be levied.

For PFUTP and misleading disclosures

- Mr. B.D. Aggarwal signed all the corporate announcements and they were not involved in the daily affairs and management of the company. Regarding discussion in the board meeting it was submitted that they were never participate or part of any discussion. Further, multiple entities have deposed that Mr. B.D. Aggarwal was managing the affairs and acting on behalf of VPGL.

- Regarding large amount of funds being transferred to Noticee No.1's bank account it was submitted that she was not aware on the same as late Mr. B.D. Aggarwal controlled the bank account. It was further contended that the funds were never personally utilised by Noticee No.1 as the transferred funds to her account were immediately transferred to other entities in short span of time and hence she was not the ultimate beneficiary.
- Regarding being part of the management of VPGL as Managing Director and director, it was submitted that though the company acts through its board of directors, the designation of the person should not be the only point of consideration rather it should be the involvement in the affairs and management of the company. For the same reliance has been placed on Supreme Court judgment in the matter of **SEBI vs. Gaurav Vashney** (2016) 14 SCC 430.

Summary of replies of Puneet, Gourav, Kanata Devi and Komal

- It was contended that many documents and records made available with the said Noticees along with the SCN and/or pursuant to the inspection, were illegible, incomplete and irrelevant and ought not to have been relied on by SEBI. Further it was submitted that even during the personal hearing, it was pointed out by the AR that the copies of DIS slips were illegible.
- With regard to the charges of PAC, it was submitted that for considering someone as PAC there should be a meeting of minds and common objective. However, Kanta Devi and her family had broken all the relations with Mrs. Komal in the year 2010 itself. Further, they submitted that nothing had been brought out to suggest that they had gained anything out of the transactions.

Summary of replies of Puneet and Gourav

- Puneet and Gourav has lodged an FIR against Late Shri Ram and Late Shri B.D. Aggarwal at Sikar, Rajasthan alleging that Shri Ram in connivance with B.D. Aggarwal misused their trading/beneficiary and Bank accounts and of their family members.
- Late Shri Ram was his maternal uncle and being the head of the family used to manage all the affairs of the family including its wealth. He used to handle the financial transactions and transactions in shares of the family members. He used

to sign the documents on the instructions of his Late Shri Ram as it is a common practice in conservative Haryanvi family.

- It was submitted that the said Beneficiary/Bank/Trading Account in his name, through which shares and funds w.r.t the shares of VPGL were transferred, were opened and operated by his uncle late Shri Ram and no instructions were given by him regarding any of the transaction mentioned in the SCN.
- With regard to him being PAC along with Kanta Devi and Komal, it was submitted that for considering someone as PAC there should be meeting of minds and common objective. Further, nothing has been brought out to suggest that the Puneet had gained anything out of the transactions.
- It was also submitted that the SCN itself states that the ultimate beneficiary was Mr. B.D. Aggarwal, as the funds were transferred to his account through Puneet's account. Hence, it proves that the bank and demat accounts of Puneet were misused by him for his own benefit.
- The Noticee submitted that it was illogical for SEBI to consider the closing price of the shares of the company on August 14, 2018 as the cost of acquisition. The shares were credited to Puneet's account after August, 2018.

Summary of replies of Kanta Devi and Komal

- With regard to the shares received in preferential allotment it was submitted that the Company has not disputed receiving consideration for the preferential allotment of shares or issued a call for payment of any consideration in respect of the shares allotted to them. In the absence of the above, it is erroneous and unjustified to allege that they had committed fraud. Further, they were not promoter, Director or Key Managerial Person of VPGL and therefore not an officer in default.
- Further submitted that they have no knowledge of securities markets and their consent for the trades in their accounts was not an informed one, rather, the same was obtained by Late Shri Ram through deception and fraud, hence, benefit of doubt needs to be given.

Summary of reply of Ekta Mittal

- Ekta Mittal has submitted that she had purchased shares in off market as well as through online market as per her research and feedback received about the company and sold it anonymously over the trading system of the exchange. She has further submitted that she had paid due consideration amount for the shares purchased by her in off market, unlike other entities where no amount was paid.
- It was submitted that, as part of normal business practice, the father of Noticee was taking friendly loan time to time from various known persons including Late Sh. B.D. Aggarwal. Similarly, the said amount of Rs.25 Lakhs was received from Late Sh. B.D. Aggarwal.
- VPGL is a local company of Sri Ganganagar where the Noticee resides; the promoters of VPGL are also from the same town. B.D. Aggarwal was renowned amongst the public due to his various good deeds. B.D. Aggarwal advised Noticee's father and others to purchase shares of VPGL and since so many positive news was published regarding the company around that time, the Noticee believed in that advice. Companies' financial performance was also good during 2017-2019.
- The aforesaid loans were also repaid by the Noticee after arranging the funds by selling the shares in the market. B.D. Aggarwal sold off market shares to the Noticee through Nir Singh Sindhu and Girish Kansal as he was in need of funds for the company. The off market transactions took place at the prevailing market price of the scrip, which shows it was real and genuine. Further, it was submitted that the only reason to buy shares of VPGL in off market was to save charges and statutory duties.
- As alleged if Noticee was the conduit of B.D. Aggarwal then she would not have paid the consideration for purchasing the shares from B.D. Aggarwal and also later repaid his loans. Also, she could have sold her shares of VPGL at later stage when the scrip reached to the rate of Rs.17.85, instead she sold that at the price ranging between Rs.2.01 to Rs.7.63. Rather the Noticee was a gullible investor who got influenced by the rosy picture created by Mr. B.D. Aggarwal.

Summary of reply of Praveen Bishnoi

- It was stated that he had followed the instructions of Late Sh. B.D. Aggarwal, who was the then promoter of the company and was looking after all the activities

including but not limited to day to day working of the company. The board vide resolution dated June 28, 2012 delegated all powers to Late Sh. B.D. Aggarwal.

- Plea of *Res Judicata* was raised stating that he was also issued SCN by AO for similar allegations and same period and penalty of Rs.10 Lakhs was imposed vide the AO order dated February 28, 2023. The same has been appealed before Hon'ble SAT, who vide order dated June 28, 2023 has stayed the said AO order. Hence, the allegations against him in both the proceedings are similar and overlapping.
- Being a Compliance Officer, he had simply followed the instructions of Late Sh. B.D. Aggarwal, cannot be held responsible for ensuring compliance with the securities laws, he had signed corporate announcement only once under instruction of Late B.D. Aggarwal. The corporate announcements were made directly by Late B.D. Aggarwal on the BSE. He was instructed by Late Shri B. D. Aggarwal only once over phone to upload the corporate announcements prepared by B.D. Aggarwal on BSE website. All the decisions were taken by Late Mr. B.D. Aggarwal and he was acting only on the instruction of Mr. Aggarwal. No allegation of being part of any fraudulent scheme/ device can be made against him as he was not the beneficiary of alleged illegal profit and mens rea also has not been proved in this case.
- Lastly, he submitted that he has failed to pay attention to the fact that the dealings were done by Late Mr. B.D. Aggarwal, however, lack of due diligence and/or negligence cannot amount to fraud as defined under Regulation 2(c) unless there is evidence that shows that there was a deliberate intention on my part to commit fraud. In this case, your honor has failed to provide for the same. In absence of any inducement on my part to others to deal in securities, no charge of fraud can be levied upon me.

Regarding calculation of unlawful profit

- It was submitted by Noticee No. 1, 2 and 5 that no reasoning has been provided for the selection of the date for taking the closing price of the company and therefore, an erroneous calculation has been done for calculating the profit. Noticee No. 1 and 2 have further said that no documentary evidence has been produced in the SCN to establish that the funds were transferred to the said Noticees either directly/ or indirectly.

- It was submitted that as per the SCN, the shares involved in the impugned sales (both off-market and on market) are the shares which were allotted to Late Shri B.D. Aggarwal and other persons (viz. Nir Sigh Sindhu, Amit Babbar, Sarabati Devi, Girish Kansai), in the preferential allotment made by the Company in 2008. The said shares allotted in the year 2008 to Late Late Shri B.D. Aggarwal and other persons, controlled by him, were circuitously churned and transferred by him through various individuals, in the process of layering, before selling the same in the market. Admittedly, the shares were allotted in 2008 to Late Shri B.D. Aggarwal and others at a price of Rs 21/-. Subsequently, in 2018, the Company had split the shares in the ratio of 1:10. After adjusting for the said split, the price of the allotment works out to Rs 2.10/-. Therefore, the alleged unlawful gains have to be worked out after taking the cost of acquisition at Rs 2.10/- and not Rs 1.01/- as erroneously taken in the SCN.
- Thus, the alleged unlawful gains, if any, made by Late Shri B.D. Aggarwal is only to the extent of Rs 12,28,52,477/- (Rs. 12,65,22,477 - Rs. 36,70,000) and not Rs. 21,51,61,285/- as wrongly calculated in the SCN.

13. In view of the above, I note that the SCN and Hearing Notice were duly served to the Noticees and sufficient time was also provided to submit their replies. Thereafter an opportunity of personal hearing was given to the Noticees, which was availed by them. Hence, the principles of natural justice were complied with respect to the Noticees and I shall now proceed to deal with the key issues involved in the instant matter.

Issues for consideration:

14. Upon perusal of the observations and allegations brought out in the SCN, the replies filed by the Noticees, oral / written submissions made by them and other material available on record, the following issues arise for consideration in the present proceedings:

(1) Whether the Noticees have violated the provisions of PFUTP Regulations, SAST Regulations, LODR Regulations, SCRA and SEBI Act, as alleged above?

(2) If the violations alleged against the Noticees have been established, what directions are required to be issued and what is the amount of monetary penalty that is required to be imposed on the Noticees?

15. Before proceeding to deal with the key issues, I shall now first address the preliminary contentions on the maintainability of the present proceedings raised by Noticee No.1, 2 and 8. In this regard, I note that the present proceeding has been challenged on two grounds, one is *Double Jeopardy / Res Judicata* and secondly for the delay in issuance of SCN.
16. In this connection, I note that the Noticee No.1, 2 and 8 has contended that the instant proceedings hit by the principles of *Res Judicata* and *Double Jeopardy* and in case if it were proceeded with, it would be in violation of their Fundamental Right provided under Article 20(2) of the Indian Constitution. Further, I note that the basis of the aforesaid contention was that in the order of SEBI dated February 28, 2023, the Noticee No.1 & 2 along with others, were adjudicated and penalty was imposed upon them. Hence, even while responding to the present SCN, it was stated that the IP is common in both the proceedings i.e. IP of the instant proceedings of June 22, 2018 to August 30, 2019 is overlapping with the previous IP of adjudicating proceedings of FY 2017-18 to FY 2020-21. Secondly, both the proceedings also dealt with common violations i.e. Sections 12A (a), (b) & (c) of the SEBI Act, 1992 read with Regulations 3 (b), (c), (d) & 4(1), 4(2) (f) of the PFUTP Regulations and Regulation 4(1) of LODR Regulation.
17. In respect of the above contention, it is to be noted that merely overlapping of IP and common violations in both the proceedings does not bar the instant proceeding and also the principle of *Res Judicata* cannot be attracted on that ground alone. This apart, it is also imperative to examine the underlying cause of action responsible to initiate both the proceedings. The same can be gathered from the bare reading of Section 11 of the Civil Procedure Code, 1908, which states,

“No Court shall try any suit or issue in which the matter directly and substantially in issue has been directly and substantially in issue in a former suit between the same parties, or between parties under whom they or any of them claim, litigating under the same title, in a Court competent to try such subsequent suit or the suit in which such issue has

been subsequently raised, and has been heard and finally decided by such Court."
(Emphasis supplied)

18. The above provision emphasises on the presence of settled '*matter in issue*' in the previous proceeding. The matter in issue in the present proceeding is different from the one adjudicated in the earlier proceedings as earlier proceedings involved adjudication of allegations related to mis-representation of financials of VPGL. However, the instant proceedings, inter alia, involve adjudication of allegations of false corporate announcement, fraudulent preferential allotment and gain made consequent thereto. Hence, I do not find merit in the submission of the Noticee No.1,2 & 8 that the present proceedings are barred by *Res Judicata*. Regarding *Double Jeopardy*, I note that the concept is applicable only for proceedings of criminal nature; however, the nature of instant proceedings is civil.
19. Further, the Noticees have also stated that there has been an inordinate delay in the issuance of SCN, hence the instant proceeding is vitiated by delay and laches. This has allegedly caused 'enormous prejudice to the Noticees' and hence there is a violation of the principles of natural justice. In this regard, I note that the Noticees have mainly contented that the IP of the instant proceeding is from June 22, 2018 to August 30, 2019 and the SCN was issued only on June 15, 2023. To address the contention, it is pertinent to reproduce the judgment of Hon'ble Supreme Court in the case of ***Adjudicating Officer, SEBI vs. Bhavesh Pabari*** (2019) SCC Online SC 294; wherein it was held that:
- "There are judgments which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. What would be reasonable time will depend upon the facts and circumstances of the case, nature of the default/statute, prejudice caused, whether the third party rights had been created etc."*
20. Further, though the Noticees contented that the delay has caused enormous prejudice to them, however, they did not specify in what manner the prejudice is caused to them.
21. In respect of the contention of the delay, I note that delay itself may not be a ground that would vitiate the instant proceedings. However, it is required to examine whether delay

has caused any prejudice. In this regard, I note that in the instant case, SEBI received examination/alert reports from BSE on the continuous rise and fall in the price of the scrip of VPGL for the periods June 22, 2018 to August 30, 2019 as well as the concerned department of SEBI received a complaint against the company in the SCORES platform of SEBI *inter-alia*, alleging price manipulation in the said scrip. After preliminary examination, the matter has been sent for further examination to the concerned department of SEBI. As it was decided to investigate the matter, an investigating authority was appointed and information was sought from the stock exchange and other sources on the same, thereafter an analysis of information including connections and trading details of all the entities. Finally, the investigating authority submitted a report on March 03, 2023. Subsequently, the case was assigned and the SCN was issued in the matter on June 15, 2023 by the earlier QJA. Due to redistribution of the cases, it was reassigned to the undersigned on August 24, 2023. Further, I note that since all relevant and relied upon documents were supplied to the Noticees, including documents relied upon for connections and relevant bank statements etc., as requested vide letter dated July 17, 2023 in response to the SCN, in my view the Noticees had sufficient material to defend their case. In fact, they were able to put forth their defense in detail, as is apparent from their replies and submissions. In this regard, I note that the Hon'ble SAT in the matter of **Pooja Vinay Jain Vs. SEBI** (SAT Appeal No. 152 of 2019, decided on March 17, 2020) held as follows:

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

22. Further, I also note from the SCN that the investigation process involved examination of various entities and several trails of fund movement. During the investigation process, statement of various entities was recorded and complex web of various trails of fund

movement were decoded after examining bank details of several entities. In addition, there was intermittent period of multiple nationwide covid lockdowns.

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

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

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

25. Having dealt with the preliminary contentions, I shall now proceed to address the key issues in light of the facts of the case and the submissions made by the Noticees.

Findings on issues

Issue No. 1 - Whether the Noticees have violated the provisions of PFUTP Regulations, SAST Regulations, LODR Regulations, SCRA and SEBI Act, as alleged above?

I. Regarding alleged violation of PFUTP Regulations:

a. Fraudulent preferential allotment of shares by VPGL.

26. From the SCN, I note that it was alleged that the Noticee No.1, 2, 6 and 7 fraudulently got the shares without paying due consideration on the same in the preferential allotment made by the VPGL and thereby alleged to have violated the provision of Section 12 A (a), (b), (c) of SEBI Act, 1992 r/w Regulations 3 (a), (b), (c), (d) & 4(1) of PFUTP Regulations. Further, in this regard, Noticee No.1 and 2, who were Managing Director and Director respectively in charge and responsible being the part of the management of VPGL during the IP, had also been alleged for the aforesaid fraudulent allotment of shares and charged them for the violation of the provision of the aforesaid PFUTP Regulations.

27. In respect of the aforesaid alleged violation, I note from the SCN that on December 28, 2018, VPGL had allotted 32,50,00,000 fully paid-up equity shares on preferential basis having face value of Rs.1/- each at the price of Rs.2.50 each to promoters & non-promoters. The details of the said preferential allotment are as under:

| S.N. | Name | PAN No. | Category | No. of shares allotted | Value of shares @ Rs. 2.5 per share (Rs) | % of shareholding pre-pref. issue | % of shareholding post pref. issue | Date of Allotment | Consideration |
|------|-----------------------------------|------------|--------------|------------------------|--|-----------------------------------|------------------------------------|-------------------|------------------------|
| 1 | Kamini Jindal* (Noticee No. 2) | AMIPJ8101H | Promoter | 1,35,00,000 | 3,37,50,000 | Nil | 2.67% | 28/12/2018 | Lease rights over land |
| 2 | Bimla Devi Jindal (Noticee No. 1) | ABSPJ6495R | Promoter | 10,00,00,000 | 25,00,00,000 | Nil | 19.76% | 28/12/2018 | Lease rights over land |
| 3 | Kanta Devi (Noticee No. 6) | BAMPD7042J | Non-Promoter | 10,50,00,000 | 26,25,00,000 | Nil | 20.74% | 28/12/2018 | Lease rights over land |

| S.N. | Name | PAN No. | Category | No. of shares allotted | Value of shares @ Rs. 2.5 per share (Rs) | % of shareholding pre-pref. issue | % of shareholding post pref. issue | Date of Allotment | Consideration |
|------|-----------------------|------------|--------------|------------------------|--|-----------------------------------|------------------------------------|-------------------|------------------------|
| 4 | Komal (Noticee No. 7) | DSSPK2912L | Non-Promoter | 10,65,00,000 | 26,62,50,000 | Nil | 21.04% | 28/12/2018 | Lease rights over land |
| | TOTAL | | | 32,50,00,000 | 81,25,00,000 | | | | |

*Kamini Jindal was already holding 5,000 shares since November 15, 2018 which were transferred to her by Bajrang Dass Aggarwal.

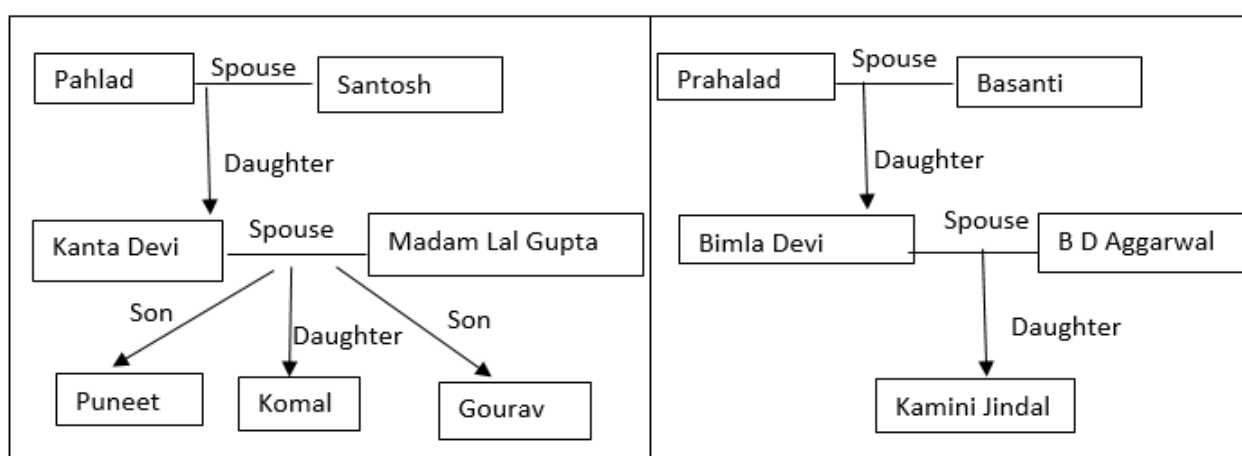
28. In this regard, I also note from the SCN that the shareholding pattern of VPGL at the end of each financial quarter as available on BSE website brought out as under:

| Particulars | Jun-18 | | | Sep-18 | | | Dec-18 | | |
|----------------------------|---------------------|------------------|----------------|---------------------|------------------|----------------|---------------------|------------------|----------------|
| | No. of shareholders | No. of shares | % shareholding | No. of shareholders | No. of shares | % shareholding | No. of shareholders | No. of shares | % shareholding |
| Promoter & Promoter Group | 1 | 11512280 | 6.35% | 1 | 11512280 | 6.35% | 3 | 125012280 | 24.70% |
| Non promoters | 5481 | 169662720 | 93.65% | 5659 | 169662720 | 93.65% | 6303 | 381162720 | 75.30% |
| Total No. of shares | 5482 | 181175000 | 100% | 5660 | 181175000 | 100% | 6306 | 506175000 | 100% |
| | Mar-19 | | | Jun-19 | | | Sep-19 | | |
| | No. of shareholders | No. of shares | % shareholding | No. of shareholders | No. of shares | % shareholding | No. of shareholders | No. of shares | % shareholding |
| Promoter & Promoter Group | 3 | 113515300 | 22.43% | 3 | 113515300 | 22.43% | 3 | 113515300 | 22.43% |
| Non promoters | 10715 | 392659700 | 77.57% | 12926 | 392659700 | 77.57% | 13818 | 392659700 | 77.57% |
| Total No. of shares | 10718 | 506175000 | 100% | 12929 | 506175000 | 100% | 13821 | 506175000 | 100% |

29. Consequent to the aforesaid preferential allotment, it was observed that the total issued shares of the company increased from 18,11,75,000 in quarter ending September 30, 2018 to 50,61,75,000 shares in quarter ending December 31, 2018. In this connection, from the documents submitted by the company on the stock exchange (i.e. BSE), it was observed that the preference shares were issued in lieu of lease rights over land situated in "Village Kaparda, Tehsil Bilara, Jodhpur, Rajasthan" to the allottees. In other words, I note that the consideration was paid for the said shares, which were preferentially allotted, were of for the value of lease rights over certain lands of the allottees. Further, I also note from the SCN that the Lease Deeds executed between the company and the allottees were unregistered. The details as per the Lease Deed, as examined during investigation are as under:

| Lessor Name | Lessee Name | Details of Land | Value as mentioned in of Lease Deed (Rs) |
|-------------------|----------------------------------|--|--|
| Kamini Jindal | Vikas Proppant and Granites Ltd. | Khasra No. 10/10 (13.50 Bigha) Village Kaparda, Tehsil Bilara, Jodhpur, Rajasthan | 3,37,50,000 |
| Bimla Devi Jindal | | Khasra No. 10/2 (100 Bigha) Village Kaparda, Tehsil Bilara, Jodhpur, Rajasthan | 25,00,00,000 |
| Kanta Devi | | Khasra No. 10/4, 10/5, 10/6, 10/8 and 10/9 (105 Bigha) Village Kaparda, Tehsil Bilara, Jodhpur, Rajasthan | 26,25,00,000 |
| Komal | | Khasra No. 10/12, 20/2 and 10/9 (106.5 Bigha) Village Kaparda, Tehsil Bilara, Jodhpur, Rajasthan | 26,62,50,000 |
| TOTAL | | | 81,25,00,000 |

30. As per the available KYC documents of the aforesaid preferential allottees, I note that investigation observed the below mentioned relationship between them.



31. From the above, it is observed that the name of the father of Kanta Devi and Bimla Devi is same/ similar. However, in this regard, I note from SCN that during investigation both Kanta Devi and Bimla Devi Jindal submitted in their statements recorded u/s 11C (5) of the SEBI Act on November 30, 2022 that they are neither related nor known to each other. Further, I also note that in this regard, additionally, the aforesaid entities submitted the following statements during the investigation.

- a. Kanta Devi submitted that she did not know anything about the land being in her name and further submitted that she would check the same again and provided the details regarding that on or before December 02, 2022. However, SCN mentioned that she submitted no further information / document in this regard.
- b. With regard to allotment of shares, Kanta Devi submitted that as an illiterate, she did not know anything about the land as well as about the shares. Further

submitted that it was her brother-in-law who used to handle all the financial matters of the family and influence on entire household, she used to just sign the documents at his request. Further, regarding her relationship with Komal (her daughter) she submitted that she had broken all her relationships with her.

- c. With regard to the ownership of the land leased by Kanta Devi, she submitted that she did not know any such parcel of land being owned by her. Though she had heard that her brother in law had received some granite land taken by from Sh. B. D. Aggarwal and that might be relevant. All such documents were always with her late brother in law and none of her family members were aware about it.
- d. Komal had also denied being aware about any such land. She also submitted that her late paternal uncle Shri Ram used to get her signatures as she had good relations with him. Both Kanta Devi and Komal submitted that the shares of VPGL were allotted to them on the behest of late Shri Ram. It was stated in the SCN that neither of them have provided any document regarding ownership or having lease rights over the land against which shares were allotted to them.
- e. Bimla Devi Jindal in her submission had similarly denied being aware about any such land against the lease of which she was allotted shares of VPGL and held late Mr. B.D. Aggarwal responsible for taking her signatures as she was illiterate and all the business related decisions were taken by late Mr. B.D. Aggarwal.
- f. Similarly, Kamini Jindal stated that her father used to take her and her mother 2-3 times to Jodhpur Tehsil, there they had signed various documents at Ganganagar office or may be some other place pertaining to individual ownership and lease documents of certain land in Jodhpur. They don't have any such documents with them. Regarding allotment of shares, she was also claiming to be not informed and stated that her cheque books and other bank account details were with her father. All the documents were maintained by her father.

32. From the aforesaid statement recording and the written submission made by Noticee No. 1, 2, 6 and 7, I note that all of them admitted that they signed the documents through which the lease rights were transferred to VPGL against the allotment of preferential shares. However, they held/blamed late B.D. Aggarwal and Late Shri Ram who were the decision makers in their respective family, whole and sole responsible for all the acts done on behalf of the said Noticees. It was also submitted that both of them were known

to each other and were responsible for the allotment of shares of VPGL and other financial related matters.

33. With respect to B.D. Aggarwal (Bajrang Das Aggarwal), I note from SCN that he died on September 21, 2020. The death certificate of late Mr. B.D. Aggarwal was submitted by Kamini Jindal during investigation vide email dated December 26, 2022 and the same is taken on record. Similarly, it was apprised to SEBI during investigation vide email dated December 24, 2022 by Puneet that Mr. Shri Ram also passed away on April 14, 2021 and the death certificate of Late Mr. Shri Ram is also taken on record.
34. I note that the allegation against the Noticee No.1, 2, 6 and 7 was that the preferential shares of VPGL was allotted to them without payment of due consideration, i.e. the consideration stated to have been paid in the form of transferring of lease rights over the land of the allottees who were allegedly not holding the ownership of the said land. In this connection, with a view to ascertain the ownership of the aforesaid lease land in Kaparda, I note that SEBI engaged Mr. Punit Singhvi, Advocate and obtained the certificate of encumbrance along with other documents such as 'Jamabandi' from the Sub-Registrar Office in Bilara, Jodhpur. The said encumbrance certificate (EC) and one another document appeared to be in the name of M/s Mansarovar Industrial Development Corporation (MIDC). As per the documents provided by the said Advocate of SEBI, i.e. in the Jamabandi, (a document pertaining to the tenancy) the name of tenants of the said Land (Kastakars, as per the Rajasthan Tenancy Act) were 1) Punit Tikmani, 2) Rahul Agarwak and 3) Harish Aggarwal. As the Jamabandi document shows different names i.e. some charge must have been created and it is also not freehold land, SEBI advocate opined that the said land is owned by the State.
35. In this regard, I note that Noticee No. 1 and 2 submitted that the said issuance of allotment of preferential shares was handled by Late Sh. B.D. Aggarwal and they were not even aware that the shares were issued in their name. Further, in response to the observation of investigation that the lease agreement was unregistered one, they submitted that just because of non-registration of the lease deed, which were duly notarised, it cannot be proved that there was no lease agreement in place. With regards to the land in Jodhpur whose lease rights were transferred as consideration against the preferential shares issued, the said Noticees submitted that the claim of ownership of

the Jodhpur land is that of State Government is patently erroneous as the encumbrance certificate provided by the advocate Mr. Punit Singhvi clearly depicts that the M/s MIDC is the owner of the said land. Also, it was stated that the said shares issued through the preferential allotment are still lying in their demat accounts. Finally, they submitted that as they were holding the positions in VPGL by virtue of being wife/daughter of Late Mr. B.D. Aggarwal, there was no '*Mens Rea*' on the Noticees' part for the alleged fraudulent activity. Regarding allegations of fraud, it was submitted that it has been established from various rulings given by the Hon'ble Supreme Court, Hon'ble SAT and other courts that to establish fraud, strict proof and compelling evidence is required and the same cannot be proved by preponderance of probabilities.

36. With regard to the aforesaid alleged fraudulent allotment of shares, I also note that, the Noticee No. 6 and 7, who were also the allottees of the said preferential allotment have submitted that the Company has not disputed receiving consideration for the preferential allotment of shares or issued a call for payment of any consideration in respect of the shares allotted to them. Further they stated that in the absence of the above, it is erroneous and unjustified to allege that they had committed fraud.
37. With regard to the contention of the ownership of the said land by Noticee No. 1 and 2, I note that, as per the verified land records, the said Noticees were not competent to transfer the lease rights as a consideration to VPGL as they were not the owner of the said land. Moreover, they themselves have failed to produce any documents to show their ownership/interest over the said piece of land during the investigation. With regard to the contention on non-registration of lease deeds, I note that Section 49 of the Registration Act, 1908, sets out the consequences of non-registration of documents, which are required to be compulsorily registered. Further, as per Transfer of Property Act, 1882, a lease of immovable property from year to year, or for any term exceeding one year, or reserving a yearly rent, can be made only by a registered instrument. The lease deeds in question in the present case were for 99 years. Hence, Section 49 makes it clear that a lease deed, which is compulsorily registerable, if not registered, will not affect the immovable property, comprised therein in any manner. Which again shows that the consideration was never paid as no lease rights were transferred to VPGL. Further, I note from the material available, that Noticee No. 6 and 7 have not claimed that they were the owner of the said land.

38. With regard to the violation of PFUTP regulations, I note that the definition of ‘*fraud*’ as given in Regulation 2(c) of the PFUTP Regulations, 2003 is as follows:

“fraud” includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include-

- a) a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;*
- b) a suggestion as to a fact which is not true by one who does not believe it to be true;*
- c) an active concealment of a fact by a person having knowledge or belief of the fact;*
- d) a promise made without any intention of performing it;*
- e) a representation made in a reckless and careless manner whether it be true or false;*
- f) any such act or omission as any other law specifically declares to be fraudulent,*
- g) deceptive behavior by a person depriving another of informed consent or full participation,*
- h) a false statement made without reasonable ground for believing it to be true.*
- i) the act of an issuer of securities giving out misinformation that affects the market price of the security, resulting in investors being effectively misled even though they did not rely on the statement itself or anything derived from it other than the market price.*

And “fraudulent” shall be construed accordingly;...”

39. At the outset, I would like to state that the Noticee No.1, 2, 6 and 7 have admitted signing the lease deeds. With regard to the allegation of *fraud* and violation of the provisions of *PFUTP regulations* I refer to the judgment of Hon’ble Supreme Court in **SEBI v. Shri Kanaiyalal Baldevbhai Patel** [(2017) 15 SCC 1]. In the part of the judgment delivered by Justice Ranjan Gogoi, a liberal interpretation has been given to the definition of fraud under regulation 2(c). It has been observed that fraud, as per the definition, even includes an act, expression, omission or concealment which, even though was not committed in a deceitful manner, but has (or had) the effect of inducing another person to deal in securities. The burden on SEBI in such a case will not be to prove that the

person did the inducement dishonestly or in bad faith, but only to establish that the person so induced would not have acted the way he did if he was not induced.

40. Further with regard to the absence of the element of *mens rea* on the part of Noticee No.1 and 2, I note that it can be inferred from the liberal interpretation of Regulation 2(c) of PFUTP Regulations by the Hon'ble Supreme Court that the element of 'intention to commit fraud' is not required to prove. However, it has even been expressly stated in the judgment that *mens rea* is not an indispensable requirement to attract the rigour of Regulations 3 and 4 of PFUTP Regulations, and the correct test is one of preponderance of probabilities.
41. I further note that the Hon'ble Supreme Court in the same judgment has also observed *"the provisions of Regulations 3 (a), (b), (c), (d) and 4(1) are couched in general terms to cover diverse situations and possibilities. Once a conclusion, that fraud has been committed while dealing in securities, is arrived at, all these provisions get attracted in a situation...."*
42. A similar interpretation was given by Hon'ble SAT in ***Pyramid Saimira Theatre Ltd. v. SEBI*** (2010) in which the ratio laid down by Supreme Court in ***Chairman, Sebi v. Shriram Mutual Fund*** (2006), that *mens rea* is not a *sine qua non* for establishing violation of chapter VIA of SEBI Act, was extended to all the provisions of SEBI Act and the PFUTP Regulations. It was also observed that the words indicated in the definition of 'fraud' under Regulation 2(1)(c) of the PFUTP Regulations *"whether in a deceitful manner or not"* are significant and clearly indicate that intention to deceive is not an essential requirement of the definition of fraud. The decisions in both these cases were rendered on the basis that proceedings initiated by SEBI are civil in nature.
43. Even in ***SEBI v. SKDC Consultants Ltd.*** (2004) and in ***SEBI v. Cabot International Capital Corporation*** (2004) the Hon'ble Bombay High Court observed that as the imposition of the penalty under the SEBI Act and regulations is civil in nature and cannot be equated with penal character, *mens rea* is not essential for breaches of provisions of the SEBI Act and regulations.

44. Hence, from the above said facts, it is clearly established that the preferential shares that were allotted by the company *in lieu* of lease rights over the land of the allottees, as consideration, was not genuine as no consideration was received by VPGL for the said allotment of the shares. This fact also addresses the contention raised by Noticee No. 6 and 7 regarding the non-dispute of receipt of consideration as the company itself is the party of the fraudulent act of the issue of said preferential shares along with Noticee No. 1, 2, 6 and 7. Hence, I note that Noticee No. 1, 2, 6 and 7, by indulging and facilitating VPGL in the fraudulent preferential allotment of shares, committed fraud under PFUTP Regulations.
45. With regard to the allegation against the Noticee No.1 and 2 who were directors of the company during the aforesaid allotment of preferential shares, they contended that they were never involved in the day to day working of the company and were totally depended on their husband/father, Late Sh. B.D. Aggarwal. Further, it was submitted that as a director, they were always acting under his bonafide trust and used to sign the documents on his instructions. Lastly, it was submitted that though the company acts through its board of directors, the designation of the person should not be the only point of consideration rather it should be the involvement in the affairs and management of the company. For the same, reliance has been placed on Supreme Court judgment in the matter of **SEBI vs. Gaurav Vashney** (2016) 14 SCC 430. In this regard, I note that the said judgment is concerned with criminal liability and not civil, which is adjudicated in the instant proceeding. Hence, the aforesaid contention cannot be accepted.
46. Thus, as none of the preferential allottees have submitted any document regarding the ownership and/or lease rights over the land against which shares were allotted to them in preferential allotment and as per the land documents obtained from the Sub-Registrar Office in Bilara, Jodhpur, the preferential allottees were neither owners or nor hold any lease rights of the said land, the said facts clearly establish the allegation that the preferential allotment was made by the company to the allottees viz. Bimla Devi Jindal, Kamini Jindal, Kanta Devi and Komal in a fraudulent manner and without proper consideration. A company being a juristic person, acts through its board of directors. All its deeds and functions are the result of acts of its board of directors. Therefore, the directors of a company who are responsible for acts done in the name of the company

can be made personally liable alongwith the company for acts which result in violation of laws.

47. The contention of Noticee No. 1 and 2 that they were never involved in the day to day working of the company and were totally depended on their husband/father, Late Sh. B.D. Aggarwal, may not be accepted as the said Noticees cannot assume the role of a director in a company in a casual manner. The position of a 'director' in a public company/listed company comes along with responsibilities and compliances under law associated with such position, which have to be fulfilled by such director or face the consequences for any violation or default thereof. The Noticee cannot therefore wriggle out from liability by merely stating that she was not involved in the affairs of the Company or was not aware of issuance of securities. Accordingly, a director who is part of a company's board shall be responsible and liable for all acts carried out by a company unless exemptions are provided. The Noticee No.1 and 2, in the present case, were part of the Company's Board of Directors for the period 21 August 2007 to 23 June 2021 (Noticee No. 1) and 11 August 2012 to 23 June 2021 (Noticee No. 2). Accordingly, they shall also be responsible and liable being the executive directors, for all the deeds/acts of the Company during the period of their directorship. With regard to the contention of *Mens Rea*, it has already been established above that for the violation of PFUTP Regulations, *Mens Rea* is not a pre requisite.
48. I also note from SCN that the company has not submitted details of any Board Meetings and Committee meetings during the IP. However, as per the Form MGT-7 filed by the company on MCA, VPGL has conducted 11 Board Meetings during the FY 2018-19 and 5 board meeting during FY 2019-20 which were attended by all the six directors of the company with 100% attendance. Therefore, it is alleged from these forms that Bajrang Dass Aggarwal, Bimla Devi Jindal and Kamini Jindal attended all Board Meetings during the IP and thus, were involved in the affairs of the company.
49. I would like to quote the observations of the Hon'ble Supreme Court of India in the matter of **Shri N. Narayanan vs. SEBI** [(2013) 12 SCC 152] decided on 26.04.2013, wherein it was observed that - "... *Company though a legal entity cannot act by itself, it can act only through its Directors. They are expected to exercise their power on behalf of the company with utmost care, skill and diligence.*"

50. In view of the above, the promoters and executive directors of VPGL viz. Bajrang Dass Aggarwal, Bimla Devi Jindal (also CMD) & Kamini Jindal and the preferential allottees viz. Bimla Devi Jindal, Kamini Jindal, Kanta Devi and Komal have violated the provisions of Section 12A (a), (b), (c) of SEBI Act, 1992 r/w Regulations 3 (a), (b), (c), (d) & 4(1) of PFUTP Regulations.

b. Manipulation of the scrip of VPGL

51. It was alleged that VPGL had made mis-representations in its financial statements during the investigation period (FY 2018-19 and FY 2019-20) thereby misleading the investors who invested in the shares of the company based on the published financial figures without knowing the actual financial position of the company. Further, it was also alleged that the company made several non-genuine and misleading corporate announcements during the IP to mislead/ lure the unsuspecting investors to purchase the shares of VPGL and in turn allow the promoters to sell large quantity of their shares of VPGL at higher prices due rise in demand/ interest in the scrip of VPGL. The misleading corporate announcements made by the company influenced the investment decisions of the investors who dealt in the shares of the company during the IP.

52. It was further alleged that as the gullible investors were attracted by way of non-genuine positive announcements by the company regarding its financial condition and multiple future looking corporate announcements, the promoters of the company disposed-off their large quantities of shares in the company through their related/ associated entities.

- **By making non-genuine/false/misleading future looking corporate announcements.**

53. In this regard, I note that the SCN alleges that VPGL made several corporate announcements pertaining to its business developments and plans during the period of IP such as announcement stating that applying two mining licenses with mining department of Rajasthan, received big and global oil exploration companies' approval for mining license value of over Rs.10,000 crore, Received order for fractured granite/sand debris for Rs.2980.80 lakh for picking/digging up-to 31.12.2018 (Q-2 and Q-3 FY 2019) order for removal of over burden/debris fractured stones for Rs.1195.00

lakh for picking up-to 31.12.2018 (Q-3 FY-2019) backed by 100% advance payment etc.,

54. I note that the SCN further alleges that the aforesaid positive announcements were misleading and false. VPGL and its directors/promoters particularly/mainly Mr. B D Aggarwal conspired with one another and also with the other connected/related entities and actively played his role in the fraudulent and manipulative manner in which persons connected/related entities pooled the shares through various off-market deals and subsequently sold the shares in the market. The shares so offloaded were at a price artificially inflated because of the aforesaid false and misleading announcements made by VPGL. The entities/persons connected with Mr. B D Aggarwal offloaded the equity capital in the market at the expense of innocent investors, thereby making a unlawful gain to the tune of Rs. 22,80,26,285/-.

Price-Volume Analysis

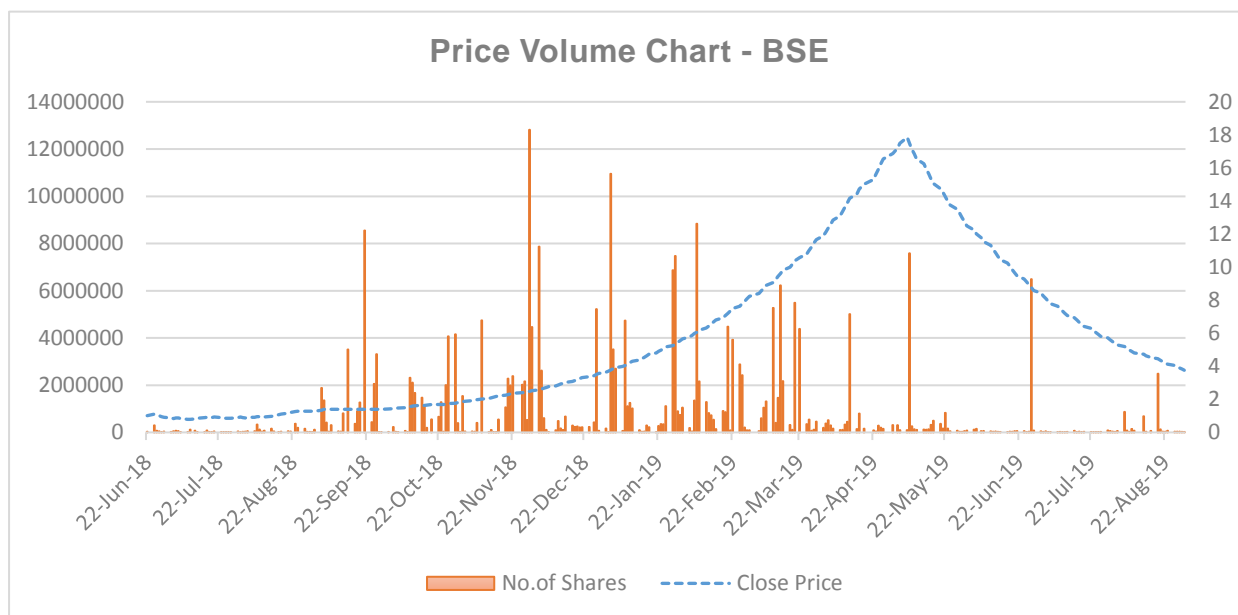
55. The price volume data of the scrip of VPGL at BSE is given below:

| Period | Price & Vol | Opening price (volume) on first day of the period (Rs.) | Closing price (volume) on last day of the period (Rs.) | Lowest price (volume) during the period (Rs.) | Highest price (volume) during the period (Rs.) | Total Volume (Avg. no. of shares traded daily during the period) |
|--|-------------|---|--|---|--|--|
| Pre Investigation (May 01, 2018 to June 21, 2018)* | Price | 7.80 (02.05.2018) | 9.28 (21.06.2018) | 7.20 (07.06.2018) | 9.80 (11.06.2018) | 2,37,241 (6,978) |
| | Volume | 12618 (02.05.2018) | 12102 (21.06.2018) | 1420 (07.06.2018) | 34143 (11.06.2018) | |
| Investigation period (Jun 22, 2018 to Aug 30, 2019) | Price | 1.02 (22.06.2018) | 3.76 (30.08.2019) | 0.76 (10.07.2018) | 18.20 (07.05.2019) | 24,94,80,997 (8,54,387) |
| | Volume | 28000 (22.06.2018) | 18150 (30.08.2019) | 116491 (10.07.2018) | 7584187 (07.05.2019) | |
| Post Investigation (Sep 01, 2019 to Sep 30, 2019) | Price | 3.69 (03.09.2019) | 2.94 (30.09.2019) | 2.74 (26.09.2019) | 3.69 (03.09.2019) | 88,73,814 (4,67,042) |
| | Volume | 30077 (03.09.2019) | 41455 (30.09.2019) | 7609826 (26.09.2019) | 30077 (03.09.2019) | |

*Pre-split price and volume (Share split in 1:10 ratio on June 22, 2018)

56. I note from the SCN and from the table above, that the price of the scrip opened at Rs.1.02 on June 22, 2018 (start of IP), significantly rose and closed at Rs.17.85 on May 06, 2019. Subsequently, since May 07, 2019, the price of the scrip of VPGL started to fall and closed at Rs.3.76 on August 30, 2019 (end of IP). Further, I note from SCN that VPGL made multiple misleading future looking corporate announcements from August 14, 2018 to April 17, 2019 during the IP and the said misleading corporate

announcements were alleged as one of the major reasons for continuous rise in the price of the scrip during the period till May 05, 2019 i.e. (Rs.1.02 at start of IP and Rs.17.85 at the close of IP). Subsequently, the price fell after that period owing mainly to no tangible progress in the business plans announced by the company through the said corporate announcements and the information regarding disposal of almost all the shares by the main promoter of the company viz. Late Bajrang Dass Aggarwal (B.D. Aggarwal) in January 2019 became public in April 2019. The Price-Volume Chart during the investigation period in the scrip of VPGL on BSE is as under:



57. In this regard, I note that the brief details of such future looking corporate announcements allegedly portraying rosy picture of the company's business prospects and reply of the company, submitted vide letter dated September 06, 2022, with regard to the documents/ information sought to verify genuineness of such corporate announcements, as provided in the SCN, are as under:

| S.N. | Date | News Subject | News Body | Documents sought from VPGL during investigation | Reply of VPGL |
|------|------------|---|---|--|---|
| 1 | 14/08/2018 | Corporate announcement for applying two mining licenses with mining department of Rajasthan | This refers to the captioned subject and we want to inform to all the stakeholders as under: - 1. The Directors has applied two mining licenses of granite with mining department of Rajasthan and we expect to get these licenses in next 3 months to start granite | 1. Copy of application submitted for mining license. 2. Copies of approval received from big and global oil exploration companies 3. Copy of approval received for mining license. | As far as mining value is concerned, it was Late Mr. B.D. Aggarwal who was looking after affairs of the company and making announcements. With respect to valuation |

| S.N. | Date | News Subject | News Body | Documents sought from VPGL during investigation | Reply of VPGL |
|------|------------|--|---|--|---|
| | | | <p>mining estimated to be over Rs. 10000 Crore. Survey Report Attached.</p> <p>2. The sample of proppants has already approved by big and global oil exploration companies having market over \$12 bn.</p> | 4. Basis for arriving at the granite mining value of over Rs. 10,000 crore | <p>and approval nothing is available in the company record. The said announcement was made on the directions of Mr. B.D. Aggarwal.</p> <p>Copy of application for applying mining license was submitted.</p> |
| 2 | 23/08/2018 | Corporate announcement for issuance of two mining licenses from the government of Rajasthan and update sent to shareholders for their review | <p>Attached herewith is a letter sent to all the shareholders of the company: It is my immense pleasure to interact you after a long time since we started diverting the business of your company from Guar Gum Powder to proppants and granite. Proppants are extensively being used for oil and gas drilling wells across the globe and granite rocks for building real estates. Both these businesses are promising businesses in the developing economies. After a lapse of long time, company started diversified business and after first quarter results, the results of second, third and fourth quarters would be even better as the company's directors have applied for two mining licenses to the Government of Rajasthan for taking out granite rocks from the ground. Your company's directors possess a mine of granite admeasuring 160 acres near Jodhpur. Once these licenses are granted, the business of your company would be enhanced multifold. We expect these mining licenses would be issued in next 2 to 3 months. Therefore, being the custodian of your company and also the shareholders, we want to communicate you the followings: -</p> <p>1. In times ahead, your company is expected to increase its business multi-folds.</p> <p>2- Your company would be in a position to distribute dividends w.e.f. starting 2019.</p> <p>3. The Directors of your company have conducted a survey of 160</p> | <p>1. The copy of the application made by the company for two mining licenses to the Government of Rajasthan for taking out granite rocks from the ground along with proof of submission of such application.</p> <p>2. Document on the basis of which it has been claimed that the mining licenses would be issued to VPGL in next 2 to 3 months.</p> <p>3. Whether any dividend was distributed by VPGL w.e.f. starting 2019 as stated in the corporate announcement? Provide details.</p> | <p>1. It was Late Mr. B.D. Aggarwal who was in contact of various government departments regarding the mining licences.</p> <p>2. No Dividend was distributed in 2019 by Company but Company has declared interim dividend in Feb 2020.</p> <p>Copy of application for applying mining license was submitted.</p> |

| S.N. | Date | News Subject | News Body | Documents sought from VPGL during investigation | Reply of VPGL |
|------|------------|--|--|---|---|
| | | | acres land from a reputed Geologist and the report suggests promising prospects, expected to impart lucrative returns in times ahead, for, years together. | | |
| 3 | 15/09/2018 | Corporate announcement for receiving order for fractured granite/sand debris for Rs. 2980.80 lakh for picking/digging up-to 31.12.2018 (Q-2 and Q-3 FY 2019) | <p>This refers to the captioned subject and we want to request as under: -</p> <p>1. The Management has converted the business of the company and entered into a new niche market of Proppants manufacturing which ONGC and other oil and gas drillers are importing currently. The company has planned to manufacture Proppants and mining of granite and fractured debris near Jodhpur.</p> <p>2. Proppants is in high demand worldwide including USA, which import a lot of proppants from China.</p> <p>3. Company has given on contract 200 bighas land for mining to remove fractured debris from the ground upto 10 meters depth for a sum of Rs.2980.80 Lakh. These revenues would be accrued during second and third quarters of FY 2019.</p> <p>4. The remaining land of approx. 100 bighas would be given for mining of fractured debris in times ahead. The estimated value of these debris is about Rs. 1490.40 Lakh.</p> | <p>1. Copy of Order received by the company for 200 bighas land for mining.</p> <p>2. Basis for stating that remaining land of approx. 100 bighas would be given for mining in times ahead</p> <p>3. Details of mining site.</p> <p>4. Actions taken by the company for completion of project</p> <p>5. Basis for contract value of Rs. 2980.80 lakhs</p> <p>6. Details of revenue generated w.r.t. the project.</p> <p>7. Timeline of completion of project.</p> | The Company do not have any document in its record with respect to this announcement made by Late Shri B.D. Aggarwal. Initially around 160 bigha land was taken on contract for debris removal followed by definite lease agreements of 324 bigha land in month of December 2018. |

| S.N. | Date | News Subject | News Body | Documents sought from VPGL during investigation | Reply of VPGL |
|------|------------|--|---|--|---|
| 4 | 18/10/2018 | Corporate announcement for receiving order for removal of overburden/debris fractured stones for Rs. 1195.00 lakh for picking up to 31.12.2018 (Q-3 FY-2019) backed by 100% advance payment | <p>This refers to the captioned subject and we want to request as under: -</p> <ol style="list-style-type: none"> 1. The Management has converted the business of the company and entered into a new niche market of Proppants manufacturing which ONGC and other oil and gas drillers are importing currently. The company has planned to manufacture Proppants and mining of granite and fractured debris near Jodhpur. 2. Proppants is in high demand worldwide including USA, which import a lot of proppants from China. 3. Company has given on contract 100 bighas land for mining to remove fractured debris from the ground upto 10 meters depth for a sum of Rs.1195.00 Lakh backed by 100% advance payment. These revenues would be recognized during third quarter of FY 2019. 4. The two mining licenses applied earlier are expected to be issued LOI within a fortnight period. However, an order for over Rs. 50 crore granite blocks is waiting for issuance of mining licenses. | <ol style="list-style-type: none"> 1. Copy of Order received by the company for 100 bighas land for mining 2. Details of mining site. 3. Actions taken by the company for completion of project. 4. Reason for reduction in contract value from 1490.40 lacs to Rs. 1195 lakhs. 5. Documentary evidence for receipt of 100% advance 6. Documentary evidence for the order of Rs. 50 crores. 7. In case order not received, reasons for making a disclosure prior to receipt of order. 8. Details of revenue generated w.r.t. the project 9. Timeline of completion of project | <p>The Company do not have any document in its record with respect to this announcement made by Late Shri B.D. Aggarwal. However, financials of the company for the said period reflects the sale of fractured stone to late Mr. B.D. Aggarwal against adjustment of his outstanding loan. Copy of the application applied for mining licences was submitted.</p> |
| 5 | 12/11/2018 | Corporate announcement for receiving LOI licence subject to environment clearance for mining of granite and manufacturing of proppant in company forthcoming factory at Boronada Riico industrial area, jodhpur having its production capacity of 300000 tons per annum. | <p>This refers to the captioned subject and we want to request as under: -</p> <ol style="list-style-type: none"> 1. The Management has converted the business of the company and entered into a new niche market of Proppants manufacturing which ONGC and other oil and gas drillers are importing currently. The company has planned to manufacture Proppants and mining of granite and fractured debris near Jodhpur. 2. Proppants is in high demand worldwide including USA, which import a lot of proppants from China. 3. The two mining licenses applied earlier, LOI licences have been granted subject to Environment Clearance for mining of the granite and manufacturing of proppants. The Environment Clearance is expected to clear in about a fortnight period. 4. Company is also under the process | <ol style="list-style-type: none"> 1. Copy of the LOI licence issued to the company. 2. Whether environmental clearance was received by the company? Provide details. 3. Complete documents pertaining to the claim that the company is negotiating an export order of 80000 tons 40 mesh proppant worth Rs.481.80 Crore from a Russian Company. 4. Basis for claiming that the export order would be confirmed in couple of days. 5. Present status of the claimed export order. | <p>LOI licence is not traceable in our record. Environment clearance received later was submitted.</p> |

| S.N. | Date | News Subject | News Body | Documents sought from VPGL during investigation | Reply of VPGL |
|------|------------|--|--|---|---|
| | | | of negotiation of an export order of 80000 tons 40 mesh proppant worth Rs.481.80 Crore from a Russian Company, which is sixth largest oil and gas drilling company having its operations worldwide. The export order is expected to confirm within couple of days for their operations in Angola and Libya for shipment during April 2019 through September 2019. | | |
| 6 | 24/11/2018 | Corporate announcement for receiving export order for proppant 75500 tons from Russian oil and gas sixth largest drilling company for an aggregate amount of US\$.62.29 Million (Rs.448.47 Crore) shipment from May 2019 through September 2019. | <p>This refers to the captioned subject and we want to request as under: -</p> <ol style="list-style-type: none"> 1. The Management has converted the business of the company and entered into a new niche market of Proppants manufacturing which ONGC and other oil and gas drillers are importing currently. The company has planned to manufacture Proppants and mining of granite and fractured debris near Jodhpur. 2. Proppants is in high demand worldwide including USA, which import a lot of proppants from China. 3. Company has received an export order of 75500 tons 40mesh proppant worth Rs.448.47 Crore from TATNEFT, Russian Company, which is sixth largest oil and gas drilling company having its operations worldwide. Proppants would be shipped for their operations in Libya and Algeria. | <ol style="list-style-type: none"> 1. Copy of export order received from TATNEFT. 2. Period for execution of contract 3. Details of advance, if any received 4. Production details for execution of the order 5. Details of execution of the order 6. Details of revenue generated from the order | All the conversation with TATNEFT was done by Late Sh. B.D. Aggarwal. No one other has any knowledge about that discussion. The Company does not have any document in its record with regard to discussion/order with TATNEFT. |
| 7 | 02/12/2018 | Corporate announcement for scheduled meeting with TATNEFT Russia officials on 14th December 2018 for technology transfer and 100% proppant production buy-back arrangement for next 5 years | <p>This refers to the captioned subject and we want to request as under: -</p> <ol style="list-style-type: none"> 1. The Management has converted the business of the company and entered into a new niche market of Proppants manufacturing which ONGC and other oil and gas drillers are importing currently. The company has planned to manufacture Proppants and mining of granite and fractured debris near Jodhpur. 2. Proppants is in high demand worldwide including USA, which | <ol style="list-style-type: none"> 1. Copy of the minutes of the meeting claimed to be held with the TATNEFT Russia officials on 14th December 2018. 2. Copy of the agreement with TATNEFT for Technology Transfer and 100% buyback arrangement for next 5 years. 3. Report of the technical team of TATNEFT which stated that the granite quarries available in company's mines near Jodhpur are fit for the | All the conversation with TATNEFT was done by Late Sh. B.D. Aggarwal. No person other than Mr. B D Agrawal has any knowledge about that discussion. The Company do not have any document in writing with regard to discussion with TATNEFT. |

| S.N. | Date | News Subject | News Body | Documents sought from VPGL during investigation | Reply of VPGL |
|------|------------|---|---|---|---------------|
| | | | <p>import a lot of proppants from China.</p> <p>3.The shareholders are informed that a meeting with TATNEFT Russia officials is organised on 14th December 2018 for considering technology transfer and 100% proppant production buy-back arrangement for next 5 years</p> | <p>production of premium proppants.</p> <p>4. Documents on the basis of which it has been claimed that the TATNEFT will participate in equity of the company to meet the cost of project regarding installation of plant and machinery.</p> | |
| 8 | 14/12/2018 | Corporate announcement for concluding meeting with TATNEFT Russia's technical for technology transfer to increase crush resistance and acid solubility of the premium grade proppants for 100% buy-back for next 5 years - approval regarding | <p>This refers to the captioned subject and we want to request as under:-</p> <p>1.Your company has recently entered into a new niche market of Proppants manufacturing which ONGC and other oil and gas drillers are importing currently. The company has planned to manufacture Proppants and mining of granite and fractured debris near Jodhpur.</p> <p>2.Proppants is in high demand worldwide including USA, which import a lot of proppants from China.</p> <p>3.The shareholders are informed that a meeting with TATNEFT Russia technicals has been concluded for technology transfer and 100% proppant buy-back for next 5 years. The technology is likely to be transferred for the production of enhanced Crush Resistance and Acid solubility of the proppants planned to manufacture for deeper and hotter gas and geothermal wells because varied lithologies require different stress properties. The technical staff from TATNEFT told that the granite quarries available in company's mines near Jodhpur are absolutely fit for the production of planned premium proppants.</p> <p>4.The technical explained in detail about the plant and equipment to be installed for manufacturing these premium grades. The different sources of composite plant suppliers were discussed and German suppliers are preferred. Once the exact cost of plant and machinery from German prospect is</p> | | |

| S.N. | Date | News Subject | News Body | Documents sought from VPGL during investigation | Reply of VPGL |
|------|------------|---|--|--|---|
| | | | received, TATNEFT will approve the same in its AGM/EGM for participating in equity to meet out the cost of project. Process for obtaining cost of plant and machinery from Germany shall be commenced next week. On receipt of cost of project, the process will go ahead for execution. | | |
| 9 | 03/01/2019 | Corporate announcement for concluding discussions with Hosokawa Alpine AG, Augsburg a German machine manufacturer for powder and particle processing technology for the manufacture of premium grade proppants for fracturing deeper and hotter gas and geothermal oil wells close to downhole conditions | <p>This refers to the captioned subject and we want to request as under:-</p> <p>1.Your company has recently entered into a new niche market of Proppants manufacturing which ONGC and other oil and gas drillers are importing currently. The company has planned to manufacture Proppants and mining of granite and fractured debris near Jodhpur.</p> <p>2.The shareholders are informed that a discussion with Hosokawa is concluded for manufacturing the machines for premium grade, light weight proppant manufacturing for hydraulic fracturing of an oil and gas-bearing rock formation to create fractures. After the fracture is initiated, a propping agent of a tailored thickness and weight is preferred to be carried with a fluid into the fracture to 'Prop' it open after the pressure is relieved. The resulting narrow fractures extending away from the well bore increase the production rate of oil and gas wells 6 to 8 times as compared to that of the normal work material.</p> <p>3.The detailed discussions about the plant and equipment to be installed for manufacturing these premium grade proppants and their size and weight tailoring has been discussed. The quotation of these machines is expected to receive in couple of months (may be 2 months) with their designs.</p> | <ol style="list-style-type: none"> 1. Copy of the minutes of meetings with Hosokawa regarding the manufacturing machines. 2. Copy of contract with Hosokawa 3. Documents relating to the quotations received 4. Decision on the final supplier 5. Copy of the contract for the machines | All the conversation with Hosokawa was done by Late Sh. B.D. Aggarwal. No person other then Mr. B D Agrawal has any knowledge about that discussion. The Company do not have any document in its recrd with regard to discussion with Hosokawa. |
| 10 | 15/01/2019 | Corporate announcement for commencing plant implementation | <p>This refers to the captioned subject and we want to request as under:-</p> <p>1.Your company has recently entered into a new niche market of Proppants manufacturing which</p> | <ol style="list-style-type: none"> 1. Current status of the claimed UNIT-1 and UNIT-2. 2. Complete documents pertaining to the negotiations with | The Company does not have any manufacturing unit right now. The Company does not have any written |

| S.N. | Date | News Subject | News Body | Documents sought from VPGL during investigation | Reply of VPGL |
|------|------------|--|---|---|--|
| | | of UNIT-1 at industrial area, Boronada, Jodhpur and UNIT-2 At Kaparda District: Jodhpur - front views. | <p>ONGC and other oil and gas drillers are importing currently. The company has planned to manufacture Proppants and mining of granite and fractured debris near Jodhpur.</p> <p>2.The shareholders are informed that your company has started implementation of its projects. Attached please view their front elevations for your ready reference. UNIT-1, is expected to commence its trial production in the month of April/May and its planned project UNIT-2 is expected to start trial production of premium grade proppant in about 2 years once the orders for plant and machineries are placed.</p> <p>3.The orders for the plant and equipments to be installed for manufacturing these premium grade proppants (UNIT-2) at Kaparda District Jodhpur (47 KM from Jodhpur - on way to Jaipur) is under the process of negotiations with multinational equipment fabricators. Once these orders are finalized, the management will inform the same to the shareholders suitably.</p> | multinational equipment fabricators for plant and equipment claimed to be installed at UNIT-2. | document with respect to placing of order with multinational Company. All the business is being looking by Late Sh. B.D. Aggarwal. |
| 11 | 27/02/2019 | Corporate announcement for updating the present status of issuance of mining license - on 26th February 2019, mining engineer, jodhpur has issued instruction letter bearing no. 7424 to superintending geological scientist, mines & geo-science department, jodhpur to submit its survey for | <p>This refers to the captioned subject and we want to request as under:-</p> <p>1.Your company has recently entered into a new niche market of Proppants manufacturing which ONGC and other oil and gas drillers are importing currently. The company has planned to manufacture Proppants and mining of granite and fractured debris near Jodhpur.</p> <p>2.The shareholders are informed that your company has started implementation of its projects.</p> <p>3.The orders for the plant and equipments to be installed for manufacturing these premium grade proppants (UNIT-2) at Kaparda District Jodhpur (47 KM from Jodhpur - on way to Jaipur) is under the process of negotiations</p> | <p>1. Details and complete documents pertaining to the order for plant and equipment to be installed for manufacturing premium grade proppants in UNIT-2.</p> <p>2. Documents on the basis of which it has been claimed the mining licence would be issued to VPGL.</p> | The Company does not have any document in its record with respect to placing of order with multinational Company. All the business is being looking by Late Sh. B.D. Aggarwal. |

| S.N. | Date | News Subject | News Body | Documents sought from VPGL during investigation | Reply of VPGL |
|------|------------|---|--|---|---|
| | | estimated quantity of granite deposit of Khasra no. 10/2 for issuance of mining license as per raj. Government guidelines dated 8th august 2018. | with multinational equipment fabricators and the same is under designing process. 4. On 26th February 2019, Mining Engineer, Jodhpur has issued instruction letter bearing No. Kha/Jod/A.P/Khatedari/2019-20/7424 to Superintending Geological Scientist, Mines & Geo-Science Department, Jodhpur to submit its survey for estimated quantity of granite deposits of Khasra No. 10/2 for issuance of mining license as per Raj. Government guidelines issued on 8th August 2018. 5. Therefore, the Mining License is expected to be issued latest by early next week. | | |
| 12 | 11/03/2019 | Corporate announcement for updating the present status of issuance of mining license - on 8th march, 2019, mining engineer, government of Rajasthan has issued mining license bearing no. KHA/JO/AAPAR/Khatedari/2019-20/2492 for mining the granite queries from Kaparda, (Bilara) mines | This refers to the captioned subject and we want to request as under:- 1. Your company has recently entered into a new niche market of Proppants manufacturing which ONGC and other oil and gas drillers are importing currently. The company has planned to manufacture Proppants and mining of granite and fractured debris near Jodhpur. 2. The shareholders are informed that your company has started implementation of its projects. 3. On 08th March 2019, Mining Engineer, for Kaparada mines, Govt. of Rajasthan has issued mining license bearing No. KHA/JO/AAPAR/Khatedari/2019-20/2492 for mining the granite deposits of Khasra No. 10/2 as per Raj. Government guidelines issued on 8th August 2018. Now the environment clearance and pollution control clearance is awaited and the same will be received in due course of time. | | |
| 13 | 18/03/2019 | Corporate announcement for updating the present status of placing the | Company has decided to enter into a new niche market of proppants manufacturing which ONGC and other oil and gas drillers are importing currently. The company | 1. Details of quotation received of plant and equipment as mentioned in the announcement. 2. Update about the delivery of plant and equipment. | The Company do not have any document in its record with respect to placing of order. All the business was |

| S.N. | Date | News Subject | News Body | Documents sought from VPGL during investigation | Reply of VPGL |
|------|------------|---|---|--|--|
| | | orders of plant and machinery valuing Rs. 86.72 crore for manufacture of premium grade proppants. | has planned to manufacture Proppants and mining of Iranite and fractured debris near Jodhpur. | 3. Copy of application made with Environment and pollution clearance board. 4. Copy of clearance received from Environment and pollution clearance board. | being looked by Late Sh. B.D. Aggarwal. |
| 14 | 22/03/2019 | Corporate announcement for a meeting with TATNEFT for equity participation and for fixing the share price to part finance the ongoing projects of the company. A meeting is organized on 17th April, 2019 in Frankfurt, Germany | This refers to the captioned subject and we want to request as under:- 1.Your company has decided to enter into a new niche market of Proppants manufacturing which ONGC and other oil and gas drillers are importing currently. The company has planned to manufacture Proppants and mining of granite and fractured debris near Jodhpur. 2.The shareholders are informed that your company has started implementation of its projects. 3.The cost of plant and equipment to be installed for manufacturing the premium grade proppants at Kaparda District Jodhpur (47 KM from Jodhpur - on way to Jaipur) is arrived at Rs. 86.72 Crore (excluding bought out items and buildings). A meeting is held on 17th April, 2019 with TATNEFT officials to determine the part financing process and price of equity shares for equity participation. | 1. Details of plant and equipment received as mentioned in the announcement. 2. Outcome of meeting held with TATNEFT 3. Documentary proof regarding meeting of cost of plant and machinery by Bajrang Dass Aggarwal after sale of his 1,14,96,980 shares of the company. 4. Current status of the plant and machinery ordered/ installed. | All the conversation with TATNEFT was done by Late Sh. B.D. Aggarwal. No person other than Mr. B D Agrawal has any knowledge about that discussion. The Company do not have any document in its record with regard to discussion with TATNEFT. |
| 15 | 02/04/2019 | Corporate announcement for promoter share selling for partly financing the plant & machinery orders for producing proppants through off market sale of 1,14,96,980 share on 31st March, 2019. These shares will not be offered for re-sale in the market by the financier | This refers to the captioned subject and we want to request as under:- 1.Your company has decided to enter into a new niche market of Proppants manufacturing which ONGC and other oil and gas drillers are importing currently. The company has planned to manufacture Proppants and mining of granite and fractured debris near Jodhpur. 2.The shareholders are informed that your company has started implementation of its projects. 3.The cost of plant and equipments to be installed for manufacturing the premium grade proppants at Kaparda District Jodhpur (47 KM from Jodhpur - on way to Jaipur) is arrived at Rs. 86.72 Crore | | This announcement is pertaining to shares of Late Sh. B.D. Aggarwal. The Company did not receive any fund from Late Shri B. D. Aggarwal. |

| S.N. | Date | News Subject | News Body | Documents sought from VPGL during investigation | Reply of VPGL |
|------|------------|--|--|--|---|
| | | | (excluding bought out items and buildings). Promoter of the company (B.D. Aggarwal) has sold 1,14,96,980 shares as per BSE filings to meet out the funding shortfall of plant and machinery orders for producing the proppants. As the result of sale, Promoters shareholding reduced from 24.70% to 22.42%. Shareholders are informed not to be worried about as these shares will not be offered as a resale in the market. To obtain finance was the forcing needs of your company and accordingly management decided to do so. | | |
| 16 | 17/04/2019 | Corporate announcement for the meeting held today in Frankfurt with TATNEFT (investor) for raising USD 15.00 million to part finance the premium grade proppant project through equity participation as per SEBI Guidelines. | Corporate Announcement For The Meeting Held Today In Frankfurt With TATNEFT (Investor) For Raising USD\$ 15.00 Million To Part Finance The Premium Grade Proppant Project Through Equity Participation As Per SEBI Guidelines. | <ol style="list-style-type: none"> 1. What is the total requirement of funds and the basis for the same? 2. How did the company propose to fund the requirement? 3. Documentary evidence for <ol style="list-style-type: none"> a. TATNEFT agreeing to subscribe to equity b. Payment of premium based on market capitalization of the company 4. Update on the approval sought by TATNEFT from their shareholders. 5. Update on approval required from shareholders of the company. 6. There is no proposal for any issuance of shares on preferential basis as stated above. Please provide documentary evidence on how the project was funded? | All the conversation with TATNEFT was done by Late Sh. B.D. Aggarwal. No one other has any knowledge about that discussion. The Company does not have any document in its record with regard to discussion with TATNEFT. As per my knowledge Mr. B.D. Aggarwal along with an expert visited the Frankfurt at that time. |

58. From the aforesaid, I note that, no documents were stated to have been submitted by the company to enable the investigation to verify the correctness of the aforesaid corporate announcements.

59. It was also mentioned that, the company, during investigation, had submitted that Late Mr. B.D. Aggarwal was mainly responsible and entrusted for making corporate announcements. Further, the company also submitted during investigation that no discussion was carried out in any Board Meetings, Committee Meeting etc., regarding

disclosures on exchanges. However, no documents in this regard were provided by the company.

60. Further from the SCN, I note that the company had submitted a copy of an application for mining submitted to the Rajasthan Government on September 18, 2018 by an entity named "Mansarovar Industrial Corporation" (also referred to as "MIDC" in related documents) wherein name of Late B D Aggarwal is mentioned as Partner. However, no further details regarding MIDC was provided by the company.

61. In this regard, I note that, during the investigation, the details of any agreement entered between MIDC and VPGL for usage of mining licence was also sought from the company. In response, VPGL, vide letter dated September 06, 2022, submitted the certificate of environmental clearance and the compliance officer of VPGL submitted the copy of the mining licence dated February 18, 2020. On perusal of these documents, the investigation made the following observations:

- The environmental clearance certificate dated January 27, 2020 is in the name of 'Mansarovar Industrial Development Corporation'.
- The granite mining licence dated February 18, 2020 has been granted to 'Mansarovar Industrial Corporation' wherein Mr. B.D. Aggarwal is mentioned as partner.
- The clause 7(2) of the said mining licence states that *"The lessee/ lessees shall not assign, sublet or part with the possession of the leased area or any part thereof except in the manner permitted by Rule 27 of Rajasthan Minor Minerals Concessions Rules 2017."* Further, Rule 27 of Rajasthan Minor Minerals Concessions Rules, 2017, *inter-alia*, states the following:

"27. Transfer of mineral concession, -

(1) The lessee or licensee shall not, without the previous consent in writing of the competent authority, -

(i) assign, sublet, mortgage or in any other manner transfer the lease or licence or any right, title or interest therein; and

(ii) enter into or make any bona-fide arrangement, contract or understanding whereby the lessee or licensee will or may be directly or indirectly financed to a substantial extent by or under which the mining operations or undertakings will or may be substantially controlled by, any person or body of persons other than the lessee or licensee:

Provided that where the mortgagee is a state institution or a bank or a state corporation, the lessee or licensee shall inform the Mining Engineer or Assistant Mining Engineer concerned about any mortgage, within a period of one month from the date of mortgage or assignment.

(2)..."

62. In this regard, I note that SCN states that even though the application for granite mining was applied by MIDC on September 18, 2018, it was observed during investigation that VPGL had made a corporate announcement regarding filing of application for mining licence by the Directors of VPGL much before on August 14, 2018 with a view to make general public believe that as if VPGL who had applied for mining licence by not disclosing anything regarding MIDC in the said disclosure.
63. Further, I note that, investigation observed that the company neither submitted copy of any agreement between MIDC and VPGL for usage/ sub-lease of mining license nor submitted any details of permission sought by MIDC under Rule 27 of Rajasthan Minor Minerals Concessions Rules, 2017 (mentioned above).
64. Contrary to the aforesaid facts, I note from the above corporate announcements and the SCN that the company has claimed that its Directors possess land admeasuring 160 acers near Jodhpur having minable granite estimated to be value over Rs.10,000 Crores. However, for the said claim, I note from SCN that neither the company nor its directors have submitted any document regarding ownership and/or having lease rights of any such land. Further, as already observed in the previous paragraphs, the company had made preferential allotment of 32,50,00,000 equity shares to 4 persons viz. Bimla Devi Jindal (Noticee No.1), Kamini Jindal (Noticee No.2), Kanta Devi (Noticee No.6) and Komal (Noticee No.7) in lieu of lease rights over a land parcel in Jodhpur. The said lease agreement was unregistered. Further, these 4 Noticees have also not submitted any document regarding ownership or having any lease rights over any such land in Jodhpur. However, in this regard they stated that late B D Aggarwal and Late Shri Ram, respectively, used to take care of all the documents.
65. Further, I note from the SCN that VPGL has also claimed that it has received contract for mining to remove fractured debris for a sum of Rs.29.81 crore which would be accrued during second and third quarters of FY 2018-19 and it would be receiving similar contract worth Rs.14.90 Crore in times ahead. However, here also the company has not provided any details of such contracts being received by the VPGL during investigation. Further, as per the financial statements of the company for FY 2018-19,

VPGL has claimed the revenue of Rs.52.77 in FY 2018-19 and Rs.6.96 Crore in FY 2019-20 from fractures stone and debris. However, these sales have been made by the company to its Promoter viz. late B D Aggarwal. Moreover, the company did not receive any money from late B D Aggarwal for the aforesaid sale but it was adjusted against his outstanding loan. However, the company has once again failed to submit any document/ details/ bank statement showing that late B D Aggarwal had given loan to the company.

66. The company also claimed that its promoter viz. late B D Aggarwal had sold 1,14,96,980 shares of VPGL to meet the funding shortfall for plant & machinery costing around 86.72 crore. In this regard, the company submitted that VPGL did not receive any fund from late B D Aggarwal.

- **By making misstatements in its Financial Statements**

67. Further, I note from the SCN that a separate investigation into the misstatements made by VPGL in its financial statements was also carried out by SEBI for the period from FY 2017-18 to FY 2020-21. The below mentioned major observations were made in the said investigation:

- i) **Over statement of Revenue & Profits**

- (a) The entire revenue of Rs. 52.77 Cr. in FY 2018-19 is claimed from the sale of "fractured debris" to its own Promoter & Director (Late) Bajrang Dass Aggarwal.
- (b) Bajrang Dass Aggarwal has not paid Rs. 52.77 Cr. to the company for his purchase but a loan of Rs. 52.77 Cr. has been adjusted for the transaction.
- (c) Revenue from mining activity claimed by VPGL without any mining license and without any inventory & material consumed.

- ii) **Non-Cash transactions reported in Cash Flow Statement**

- (a) VPGL allotted 32.50 Cr. Shares (issued at Rs. 2.50 per share) in FY 2018-19 on preferential basis for consideration other than cash (i.e. lease rights granted by allottees to VPGL). However, it reported receipt of Rs. 81.58 Cr. through issue of equity shares.
- (b) Mentioned purchased assets of Rs. 83.49 Cr. in FY 2018-19 (above mentioned land) without payment of any cash for such acquisition of lease rights on land.

- iii) **Other observations**

- (a) Non-disclosure of related party transactions in annual report
- (b) Issued ESOPs (85 lakh shares) in FY 2020-21 to two employees. These employees transferred large quantities of shares in off-market to associated entities of Promoter and sale proceeds of remaining shares (except 1 lakh shares each) was transferred to associated company of Promoter/ Vikas Employee Welfare Trust.

68. In view of the above mentioned observations, I am of the view that such misrepresentations in the financial statements by the company generally raises the public interest in the scrip and thereby contributes to the price raise. It is therefore, in the present matter, the facts clearly indicate that there was a concerted effort on the part of VPGL and its directors/promoters in publishing the false and misleading corporate announcements and making misrepresentation in the financial statement which raised the public interest in the scrip of VPGL with the sole purpose of artificially inflating the price and volume in the scrip to lure investors.

69. The aforesaid act of making misrepresentation in the financial statement presented a more favourable picture of VPGL in front of investors and hence raised the public interest in the scrip of VPGL, thereby contributed to the price rise and volume in the scrip. Further, I note that SEBI had vide an order dated February 28, 2023 imposed penalties on Noticee No. 1,2 and 8 for the aforesaid misstatement of financials of VPGL.

Impact on the price of VPGL

70. With regard to the impact on the price of the scrip of VPGL, I note from SCN that misleading corporate announcements were one of the major reasons for continuous rise in the price of the scrip during the period till May 05, 2019 i.e. (Rs.1.02 at start of IP and Rs.17.85 at the close of IP). Further, the share price of VPGL started falling after first week of May 2019 as there was no real progress on the above tall claims made by the company regarding its granite mining and Proppant manufacturing business as the company had neither received environment clearance nor the claimed mining licence. Moreover, the main promoter late B D Aggarwal had sold almost all his shares in VPGL.

71. In this regard, during the statement recording u/s 11 C (5) of the SEBI Act, compliance officer of VPGL, Praveen Bishnoi (Noticee No.8) and Yogesh Mahipal & Associates (the statutory auditor of VPGL for FY 2018-19 and FY 2019-20) submitted that late B D

Aggarwal had solely taken all decisions regarding the business of VPGL. Further, late B D Aggarwal had made those disclosures on stock exchanges and he shared no documents pertaining to these corporate announcements with them.

Impact of the positive corporate announcements on the price of the scrip of VPGL

72. I note from SCN that the purpose of future looking non-genuine and misleading corporate announcements by VPGL and mis-representations in the financial statements was to garner public interest in the scrip of VPGL and ultimately to push up its price. In this regard, the SCN provides the brief details of the impact of various positive corporate announcements made by the company during the IP on the price of the scrip of VPGL, which are as under:

| Brief details of Corporate Announcement | Impact on Price of the scrip of VPGL |
|---|--|
| Aug 14, 2018 @ 16:41:42 - Corporate announcement for applying two mining licenses with mining department of Rajasthan | On Aug 13, 2018 the scrip closed 4.30% above its previous day closing price on BSE and on Aug 14, 2018 the scrip closed 4.12% above its previous day closing price on BSE and on Aug 16, 2018 the scrip closed 4.95% above its previous day closing price on BSE. |
| Aug 23, 2018 @ 11:21:54 - Corporate announcement for issuance of two mining licenses from the government of Rajasthan and update sent to shareholders for their review | On Aug 21, 2018 the scrip closed 4.31% above its previous day closing price on BSE and on Aug 23, 2018 the scrip closed 4.96% above its previous day closing price on BSE and on Aug 24, 2018 the scrip closed 0.79% above its previous day closing price on BSE. |
| Sep 15, 2018 @12:59:30 - Corporate announcement for receiving order for fractured granite/sand debris for Rs. 2980.80 lakh for picking/digging up-to 31.12.2018 (Q-2 and Q-3 FY 2019) | No trade on Sep. 15, 2018 (Saturday - Trading Holiday) Prior to announcement on Sep 14, 2018, price of the scrip was Rs.1.40 and post announcement on September 17, 2018, price was same at Rs.1.40. Hence, no impact of the announcement on the price movement was observed. |
| Oct 18, 2018 @11:45:34 - Corporate announcement for receiving order for removal of over burden/debris fractured stones for Rs. 1195.00 lakh for picking up-to 31.12.2018 (Q-3 FY-2019) backed by 100% advance payment | No trade on Oct 18, 2018 (Dasera - Trading Holiday) On Oct 17, 2018 the scrip closed 0.61% above previous day closing price on BSE and On Oct 19, 2018, the scrip closed 1.82% above its previous day closing price on BSE. |
| Nov 05, 2018 @ 15:35:09 - Unaudited Financial Result For Half Year Ended 30.09.2018 | On Nov 02, 2018 the scrip closed 1.61% above its previous day closing price on BSE and on Nov 05, 2018 the scrip closed 1.59% above its previous day closing price on BSE and on Nov 06, 2018 the scrip closed 1.56% above its previous day closing price on BSE. |
| Nov 12, 2018 @ 12:12:48 - Corporate announcement for receiving LOI licence subject to environment clearance for mining of granite and manufacturing of proppant in company forthcoming | On Nov 09, 2018 the scrip closed 1.52% above its previous day closing price on BSE and On Nov 12, 2018 the scrip closed 1.99% above its previous day closing price on BSE and on Nov |

| Brief details of Corporate Announcement | Impact on Price of the scrip of VPGL |
|---|---|
| factory at Boronada Riico industrial area, jodhpur having its production capacity of 300000 tons per annum. | 13, 2018 the scrip closed 1.95% above its previous day closing price on BSE. |
| Nov 24, 2018 @ 13:01:48 - Corporate announcement for receiving export order for proppant 75500 tons from Russian oil and gas sixth largest drilling company for an aggregate amount of US\$.62.29 Million (Rs.448.47 Crore) shipment from May 2019 through September 2019. | No trade on Nov 24, 2018 (Saturday - Trading Holiday) On Nov 22, 2018 the scrip closed 1.72% above its previous day closing price on BSE and On Nov 26, 2018, the scrip closed 1.69% above its previous day closing price on BSE. |
| Dec 02, 2018 @ 15:11:04 - Corporate announcement for having a meeting with TATNEFT Russia officials on 14th December 2018 for technology transfer and 100% proppant production buy-back arrangement for next 5 years | No trade on Dec 02, 2018 (Sunday - Trading Holiday) On Nov 30, 2018 the scrip closed 1.61% above its previous day closing price on BSE and On Dec 03, 2018, the scrip closed 1.98% above its previous day closing price on BSE. |
| Dec 14, 2018 @ 12:59:29 - Corporate announcement for concluding meeting with TATNEFT Russia's technical for technology transfer to increase crush resistance and acid solubility of the premium grade proppants for 100% buy-back for next 5 years - approval regarding | On Dec 13, 2018 the scrip closed 1.71% above its previous day closing price on BSE and on Dec 14, 2018 the scrip closed 1.68% above its previous day closing price on BSE and on Dec 17, 2018 the scrip closed 1.99% above its previous day closing price on BSE. |
| Jan 3, 2019 @ 12:15:35 - Corporate announcement for concluding discussions with Hosokawa Alpine AG, Augsburg a German machine manufacturer for powder and particle processing technology for the manufacture of premium grade proppants for fracturing deeper and hotter gas and geothermal oil wells close to downhole conditions | On Jan 02, 2019 the scrip closed 1.89% above its previous day closing price on BSE and on Jan 03, 2019 the scrip closed 1.85% above its previous day closing price on BSE and on Jan 04, 2019 the scrip closed 1.82% above its previous day closing price on BSE. |
| Jan 15, 2019 @ 16:32:07 - Corporate announcement for commencing plant implementation of UNIT-1 at industrial area, Boronada, Jodhpur and UNIT-2 At Kaparda District: Jodhpur - front views. | On Jan 14, 2019 the scrip closed 1.86% above its previous day closing price on BSE and on Jan 15, 2019 the scrip closed 1.83% above its previous day closing price on BSE and on Jan 16, 2019 the scrip closed 1.79% above its previous day closing price on BSE. |
| Feb 09, 2019 @ 13:19:23 - Unaudited standalone Financial results for the Quarter (Q3) and Nine Months ended December 31, 2018 | No trade on Feb 09, 2019 (Saturday - Trading Holiday) On Feb 08, 2019 the scrip closed 1.98% above its previous day closing price on BSE and On Feb 11, 2019, the scrip closed 1.94% above its previous day closing price on BSE. |
| Feb 27, 2019 @ 09:29:45 - Corporate announcement for updating the present status of issuance of mining license - on 26th February 2019, mining engineer, jodhpur has issued instruction letter bearing no. 7424 to superintending geological scientist, mines & geo-science department, jodhpur to submit its survey for estimated quantity of granite deposit of Khasra no. 10/2 for issuance of mining license as per raj. Government guidelines dated 8th august 2018. | On Feb 26, 2019 the scrip closed 1.97% above its previous day closing price on BSE and on Feb 27, 2019 the scrip closed 1.93% above its previous day closing price on BSE and on Feb 28, 2019 the scrip closed 1.89% above its previous day closing price on BSE. |

| Brief details of Corporate Announcement | Impact on Price of the scrip of VPGL |
|---|---|
| March 11, 2019 @ 11:21:33 - Corporate announcement for updating the present status of issuance of mining license - on 8th march, 2019, mining engineer, government of Rajasthan has issued mining license bearing no. KHA/JO/AAPAR/Khatedari/2019-20/2492 for mining the granite queries from Kaparda, (Bilara) mines | On March 08, 2019 the scrip closed 1.95% above its previous day closing price on BSE and on March 11, 2019 the scrip closed 1.91% above its previous day closing price on BSE and on March 12, 2019 the scrip closed 1.98% above its previous day closing price on BSE. |
| March 18, 2019 @ 09:12:03 - Corporate announcement for updating the present status of placing the orders of plant and machinery valuing Rs. 86.72 crore for manufacture of premium grade proppants. | On March 15, 2019 the scrip closed 1.98% above its previous day closing price on BSE and on March 18, 2019 the scrip closed 1.94% above its previous day closing price on BSE and on March 19, 2019 the scrip closed 1.90% above its previous day closing price on BSE. |
| March 22, 2019 @ 15:03:09 - Corporate announcement for a meeting with TATNEFT for equity participation and for fixing the share price to part finance the ongoing projects of the company. A meeting is organized on 17th April, 2019 in Frankfurt, Germany | On March 20, 2019 the scrip closed 1.96% above its previous day closing price on BSE and on March 22, 2019 the scrip closed 1.93% above its previous day closing price on BSE and on March 25, 2019 the scrip closed 1.98% above its previous day closing price on BSE. |
| April 02, 2019 @ 19:13:51 - Corporate announcement for promoter share selling for partly financing the plant & machinery orders for producing proppants through off market sale of 1,14,96,980 share on 31st March, 2019. These shares will not be offered for re-sale in the market by the financier | On April 01, 2019 the scrip closed 1.97% above its previous day closing price on BSE and on April 02, 2019 the scrip closed 1.93% above its previous day closing price on BSE and on April 03, 2019 the scrip closed 1.98% above its previous day closing price on BSE. |
| April 17, 2019 @ 22:37:08 - Corporate announcement for the meeting held today in Frankfurt with TATNEFT (investor) for raising USD 15.00 million to part finance the premium grade proppant project through equity participation as per SEBI Guidelines. | No trade on April 17, 2019 (Mahavir Jayanti - Tradig Holiday) On April 16, 2019 the scrip closed 1.94% above its previous day closing price on BSE and On April 18, 2019 the scrip closed 1.97% above its previous day closing price on BSE. |

73. I also note from SCN that the circuit limit on the scrip of VPGL during the IP was 5% from June 26, 2018 till September 04, 2018 and 2% from September 05, 2018 during the remaining part of IP. It was observed during investigation that the price of the scrip moved positively around the circuit limits on trading days relevant to the corporate announcements.

74. Therefore, it was alleged in the SCN that the price of the scrip of VPGL had significantly increased post the positive corporate announcements during the IP till end of April 2019. The said alleged misleading corporate announcements were one of major factors in increasing the price of the scrip of VPGL. The price of the scrip started falling since first week of May 2019 as there was no tangible progress on the future looking corporate announcements made by the company and Late Bajrang Dass Aggarwal had also sold

almost all his shares (1,14,96,980 shares) in VPGL in off-market (Corporate Announcement date: April 02, 2019).

75. With regard to the above said facts on making non-genuine disclosures to the exchange by the company amounting to fraud on account of unfair trade practice and violation of PFUTP violations, I rely on the observations made by the Hon'ble SAT in matter of **V. Natarajan vs. SEBI** (Order dated June 29, 2011 in Appeal No. 104 of 2011) wherein it is stated:

"... we are satisfied that the provisions of Regulations 3 and 4 of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 were violated. These regulations, among others, prohibit any person from employing 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 an exchange. They also prohibit persons from engaging in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities that are listed on stock exchanges. These regulations also prohibit persons from indulging in a fraudulent or unfair trade practice in securities which includes publishing any information which is not true or which he does not believe to be true. Any advertisement that is misleading or contains information in a distorted manner which may influence the decision of the investors is also an unfair trade practice in securities which is prohibited. The regulations also make it clear that planting false or misleading news which may induce the public for selling or purchasing securities would also come within the ambit of unfair trade practice in securities." (Emphasis supplied)

76. In this regard Noticee No. 1 and 2 have submitted that all the corporate announcements of VPGL were signed by late B.D. Aggarwal and they were not involved in the daily affairs and management of the company. Further, they stated that they were not part of any discussion in the board. Multiple entities have deposed that late B.D. Aggarwal was managing the affairs and acting on behalf of VPGL.

77. With regard to the above contention that they were not involved in the day to day affairs and management of the company, I note from the SCN that VPGL has conducted 11

Board Meetings during the FY 2018-19 and 5 board meeting during FY 2019-20 which were attended by all the six directors of the company with 100% attendance. Therefore, I note that the executive directors/promoters of VPGL viz. late B D Aggarwal, Bimla Devi Jindal (Noticee No.1) and Kamini Jindal (Noticee No.2) attended all Board Meetings during the IP and thus, were involved in the affairs of the company.

- **Disposal of shares by Promoter and Directors of VPGL**

A. Off-market disposal of shares of VPGL

78. I note from SCN that during investigation documents available in MCA database were perused and it was discovered therein that Amit Babbar, Girish Kansal, Nir Singh Sindhu, Sarabati Devi and Late Mr. B.D. Aggarwal, *inter alia*, were allotted the shares of VPGL in preferential allotment made by the company on September 15, 2008. The shareholding of Mr. B.D. Aggarwal in VPGL for the quarter ending September 2018 was 1,15,12,280 (As per BSE website).

79. Further, it was observed during investigation that late B D Aggarwal and some of his related entities had disposed of their shares of VPGL in off-market during the IP. The details of the same are as follows:

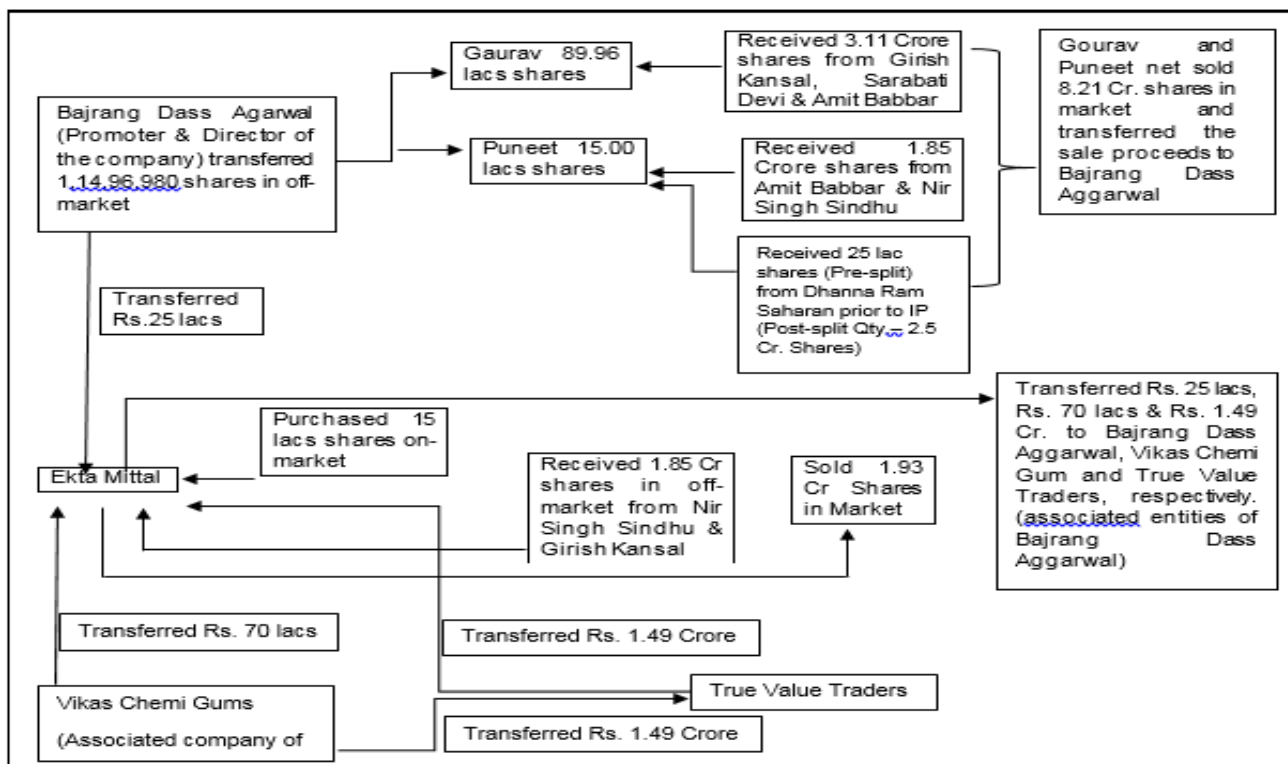
| S. N. | Date | Source Client Name | Target Client Name | Source Client BOID | Target Client BOID | No. of shares allotted* | Transferred Qty. |
|-------|------------|-----------------------|--------------------|--------------------|--------------------|-------------------------|------------------|
| 1. | 01/01/2019 | Bajrang Dass Aggarwal | Puneet | IN30133019413414 | 1208160004371835 | 7,00,000 | 15,00,000 |
| 2. | 01/01/2019 | Bajrang Dass Aggarwal | Gourav | IN30133019413414 | 1208160014491813 | | 35,00,000 |
| 3. | 03/01/2019 | Bajrang Dass Aggarwal | Sanjay Pareek | IN30133019413414 | 1201210100777109 | | 5,00,000 |
| 4. | 03/01/2019 | Bajrang Dass Aggarwal | Shweta Pareek | IN30133019413414 | 1201210100777132 | | 5,00,000 |
| 5. | 04/01/2019 | Bajrang Dass Aggarwal | Gourav | IN30133019413414 | 1208160014491813 | | 50,00,000 |
| 6. | 04/01/2019 | Bajrang Dass Aggarwal | Gourav | IN30133019413414 | 1208160014491813 | | 4,96,980 |
| TOTAL | | | | | | | 1,14,96,980 |
| 7. | 24/10/2018 | Nir Singh Sindhu | Vikas Garg HUF | 1201910103144390 | 1208240000004134 | 19,00,000 | 10,00,000 |
| 8. | 24/10/2018 | Nir Singh Sindhu | Rajesh Garg HUF | 1201910103144390 | 1208240000018198 | | 10,00,000 |
| 9. | 24/10/2018 | Nir Singh Sindhu | Puneet | 1201910103144390 | 1208160004371835 | | 85,00,000 |
| 10. | 24/10/2018 | Nir Singh Sindhu | Ekta Mittal | 1201910103144390 | 1201770101189766 | | 85,00,000 |
| TOTAL | | | | | | | 1,90,00,000 |

| S. N. | Date | Source Client Name | Target Name | Client | Source Client BOID | Target Client BOID | No. of shares allotted* | Transferred Qty. |
|--------------|------------|----------------------------|------------------|--------|--------------------|--------------------|-------------------------|--------------------|
| 11. | 09/10/2018 | Amit Babbar | Puneet | | IN30051315406366 | 1208160004371835 | 26,50,000 | 1,00,00,000 |
| 12. | 02/04/2019 | Amit Babbar | Gourav | | IN30133020081334 | 1208160014491813 | | 1,90,000 |
| TOTAL | | | | | | | | 1,01,90,000 |
| 13. | 23/01/2019 | Sarabati Devi [^] | Gourav | | 1201910103144445 | 1208160014491813 | 21,00,000 | 2,10,00,000 |
| TOTAL | | | | | | | | 2,10,00,000 |
| 14. | 28/11/2018 | Girish Kansal | Gourav | | 1201910103155820 | 1208160014491813 | 22,00,000 | 1,00,00,000 |
| 15. | 19/11/2018 | Girish Kansal | Ekta Mittal | | 1201910103155820 | 1201770101189766 | | 1,00,00,000 |
| 16. | 19/11/2018 | Girish Kansal | Rajesh Kumar HUF | | 1201910103155820 | 1207080000051170 | | 10,00,000 |
| TOTAL | | | | | | | | 2,10,00,000 |

*Number of shares is prior to the splitting of shares in 1:10 ratio on June 22, 2018.

[^]The shares of Sarabati Devi were received by Gourav through transmission upon her death pursuant to the Hon'ble Disst. And Sessions Court, Sriganagar, Rajasthan order.

80. Further, it was discovered during investigation that the above mentioned entities also had fund transactions with late B D Aggarwal and his related entities prior to and pursuant to the disposal of the shares of VPGL in the market on BSE. A brief diagram of the fund transfers is as under:



81. I note from SCN that the entities viz. Amit Babbar, Girish Kansal and Nir Singh Sindhu were employed by late B D Aggarwal in his group company viz. Vikas WSP Limited where late B D Aggarwal, was the Promoter as well as Chairman cum Managing Director. Confirming the employment of Amit Babbar, Vikas WSP Limited, also submitted during investigation that he was the Chief Engineer (Production) in Vikas WSP Limited. However, in the same submission, Vikas WSP Limited, denied that Girish Kansal and Nir Singh Sindhu were its employees.

B. Transactions in the account of Amit Babbar, Girish Kansal, Nir Singh Sindhu and Sarabati Devi

82. The aforesaid 4 entities aided Late B.D. Aggarwal in carrying out the fraudulent scheme by transferring the shares of VPGL in off market and diverting the funds to the account of Late B.D. Aggarwal. Their role, as observed during the investigation, is tabulated below:

| | Amit Babbar | Girish Kansal | Nir Singh Sindhu | Sarabati Devi |
|--|---|--|---|--|
| Relation with B.D. Aggarwal | Employee in Vikas WSP Ltd. during IP where B.D. Aggarwal was Promoter and CMD | Employee in Vikas WSP Ltd. during IP where B.D. Aggarwal was Promoter and CMD | Employee in Vikas WSP Ltd. during IP where B.D. Aggarwal was Promoter and CMD | Shared common address i.e. “123, Vinoba Basti, Shri Ganganagar, Rajasthan” |
| Shareholding of VPGL | Allotted shares through preferential allotment made by VPGL on September 15, 2008 | | | |
| Dealing in the shares of VPGL | Off market sold shares to Gourav and Puneet without consideration | Off market transferred shares to Ekta Mittal, Gourav and Rajesh Kumar HUF* | Off market transferred shares to Ekta Mittal, Vikas Garg HUF* and Rajesh Kumar HUF | On her death, 2,10,00,000 shares were transmitted to Gourav vide a Court Decree |
| Movement of Funds | Gourav and Puneet transferred the sale proceeds of the shares to the account of B.D. Aggarwal | Transferred the consideration received from off market sale to Bimla Devi’s (wife of Mr. B.D. Aggarwal) bank account | Transferred the consideration received from off market sale to Mr. B.D. Aggarwal’s bank account | Gourav transferred the sale proceeds of the shares to the bank accounts of Mr. B.D. Aggarwal and Bimla Devi. |
| Submisison during investigation | <i>“I have not paid any amount to the Company for</i> | <i>“I have no information regarding whether</i> | <i>“I did not make any payment for acquisition of the</i> | Sarabati Devi died on |

| | | | | |
|---|--|--|--|--------------------|
| regarding preferential allotment | <i>allotment of these shares. I was working with Vikas WSP Limited and Mr. B. D. Aggarwal credited with these shares to my account without any consideration."</i> | <i>these shares were allotted or transferred by the company or by Mr. Bajrang Dass Aggarwal... I am a poor person and work for merely 15000/- salary so I never used any funds to purchase or acquire these shares."</i> | <i>said shares of VPGL and does not know how these shares were allotted to him. I was just a Peon in Vikas WSP Ltd. and the funds involved are way beyond my means."</i> | February 28, 2014. |
|---|--|--|--|--------------------|

83. From the SCN, I also note that the aforesaid entities submitted that late B.D. Aggarwal, being their employer, took signed cheques and DIS slips from them.

C. Transactions in the account of Bajrang Dass Aggarwal (B.D. Aggarwal)

84. It was observed that late B D Aggarwal transferred shares in off-market to Puneet (Noticee No.3), Gourav (Noticee No.4), Sanjay Pareek and Shweta Pareek during the period from January 01, 2019 to January 04, 2019. With regard to the transfer of these shares, VPGL made a corporate announcement on BSE on April 02, 2019 (details provided in preceding paragraphs) which was signed by late B D Aggarwal, *inter-alia*, stating that he had sold 1,14,96,980 shares to meet out the funding shortfall of plant and machinery orders for procuring proppants and these shares will not be offered as resale in the market.

85. However, I note that, not only Puneet (Noticee No.3), Gourav (Noticee No.4), Sanjay Pareek and Shweta Pareek sold the said shares in the market but also Puneet and Gourav transferred the sale proceeds to late B D Aggarwal. The details of the same are mentioned in later paragraphs. Supporting the said observation, VPGL submitted during investigation that it did not receive any money from late B D Aggarwal for plant and machinery. Therefore, I note that late B D Aggarwal deliberately made wrong disclosure on the stock exchange platform.

D. Sale of shares of VPGL in the market and transfer of sale proceeds to late B D Aggarwal

86. As mentioned in the preceding paragraphs, the entities viz. Puneet (Noticee No.3) and Gourav (Noticee No.4) who received shares in off-market from late B D Aggarwal and his related entities, sold these shares in market and transferred the sale proceeds to late B D Aggarwal. The details are placed below:

- **Sale of Shares by Puneet (PAN - CMNPP7587E) (Noticee No. 3)**

87. I note from SCN that Puneet received a total of 2,00,00,000 shares of VPGL during the IP from late B D Aggarwal and his associated entities *i.e.* 15,00,000 shares from Bajrang Dass Aggarwal, 85,00,000 shares from Nir Singh Sindhu and 1,00,00,000 shares from Amit Babbar.

88. Puneet net-sold 4,19,40,000 shares of VPGL during the IP through his trading account with Zerodha Broking Ltd. The details are as under:

| CLIENT NAME | BUY_TRADED_QTY | BUY VALUE (Rs.) | SELL_TRADED_QTY | SELLVALUE |
|-------------|----------------|-----------------|-----------------|-------------|
| Puneet | 2,89,289 | 4,37,433 | 4,22,29,289 | 6,84,46,776 |

89. As per the bank account statement of Puneet in A/c No. 0000003696xxxxx7114 (State Bank of India) which was linked with his trading account in Zerodha Broking Ltd., I note from SCN that he transferred the proceeds from sale of shares to late B D Aggarwal in his A/c No. 3959xxxxx9059 in Punjab National Bank and to Bimla Devi Jindal(Noticee No1) in her A/c No. 3959xxxxx1170 in Punjab National Bank during the IP. The brief details of bank transactions during the IP are as under:

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

90. Thus, I note that Puneet transferred Rs.11.44 Crore to late B D Aggarwal and Rs.5 lakh to Bimla Devi Jindal during the IP out of funds it received from Zerodha Broking Ltd. against sale of shares in his trading account including shares of VPGL worth Rs.6.84 Crore sold by him during the IP.

91. However, I note that Puneet submitted in his statement during investigation and vide reply to the SCN that his paternal uncle Late Shri Ram was operating his account and he does not know anything about the transactions in the shares of VPGL in his account.

However, I note from SCN that Puneet has carried out transactions in the scrip of VPGL even after the death of Mr. Shri Ram. The details of the same are:

| Name of Entity | Years | Month | Sell Qty. on NSE | Sell Qty. on BSE |
|----------------|-------|-------|------------------|------------------|
| Puneet | 2022 | Jul | 17,82,500 | 22,17,500 |

92. The aforesaid depicts his control over the said account. In support of his contention, Puneet has not submitted any document to demonstrate that his accounts were opened and operated without his knowledge by his paternal uncle. Further, he has not denied signing any of the documents. Thus, I note that his trading pattern clearly indicates that he was fully aware and dealt in the scrip of VPGL during the IP.

- **Sale of Shares by Gourav (PAN - BULPG4710P) (Noticee No. 4)**

93. It was observed that Gourav had received a total of 4,01,86,980 shares of VPGL during the IP from late B D Aggarwal and his associated entities *i.e.* 89,96,980 shares from late B D Aggarwal, 1,90,000 shares from Amit Babbar, 1,00,00,000 shares from Girish Kansal and 2,10,00,000 shares from Sarabati Devi.

94. Gourav net-sold 4,01,86,980 shares of VPGL during the IP through his trading account with Zerodha Broking Ltd. The details are as under:

| Client Name | Buy_Traded_Qty | Buy Value (Rs.) | Sell_Traded_Qty | Sell Value (Rs.) |
|-------------|----------------|-----------------|-----------------|------------------|
| Gourav | 5,00,000 | 12,43,173 | 4,06,86,980 | 23,39,28,733 |

95. Further I note that, as per the bank A/c No. 1946xxxxx1101 (Punjab National Bank) of Gourav which was linked with his trading account in Zerodha Broking Ltd., it was observed that he transferred the proceeds from sale of shares to late B D Aggarwal in his A/c No. 3959xxxxx9059 (Punjab National Bank) to Bimla Devi Jindal (Noticee No.1) in her A/c No. 3959xxxxx1170 (Punjab National Bank) during the IP. The brief details of bank transactions during the IP are as under:

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

96. Thus, Gourav transferred Rs.21.36 Crore to late B D Aggarwal and Rs.5 lakh to Bimla Devi Jindal during the IP out of funds it received from Zerodha Broking Ltd. against sale of shares in his trading account including shares of VPGL worth Rs.23.39 Crore sold by him during the IP.

97. In this regard, Noticee No. 3 and 4 have submitted that their paternal uncle Late Shri Ram had opened and was operating their account and they have denied being aware about anything related to the said transactions in the shares of VPGL from their accounts. However, I note from SCN that Gourav had carried out transactions in shares even after the death of Shri Ram. The details are placed below:

| Date | Scrip Name | Buy Qty. (NSE) | Sell Qty. (NSE) |
|------------|-----------------------------|----------------|-----------------|
| 10/11/2021 | Vikas WSP Limited | - | 66,685 |
| 16/06/2022 | Kotak Mahindra Bank Limited | 25 | - |
| 15/09/2022 | Infosys Limited | 50 | - |

98. From the above observation, I note that his trading pattern, subsequent to the demise of late Shri Ram clearly indicates that he was fully aware about the existence of his account and dealt in the scrip of VPGL during the IP. Moreover, in support of his contention, Gourav has not submitted any document to demonstrate that his accounts were opened and operated without his knowledge by his paternal uncle nor he denied signing the documents.

- **Sale of Shares by Ekta Mittal (PAN - DOEPM8683E) (Noticee No.5)**

99. I note from SCN that Ekta Mittal (Noticee No. 5) had received a total of 1,85,00,000 shares of VPGL during the IP from the associated entities of late B D Aggarwal *i.e.* 85,00,000 shares from Nir Singh Sindhu and 1,00,00,000 shares from Girish Kansal. Further, Nir Singh Sindhu and Girish Kansal transferred the sale proceeds from the said off-market transaction to late B D Aggarwal and Bimla Devi Jindal, respectively. In this regard, she has submitted that she had purchased shares in off market as well as through online market as per her research and feedback received about the company and sold it anonymously over the trading system of the exchange. Ekta Mittal has further submitted that she had paid due consideration amount for the shares purchased by her in off market, unlike other entities where no amount was paid.

100. I note from SCN that Ekta Mittal had submitted during investigation that she took loan for buying shares of VPGL in off-market from below mentioned entities which was later repaid by her.

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

101. From the above, I note that Ekta Mittal received Rs.25 lakhs directly from late B D Aggarwal (Jindal) and Rs.70 lakhs from Vikas Chemi Gums (India) Limited which is controlled by late B D Aggarwal wherein he held 65.12% shareholding. Further, Ekta Mittal had received large sum of Rs.1.49 crore from True Value Traders (associated entity of late B.D. Aggarwal). True Value Traders (A/c No. 1940xxxxx83686 in Punjab National Bank) received the entire amount of Rs.1.49 crore that it transferred to Ekta Mittal from Vikas Chemi Gums (India) Limited. The details are as under:

| Tran. Date | Tran. Particular | Cr. (Rs.) (Funds received by True Value Traders) | Dr. (Rs.) (Funds transferred by True Value Traders) |
|------------|------------------|--|---|
| 29/10/2018 | Vikas Chemi Gums | 4,50,000 | |
| 29/10/2018 | Vikas Chemi Gums | 20,50,000 | |
| 29/10/2018 | Ekta Mittal | | 25,00,000 |
| 29/10/2018 | Vikas Chemi Gums | 15,00,000 | |
| 29/10/2018 | Ekta Mittal | | 15,00,000 |
| 27/11/2018 | Vikas Chemi Gums | 65,00,000 | |
| 27/11/2018 | Ekta Mittal | | 65,00,000 |
| 27/11/2018 | Vikas Chemi Gums | 44,00,000 | |
| 27/11/2018 | Ekta Mittal | | 44,00,000 |
| | TOTAL | 1,49,00,000 | 1,49,00,000 |

102. Ekta Mittal has also submitted that her father, Parvinder Mittal, was social friend of late B D Aggarwal since past 15-20 years. As part of normal business practice, the father of Ekta Mittal was taking friendly loan from time to time from various known persons including Late B.D. Aggarwal. Similarly, the said amount of Rs. 25 Lakhs was received from Late B.D. Aggarwal.

103. Further, it was submitted that Girish Kansal and Nir Singh Sindhu were employees in a company of late B D Aggarwal and they transferred shares to Ekta Mittal on the instruction of late B D Aggarwal. She also submitted that she purchased as well as later sold the shares in market on BSE as advised by late B D Aggarwal. Further, late B D Aggarwal had given Ekta Mittal (Noticee No.5) the advice that the shares of VPGL will give good returns in short period of time and also gave her Rs.25 lakh as loan for purchase of the shares. Companies' financial performance was also good during 2017-2019.
104. Ekta Mittal net-sold 1,78,00,000 shares of VPGL during the investigation period through her trading account with HEM Securities Ltd. and A C Aggarwal Share Brokers Pvt. Ltd. The details are as under:

| Client Name | Buy Traded Qty | Buy Value (Rs.) | Sell Traded Qty | Sell value (Rs.) |
|-------------|----------------|-----------------|-----------------|------------------|
| Ekta Mittal | 15,00,000 | 21,00,000 | 1,93,00,000 | 5,18,94,000 |

105. Ekta Mittal (A/c No. 0356xxxxx3897 and 0356xxxxx6425 in Punjab National Bank), transferred back Rs.25 lakh to late B D Aggarwal, Rs.70 lakh to Vikas Chemi Gum and Rs.1.14 Crore to True Value Traders out of the on market sale proceeds from the shares of VPGL. The details are as under:

| Transaction Date | Funds Transferred From | Funds Transferred To | Amt. (Rs.) | Total (Rs.) |
|------------------|------------------------|-----------------------|------------|-------------|
| 01/12/2018 | 0356104000146425 | Bajrang Dass Aggarwal | 25,00,000 | 25,00,000 |
| 01/12/2018 | 0356104000146425 | Vikas Chemi Gum | 30,00,000 | 70,00,000 |
| 01/10/2018 | 0356104000093897 | Vikas Chemi Gum | 40,00,000 | |
| 14/11/2018 | 0356104000093897 | True Value Traders | 40,00,000 | 1,14,00,000 |
| 29/11/2018 | 0356104000093897 | True Value Traders | 9,00,000 | |
| 14/12/2018 | 0356104000093897 | True Value Traders | 15,00,000 | |
| 07/01/2019 | 0356104000093897 | True Value Traders | 30,00,000 | |
| 01/02/2019 | 0356104000093897 | True Value Traders | 20,00,000 | |

106. Lastly, she submitted that the aforesaid loans were also repaid by her after arranging the funds by selling the shares in the market. Late B.D. Aggarwal sold off market shares to her through Nir Singh Sindhu and Girish Kansal as he was in need of funds for the company. The off market transactions took place at the prevailing market price of the scrip, hence it was real and genuine. Further, it was submitted that the only reason to buy shares of VPGL in off market was to save charges and statutory duties. It was also contended that, if Ekta Mittal was the conduit of late B.D. Aggarwal then she would not have paid the consideration for purchasing the shares from late B.D. Aggarwal and also

later repaid her loans. Also, she could have sold her shares of VPGL at later stage when the scrip reached to the rate of Rs. 17.85, instead she sold that at the price ranging between Rs. 2.01 to Rs. 7.63. Rather the Noticee No.5 was a gullible investor who got influenced by the rosy picture created by Late B.D. Aggarwal.

107. The contention of the Noticee No.5 is devoid of any merit as the argument of the Noticee No.5 that only on friendly terms loans of such high value were provided without any documentation and interest, does not sound convincing. Moreover, the loans were also received by the Noticee No.5 from Late B.D. Aggarwal and his related entities for the purchase of shares from B.D. Aggarwal's associated entities, with the objective to off load the same in the market and the same was in furtherance of the scheme created by late Mr. B.D. Aggarwal.
108. I also want to underscore the fact that Noticee No.5 allegedly took heavy loans from market (including from Mr. B.D. Aggarwal) (Rs.2.97 Cr.) and invested in the equities, which is a high-risk security. The said Noticee predominately traded in the scrips of VPGL and Vikas WSP during IP (Late Mr. B.D. Aggarwal was promoter of both the companies) and booked huge profits. Further, I note from SCN, by the said trades in scrip the Noticee had made an unlawful gain to the tune of Rs. 1,28,65,000/-. As admitted, the father of the Noticee was social friend of late Mr. B.D. Aggarwal and also received advice from him to trade in the scrip.
109. With regard to Noticee No. 1 and 2, I note that, a company being a juristic person, acts through its board of directors. All its deeds and functions are the result of acts of its board of directors. Therefore, directors of a company who are responsible for acts done in the name of the company are sought to be made personally liable for acts which result in violation of laws. The directors of the listed companies have greater responsibility as they have access to inside information such as the financial position of the company, annual accounts, business developments etc., and they take major decisions on behalf of the company, which affects the investors.
110. Kamini Jindal (Noticee No.2), vide her email dated December 26, 2022, has submitted the following with regard to her and her mother's role in the company:

“...My mother being uneducated manages household work, I had completed my studies in Sociology from Chandigarh in year 2015, in between I got married in year 2013. I was elected MLA in year 2013. In year 2015 I gave birth to my elder son and my second child was born in 2019, my husband has transferable posting. Against this background I want to state that neither me nor my mother looked after any business affairs in our family, it was my father Late Sh.B. D. Aggarwal who manages all the business affairs, being only two other members in the family beside my father, my father made us directors, the reason/details best known to him. I never participated in any type of business at any time, neither I was signatory anywhere nor I understand any of the business nuances. After the demise of my father I resigned from directorship from two companies Vikas WSP Ltd. and Vikas Proppant and Granite limited in year 2021...”

111. Kamini Jindal has claimed that she was not involved in any type of business of the company as she was busy as MLA and her household work. However, she did not resign as Director during her tenure as MLA and also continued to be Director of the company even after the death of her father (on September 21, 2020) till June 23, 2021.
112. As observed in Paragraph 47 above that Noticee No.1 and 2 alongwith late B.D. Aggarwal, were involved in the affairs of the company. Further, the corporate announcement dated April 17, 2019 was signed by Bimla Devi Jindal. Moreover, the funds from off-market sale of shares from the account of Girish Kansal were received by Bimla Devi Jindal.
113. Therefore, I note that the company and its directors, viz. Bajrang Dass Aggarwal (Director), Bimla Devi Jindal (Chairman and Managing Director) and Kamini Jindal (Director) have made mis-representations in its financial statements and made misleading corporate announcements, which was an artifice to create artificial market for the shares of the company and to attract unsuspecting investors into trading in the shares of the company. It is established that by creating artificial market of the shares, the promoters and their related entities offloaded substantial quantity of shares of the company in the market to their advantage.
114. The Hon’ble Supreme Court while interpreting the definition of *fraud* in **Kanaiyalal Baldevbhai Patel** (*supra*) have held that any inducement to trade in the securities shall amount to fraud.

115. From the aforesaid, I note that, Noticees nos. 1 and 2, viz. Bimla Devi (Noticee no. 1) and Kamini Jindal (Noticee no. 2) alongwith Late B.D. Aggarwal, being executive directors/promoters of the company were in charge and responsible for the day to day affairs of VPGL during the IP and are liable for the acts and omissions of the company.
116. The fraudulent and pre-meditated plan or artifice of VPGL, its directors/promoters and the aforementioned Noticees connected with the directors/promoters were exposed fully when the said Noticees (Gourav, Puneet and Ekta Mittal) offloaded their shares in the market at a price artificially inflated as a result of the fraudulent and misleading announcements made by the company during the period 14/08/2018 to 17/04/2019. In other words, the company on the one hand made fraudulent and misleading announcements and on the other hand, facilitated to sell their shares in the market at a price inflated as a result of the said announcements.
117. The timing of the sale of shares by the said Noticees/connected entities coupled with their connection/relation with Late B.D. Aggarwal as explained in the forgoing paragraphs lead to the inescapable conclusion that the company, late B.D. Agarwal and the Noticees, who were connected with the company acted as a group and conspired and connived with one another in order to perpetrate the fraudulent scheme of manipulation at the cost of innocent investors.
118. In the instant matter, the whole array of events commencing from the pooling of shares through preferential allotment of December 2008 (who were connected/related to late B.D. Agarwal), publishing of misleading and distorted corporate announcements by the company and its directors which induced investors to buy the shares of the company and fraudulent off-loading of shares by Noticee No. 3,4,5 and late Mr. B.D. Agarwal was premeditated and orchestrated by the group consisting of the company and its promoters/ directors in concert with the aforementioned Noticees and other connected entities. The same was done with the sole intention to offload the shares of VPGL, so that innocent and un-informed investors would be induced by the positive news and thereby purchase shares of VPGL at a price inflated as a result of the misleading corporate announcements. The said Noticees offloaded around 8 crore shares for a profit of around Rs.24 crores during the IP. The cogent and convincing trail of events as detailed in the preceding paragraphs conclusively establish the charges of

manipulative and fraudulent activities on the part of the Noticees, which are in clear violation of the provisions of PFUTP Regulations, 2003.

119. It was also alleged from the submissions made by various entities in the matter and the copies of majority of the corporate announcements being signed by late Mr. B.D. Aggarwal that he was the mastermind/ kingpin behind the abovementioned modus-operandi to manipulate the scrip of VPGL. However, the role of other directors of VPGL viz. Noticee No. 1 and 2, who were Managing Director and Executive Director of VPGL respectively during the IP cannot be ruled out. Further, the Noticees facilitated Late B.D. Aggarwal by way of transferring the funds/ trading in shares.

120. In **N. Narayanan v. SEBI** [(2013) 12 SCC 152], the Supreme Court observed that Section 12-A of the SEBI Act read with Regulations 3 and 4 of the PFUTP Regulations, 2003 specifically aim to curb market manipulations which can have an adverse effect on investor confidence and the healthy growth of the securities market. It held:

“33. Prevention of market abuse and preservation of market integrity is the hallmark of securities law. Section 12-A read with Regulations 3 and 4 of the 2003 Regulations essentially intended to preserve “market integrity” and to prevent “market abuse”. The object of the SEBI Act is to protect the interest of investors in securities and to promote the development and to regulate the securities market, so as to promote orderly, healthy growth of securities market and to promote investors’ protection. Securities market is based on free and open access to information, the integrity of the market is predicated on the quality and the manner on which it is made available to market. “Market abuse” impairs economic growth and erodes investor’s confidence. Market abuse refers to the use of manipulative and deceptive devices, giving out incorrect or misleading information, so as to encourage investors to jump into conclusions, on wrong premises, which is known to be wrong to the abusers. The statutory provisions mentioned earlier deal with the situations where a person, who deals in securities, takes advantage of the impact of an action, may be manipulative, on the anticipated impact on the market resulting in the “creation of artificiality”. The same can be achieved by inflating the company’s revenue, profits, security deposits and receivables, resulting in price rise of the scrip of the company. Investors are then lured to make their “investment decisions” on those

manipulated inflated results, using the above devices which will amount to market abuse.”

121. Thus, VPGL and its Promoters and Directors viz. Bajrang Dass Aggarwal (Director), Bimla Devi Jindal (Chairman and Managing Director) and Kamini Jindal (Director) are responsible for deploying the aforesaid fraudulent scheme/device to induce the investors into buying the scrip of VPGL and in turn allow its Promoters to dispose-off their large quantity of shares of VPGL in the market through their related/ associated entities. Therefore, I note that VPGL and its Promoters and its Directors viz. Bajrang Dass Aggarwal (Director), Bimla Devi Jindal (Chairman and Managing Director) and Kamini Jindal (Director) have violated Section 12 A (a), (b), (c) of SEBI Act, 1992 r/w Regulations 3 (a), (b), (c), (d), 4(1) and 4(2) (a), (e), (f), (k) & (r) of PFUTP Regulations.
122. Further, I note that Puneet, Gourav and Ekta Mittal acted as conduits in the fraudulent scheme/device deployed by the promoters and directors of VPGL to manipulate the scrip of VPGL and facilitated the Promoters of VPGL to sell large quantities of their shares to the genuine gullible investors. Therefore, it is established that Puneet, Gourav and Ekta Mittal have violated Section 12 A (a), (b), (c) of SEBI Act, 1992 r/w Regulations 3 (a), (b), (c), (d), 4(1) & 4(2) (a) of PFUTP Regulations.

II. Regarding alleged Violations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

123. Regulation 4 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as ‘LODR Regulations’), inter-alia, state that:

“Principles governing disclosures and obligations.

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

(a) ...

(b)...

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

(d)...

(e)The listed entity shall ensure that disseminations made under provisions of these regulations and circulars made thereunder, are adequate, accurate, explicit, timely and presented in a simple language.

(f)...

(g)...

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

..."

124. It has been established in the previous paragraphs of this order that, VPGL made several corporate announcements during IP which were non-genuine as the company has failed to provide sufficient supporting documents w.r.t. the same. In this regard, I would like to quote the observations of the Hon'ble Supreme Court of India in the matter of **Shri N. Narayanan vs. SEBI** (*supra*), wherein it was observed that - "... *Company though a legal entity cannot act by itself, it can act only through its Directors. They are expected to exercise their power on behalf of the company with utmost care, skill and diligence.*" Therefore, I note that by making misleading/ non-genuine corporate announcements during the IP, the company and its Directors viz. Late Bajrang Dass Aggarwal (Director), Bimla Devi Jindal (Chairman and Managing Director)(Noticee No.1) and Kamini Jindal (Director) (Noticee No.2) have violated Regulation 4 (1) of the LODR Regulations, 2015.

- **Role of Compliance Officer in misleading Corporate Announcements by VPGL**

125. I note from SCN that Praveen Bishnoi (Noticee No. 8) was Company Secretary and Compliance Officer in the company during the IP. The said Noticee had also submitted in his statement during investigation that he was appointed as a Compliance Officer in VPGL on June 01, 2017.

126. During the IP, I note from SCN that most of the misleading corporate announcements made on BSE were signed by Late Bajrang Dass Aggarwal. However, it was also observed that a few corporate announcements e.g. announcement dated August 14, 2018 was signed by the said Noticee being a Company Secretary and Compliance Officer of VPGL.

127. I note that Regulation 6 of the LODR Regulations states that:

“Compliance Officer and his Obligations

6. (1) A listed entity shall appoint a qualified company secretary as the compliance officer.

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

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

(b) ...

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

...”

128. With regard to his role in the company, I note that, Praveen Bishnoi submitted in his aforesaid statement that *“My job profile included work related to general compliance of the company, regulatory filings in exchanges and other obligations as per the provisions of Companies Act, 2013 and SEBI Act.”* He also submitted that, he had simply followed the instructions of Late Sh. B.D. Aggarwal, cannot be held responsible for ensuring compliance with the securities laws, he had signed corporate announcement only once under instruction of Late B.D. Aggarwal.

129. In view of the above, I note that the compliance officer of VPGL failed to ensure that correct procedures were followed in VPGL so that the disclosures made by the company on stock exchanges were correct, authentic and comprehensive and also signed on certain misleading corporate announcements without application of mind. Further, he also failed in ensuring that the company was in conformity with the regulatory provisions applicable on it in letter and spirit. Therefore, Praveen Bishnoi (Noticee No.8), Company Secretary and Compliance Officer failed to carry out responsibilities entrusted upon him as the compliance of VPGL and thus, by failing to carry out his job diligently as compliance officer of VPGL, Praveen Bishnoi has aided the Promoters and Directors of VPGL in deploying the aforesaid fraudulent scheme/device to allow them to dispose-off their large quantities of shares of VPGL in the market through their related/ associated entities.

130. In view of the same, I note that, Noticee No.8 has violated the provisions of Regulation 6 (2) of the LODR Regulations and Section 12A (a), (b) & (c) of the SEBI Act 1992 r/w Regulation 3 (b), (c), (d) and 4 (1) of the PFUTP Regulations.

III. Regarding alleged Non-Compliance of the provisions of SAST Regulations

a. For alleged violation of Regulation 3(1) of the SAST Regulations.

131. As observed above, VPGL had allotted 32,50,00,000 fully paid-up equity shares on preferential basis having face value of Re.1/- each at the price of Rs.2.50/- each to the promoters & non-promoters on December 28, 2018. Further, it was observed that one of the existing promoter of the company at that time viz. Bajrang Dass Aggarwal was already holding 1,15,12,280 shares of VPGL. The details are placed below:

| S.N. | Name | PAN No. | Category | No. of Shares held pre-allotment | No. of shares allotted | % shareholding pre-pref. issue | % of shareholding post pref. issue |
|---------------------------|-----------------------|------------|--------------|----------------------------------|------------------------|--------------------------------|------------------------------------|
| 1 | Bajrang Dass Aggarwal | ACHPJ9024A | Promoter | 1,15,07,280 | Nil | 6.351% | 2.27% |
| 2 | Kamini Jindal | AMIPJ8101H | Promoter | 5,000 | 1,35,00,000 | 0.003% | 2.67% |
| 3 | Bimla Devi Jindal | ABSPJ6495R | Promoter | Nil | 10,00,00,000 | Nil | 19.76% |
| TOTAL PROMOTER | | | | | | | 24.70% |
| 4 | Kanta Devi | BAMPD7042J | Non-Promoter | Nil | 10,50,00,000 | Nil | 20.74% |
| 5 | Komal | DSSPK2912L | Non-Promoter | Nil | 10,65,00,000 | Nil | 21.04% |
| 6 | Puneet | CMNPP7587E | Non-Promoter | 73,442 | Nil | | |
| TOTAL NON-PROMOTER | | | | | | | 41.78% |
| TOTAL | | | | | 32,50,00,000 | | |

132. From the SCN, I note that, Kanta Devi (Noticee No.6), Komal Kanta Devi (Noticee No.7) and Puneet (Noticee No. 3) were considered as *Persons Acting in Concert (PAC)* in terms of Regulation 2(1)(I) of the SAST Regulations. The said conclusion was arrived on the basis of following observations:

- a. Reference was made to Regulation 2(1)(q)(2)(v) of SAST Regulations, which states "**Persons acting in concert**" (PACs) includes – "**immediate relatives**" who are deemed to be persons acting in concert unless the contrary is established. Further, in terms of Regulation 2(1)(I) of the SAST Regulations, "**immediate**

relative” means any spouse of a person, and includes parent, brother, sister or child of such person or of the spouse.

- b. From the KYC documents collected during investigation and from the statement recordings of Komal, Kanta Devi and Puneet it was observed in the SCN that Komal is the Daughter and Puneet is the son of Kanta Devi and Madan Lal Gupta. Thus, Komal, Kanta Devi and Puneet are *immediate relatives* in terms of the Regulation 2(1)(l) of the SAST Regulations.
- c. From the statement recordings, I note that Komal had submitted vide email dated January 09, 2023 that her family had disowned her subsequent to her marriage in 2010 and she was having good relations only with her paternal uncle Late Shri Ram. Both Kanta Devi and Komal submitted that their relationship was an estranged one and they were not on talking terms. Puneet (brother of Komal) had submitted during investigation that it was his uncle late Shri Ram who had opened his trading account, demat account and bank account and was operating the same. Further, he submitted that his uncle was even holding the debit card and signed chequebook. He denied knowing anything about the transactions in his bank account, demat account and trading account.
- d. Investigation concluded, on the basis of the aforesaid statements that on one hand they have denied having relationship or accepted estranged relationship and on the other hand both of them have also submitted that they both acted as per the instructions/ advice of Shri Ram (who was also their close relative) with respect to the dealings in the scrip of VPGL.
- e. Additionally, I note from SCN that, though Shri Ram passed away on April 14, 2021 (vide email dated December 24, 2022, Puneet had submitted the death certificate of Shri Ram) that both of them have carried out multiple sell transactions in the scrip of VPGL in the year 2022 i.e. after the death of Shri Ram. The brief details of the same are placed below:

| Name of Entity | Years | Month | Sell Qty. on NSE | Sell Qty. on BSE |
|----------------|-------|-------|------------------|------------------|
| Komal | 2022 | Apr | 1,00,000 | - |
| Komal | 2022 | May | 63,50,845 | - |
| Komal | 2022 | Jun | 78,19,691 | 16,42,085 |
| Komal | 2022 | Jul | 7,26,26,590 | 64,60,789 |
| Puneet | 2022 | Jul | 17,82,500 | 22,17,500 |

- f. Since, both Komal and Puneet have carried out transactions in the scrip of VPGL, even after the death of Shri Ram, I note that both of them were fully aware of the dealings in the shares of VPGL during the IP. Thus from SCN, I note that, since they both have also submitted that they acted on the advice/ instructions of Shri Ram, which means that the shares of VPGL were allotted to them for common objective. Hence, Kanta Devi, Komal and Puneet are PACs as per and for the purpose of SAST Regulations.

133. Hon'ble Supreme Court in ***Daiichi Sankyo Company Limited vs Jayaram Chigurupati and Ors.*** [(2010) 7 SCC 449] while examining the concept of PAC held,

“48. To begin with, the concept of “person acting in concert” under Regulation 2(1)(e)(1) is based on a target company on the one side, and on the other side two or more persons coming together with the shared common objective or purpose of substantial acquisition of shares, etc. of the target company. Unless there is a target company, substantial acquisition of whose shares, etc. is the common objective or purpose of two or more persons coming together there can be no “persons acting in concert”. For, de hors the target company the idea of “persons acting in concert” is as irrelevant as a cheat with no one as victim of his deception. Two or more persons may join hands together with the shared common objective or purpose of any kind but so long as the common object and purpose is not of substantial acquisition of shares of a target company they would not comprise “persons acting in concert”.

49. The other limb of the concept requires two or more persons joining together with the shared common objective and purpose of substantial acquisition of shares, etc. of a certain target company. There can be no “persons acting in concert” unless there is a shared common objective or purpose between two or more persons of substantial acquisition of shares, etc. of the target company. For, de hors the element of the shared common objective or purpose the idea of “person acting in concert” is as meaningless as a criminal conspiracy without any agreement to commit a criminal offence. The idea of “persons acting in concert” is not about a fortuitous relationship coming into existence by accident or chance. The relationship can come into being only by design, by meeting of minds between two or more persons leading to the shared common objective or purpose of acquisition or substantial acquisition of shares, etc. of the target company. It is another matter that the common objective or purpose may be in pursuance of an agreement or an understanding, formal or informal; the acquisition of shares, etc. may

be direct or indirect or the persons acting in concert may cooperate in actual acquisition of shares, etc. or they may agree to cooperate in such acquisition. Nonetheless, the element of the shared common objective or purpose is the sine qua non for the relationship of “persons acting in concert” to come into being.

..

57. Whether a person is or is not acting in concert with the acquirer would depend upon the facts of each case. In order to hold that a person is acting in concert with the acquirer or with another person it must be established that the two share the common intention of acquisition of shares of some target company.”

134. The Supreme Court in brief held that two or more persons may join hands together with the shared common objective or purpose of any kind but so long as the common object and purpose is not of a substantial acquisition of shares of a target company they would not comprise persons acting in concert. The Supreme Court further held that there can be no persons acting in concert unless there is a shared common objective or purpose between two or more persons of substantial acquisition of shares of the target company.
135. In this regard, I note from SCN that Puneet (Noticee No. 3), was already holding 73,442 shares of VPGL as on December 28, 2018 i.e. 0.01% shareholding in VPGL. His other related entities viz. Kanta Devi and Komal acquired 41.78% (20.74% + 21.04%) shares through preferential allotment made by the company on December 28, 2018. Thus, the post-preferential issue holding of Kanta Devi, Komal and Puneet together in the company increased to 41.79% as on December 28, 2018 and hence triggered the requirement to make an open offer.
136. It was also observed during the IP that Komal had bank transactions with Gourav (Noticee No. 4) (Son of Kanta Devi and brother of Puneet and Komal) in her HDFC Bank account no. 5010xxxxx5909 even after the death of Shri Ram. Therefore, I note that she was well aware about the transactions in her account and was handling it. Further, as observed from the bank statements, Komal and Gourav had financial relationship even after the death of Shri Ram, hence their submission of estranged relationship between Komal and her parents and family cannot be accepted. The transaction between Komal and Gourav is as under:

| Date | Transaction in Komal's A/c No. | Debit Amt. (Rs.) | Transaction in Gourav's A/c No. | Credit Amt. (Rs.) |
|----------|--|------------------|------------------------------------|-------------------|
| | 50100055465909 | | 1946001500161101 | |
| 08/09/22 | RTGS DR-PUNB0194600-GOURAV-NETBANK, MUM-HDFCR52022090894316637-OTHER | 10,00,000.00 | NRTGS/HDFCR52022090894316637/KOMAL | 10,00,000.00 |

137. Upon concluding that Kanta Devi, Komal and Puneet were PACs and they were transacting on their own or were aware about the transactions done from their accounts, Regulation 3(1) of SEBI (SAST) Regulations, 2011 was attracted upon the said preferential allotment of the shares of VPGL on December 28, 2018, which states the following:

“(1) No acquirer shall acquire shares or voting rights in a target company which taken together with shares or voting rights, if any, held by him and by persons acting in concert with him in such target company, entitle them to exercise twenty-five per cent or more of the voting rights in such target company unless the acquirer makes a public announcement of an open offer for acquiring shares of such target company in accordance with these regulations.”

138. Regarding change in the shareholdings of said Noticees, it was submitted that they were not involved in the day-to-day affairs and management of the company. The said change in the shareholdings occurred due to purchase and sale of shares which was done by Late B.D. Aggarwal/ Late Shri Ram in their names and not by the said Noticees. However, due to said non-disclosure, no gain or advantage has occurred to the Noticee nor any loss or harm caused to the investors. In view of the above, it was stated that it is a settled law that it does not expect a man to do what he cannot possibly perform (*impotentia excusat legem*). At the end, it was submitted that the said violation was only technical and venial in nature and unintentional, hence no penalty may be levied. Hence, I note that the instant violations were admitted by the said Noticees.

139. Therefore, I note that Kanta Devi, Komal and Puneet are PACs in terms of Regulation 2(1)(q) r/w Regulation 2(1)(l) of the SAST Regulations, 2011, and accordingly they were required to make a public announcement of an open offer for acquiring such shares as per Regulation 3 (1) of SAST Regulations, as the percentage of shares acquired by them viz. 41.78% (as PACs) on December 28, 2018 was more than the threshold of 25%. Thus, I note that Kanta Devi, Komal and Puneet, by failing to make an open offer during the IP, have violated the provisions of Regulation 3(1) of the SAST Regulations.

b. For alleged violation of Regulation 29(1) of SAST Regulations.

140. Regulation 29 (1) of the SAST Regulations states that,

“Any acquirer who acquires shares or voting rights in a target company which taken together with shares or voting rights, if any, held by him and by persons acting in concert with him in such target company, aggregating to five per cent or more of the shares of such target company, shall disclose their aggregate shareholding and voting rights in such target company in such form as may be specified.”

Further, as per Regulation 29(3) of the SAST Regulations, the said disclosure shall be made within two working days.

141. As observed above, I note that, Kanta Devi, Komal and Puneet as PACs had *acquired* 41.78% (20.74% by Kanta Devi + 21.04% by Komal) shares of the company upon allotment of the preferential shares on December 28, 2018, which is above the threshold of 5%. It was observed during investigation that no disclosure under Regulation 29(1) read with Regulation 29(3) of the SAST Regulations was made by the said PACs.

142. In view of the above, I note that by failing to make the necessary disclosures, Kanta Devi, Komal and Puneet as PACs, have violated Regulation 29(1) read with Regulation 29(3) of the SAST Regulations.

c. For alleged violation Regulation 29(2) of SAST Regulations.

143. Regulation 29(2) of SAST Regulations requires any person, who together with PAC holds shares or voting rights entitling them to 5% or more of the shares or voting rights in a company, to disclose the number of shares or voting rights held and change in shareholding or voting rights if there has been change in such holdings from the last disclosure made under Regulation 29(1) or 29(2) exceeding 2% of total shareholding of the company. Further, as per Regulation 29(3) of the SAST Regulations, the said disclosure shall be made within two working days to every stock exchange where the shares of the company are listed and to the target company.

144. I note from SCN that one more related entity viz. Gourav who is the son of Kanta Devi and brother of Puneet and Komal had also dealt in the shares of VPGL during the IP. Gourav, inter-alia, submitted with regard to his transactions in the scrip of VPGL in his statement recorded on November 29, 2022 u/s 11C(5) of the SEBI Act, 1992 during investigation that the same was carried out by his late uncle Shri Ram and he had the control over his bank and demat accounts. The said trading account, demat account and bank account were also opened and operated by his Paternal Uncle Shri Ram. He further added, *“He was head of family. He was handling accounts of all family members. We did not have any say in this regard.”*
145. However, during investigation, I note that the trading details of Gourav were examined and it was observed therein that he had carried out multiple transactions in different scrips even after the death of his paternal uncle Shri Ram. The details of same are mentioned in previous paragraphs.
146. Therefore, since Gourav had carried out transactions in shares even after the death of Shri Ram, he was fully aware and had himself dealt in the scrip of VPGL during the IP and hence makes him part of the PAC alongwith Komal, Kanta Devi and Puneet. In addition, he never denied signing any document nor produced any documentary evidence in furtherance of his contentions.
147. Thus I note that Kanta Devi, Komal, Puneet and Gourav are close relatives in terms of the Regulation 2(1)(l) of the SAST Regulations which make them PACs in terms of Regulation 2 (1) (q) the SAST Regulations. However, during the IP, all the said 4 Noticees were not holding and/or dealing in the shares of VPGL for the entire IP. Therefore, based on their holdings and dealings in the shares of VPGL during the IP, following was observed;
- A. Only Puneet held the shares of VPGL as on June 30, 2018 and dealt in the shares alone till November 27, 2018. Therefore, till November 27, 2018, I note that only Puneet was under an obligation to make necessary disclosures under Regulation 29(2) of SAST Regulations.

B. From November 28, 2018 to December 27, 2018, I note that both Puneet and Gourav had dealt in the shares of VPGL. Thus, during this period, Puneet and Gourav, as PACs, were under an obligation to make necessary disclosures under Regulation 29(2) of SAST Regulations.

C. Further, from January 01, 2019, I note that all the 4 Noticees viz. Kanta Devi, Komal, Puneet and Gourav had dealt/ were holding the shares of VPGL, thus, all of them as PACs were under an obligation to make necessary disclosures under Regulation 29(2) of SAST Regulations during this period.

148. The details of their alleged non-compliance with Regulation 29(2) r/w Regulation 29(3) of SAST Regulations is as under:

| Transaction Date | Name of Entity | Holding as on 30/06/2018 | % of Holding as on 30/06/2018 | Off-market / Exchange | Qty. Acquired | Qty. Disposed | Cumulative Shareholding | % of Cumulative Shareholding | % change in shareholding for disclosure trigger | Disclosure required under SAST Reg. | Whether disclosure submitted |
|------------------|----------------|--------------------------|-------------------------------|-----------------------|---------------|---------------|-------------------------|------------------------------|---|-------------------------------------|------------------------------|
| | Puneet | 2200000 | 12.14 | BSE | | | 2200000 | 12.14 | | NA | |
| 03/09/2018 | | | | BSE | | 1700000 | 2030000 | 11.20 | | NA | |
| 04/09/2018 | | | | BSE | | 500000 | 1980000 | 10.93 | | NA | |
| 07/09/2018 | | | | BSE | | 65000 | 1973500 | 10.89 | | NA | |
| 12/09/2018 | | | | BSE | | 800000 | 1893500 | 10.45 | | NA | |
| 14/09/2018 | | | | BSE | | 3400000 | 1553500 | 8.57 | -3.57 | Reg. 29(2) | NO |
| 17/09/2018 | | | | BSE | | 300000 | 1523500 | 8.41 | | NA | |
| 18/09/2018 | | | | BSE | 49901 | 603251 | 1468165 | 8.10 | | NA | |
| 19/09/2018 | | | | BSE | | 1200000 | 1348165 | 7.44 | | NA | |
| 21/09/2018 | | | | BSE | 129388 | 7755121 | 5855917 | 3.23 | -5.34 | Reg. 29(2) | NO |
| 24/09/2018 | | | | BSE | | 300450 | 5555467 | 3.07 | | NA | |
| 25/09/2018 | | | | BSE | | 2005325 | 3550142 | 1.96 | | NA | |
| 26/09/2018 | | | | BSE | | 3300000 | 250142 | 0.14 | | NA | |
| 28/09/2018 | | | | BSE | | 500 | 249642 | 0.14 | | NA | |
| 01/10/2018 | | | | BSE | | 2000 | 247642 | 0.14 | | NA | |
| 03/10/2018 | | | | BSE | | 221500 | 26142 | 0.01 | | NA | |
| 09/10/2018 | | | | Off Market | 1000000 | | 1002614 | 5.53 | +2.30 | Reg. 29(1) | NO |
| 09/10/2018 | | | | BSE | | 100 | 1002604 | 5.53 | | NA | |

| Transaction Date | Name of Entity | Holdin g as on 30/06/2018 | % of Holdi ng as on 30/06/2018 | Off-market / Exchang e | Qty. Acquired | Qty. Dispose d | Cumulati ve Sharehol ding | % of Cumu lative Share holdi ng | % change in sharehol ding for disclosu re trigger | Disclosure required under SAST Reg. | Whether disclosure submitted |
|---|---|---------------------------|--------------------------------|------------------------|---------------|----------------|---------------------------|---------------------------------|---|-------------------------------------|------------------------------|
| 10/10/2018 | | | | BSE | | 2300000 | 7726042 | 4.26 | | NA | |
| 11/10/2018 | | | | BSE | | 1500000 | 6226042 | 3.44 | -2.09 | Reg. 29(2) | NO |
| 12/10/2018 | | | | BSE | | 1600000 | 4626042 | 2.55 | | NA | |
| 17/10/2018 | | | | BSE | 60000 | 0 | 4686042 | 2.59 | | NA | |
| 22/10/2018 | | | | BSE | | 600000 | 4086042 | 2.26 | | NA | |
| 23/10/2018 | | | | BSE | | 1200000 | 2886042 | 1.59 | | NA | |
| 24/10/2018 | | | | Off Market | 8500000 | | 11386042 | 6.28 | +2.84 | Reg. 29(1) | NO |
| 25/10/2018 | | | | BSE | | 1500000 | 9886042 | 5.46 | | NA | |
| 26/10/2018 | | | | BSE | | 3800000 | 6086042 | 3.36 | -2.92 | Reg. 29(2) | NO |
| 29/10/2018 | | | | BSE | | 4100000 | 1986042 | 1.10 | | NA | |
| 30/10/2018 | | | | BSE | 50,000 | 50000 | 1986042 | 1.10 | | NA | |
| 01/11/2018 | | | | BSE | | 1512500 | 473542 | 0.26 | | NA | |
| 07/11/2018 | | | | BSE | | 400000 | 73542 | 0.04 | | NA | |
| Puneet & Gourav as PAC | | | | | | | | | | | |
| Transaction Date | Name of Entity | Holdin g as on 27/11/2018 | % of Holdi ng as on 30/06/2018 | Off-market / Exchang e | Qty. Acquired | Qty. Dispose d | Cumulati ve Sharehol ding | % of Cumu lative Share holdi ng | | Disclosure required under SAST Reg. | Whether disclosure submitted |
| | Puneet & Gourav as PAC | 73542 | 0.04 | | | | | | | | |
| 28/11/2018 | | | | Off Market | 10000000 | 0 | 10073442 | 5.56 | 5.52 | Reg. 29(1) | NO |
| 29/11/2018 | | | | BSE | 500000 | 3050000 | 7523442 | 4.15 | | NA | |
| 03/12/2018 | | | | BSE | 0 | 6495000 | 1028442 | 0.57 | -4.99 | Reg. 29(2) | NO |
| 04/12/2018 | | | | BSE | 0 | 955000 | 73442 | 0.04 | | NA | |
| 10/12/2018 | | | | | | 100 | 73342 | 0.00 | | NA | |
| Kanta Devi, Komal, Puneet and Gourav as PAC | | | | | | | | | | | |
| Transaction Date | Name of Entity | Holdin g as on 31/12/2018 | % of Holdi ng as on 30/06/2018 | Off-market / Exchang e | Qty. Acquired | Qty. Dispose d | Cumulati ve Sharehol ding | % of Cumu lative Share holdi ng | | Disclosure required under SAST Reg. | Whether disclosure submitted |
| | Kanta Devi, Komal, Puneet and Gourav as PAC | 211573442 | 41.80 | | | | 211573442 | | | | |
| 01/01/2019 | | | | BSE | 5000000 | 0 | 216573442 | 42.79 | | NA | |
| 02/01/2019 | | | | BSE | 0 | 2700000 | 213873442 | 42.25 | | NA | |
| 03/01/2019 | | | | BSE | 0 | 1500000 | 212373442 | 41.96 | | NA | |
| 04/01/2019 | | | | Off Market | 5496980 | 800000 | 217070422 | 42.88 | | NA | |
| 07/01/2019 | | | | BSE | 0 | 100 | 217070322 | 42.88 | | NA | |
| 08/01/2019 | | | | BSE | 0 | 2550000 | 214520322 | 42.38 | | NA | |
| 09/01/2019 | | | | BSE | 0 | 1000000 | 213520322 | 42.18 | | NA | |

| Transaction Date | Name of Entity | Holding as on 30/06/2018 | % of Holding as on 30/06/2018 | Off-market / Exchange | Qty. Acquired | Qty. Disposed | Cumulative Shareholding | % of Cumulative Shareholding | % change in shareholding for disclosure trigger | Disclosure required under SAST Reg. | Whether disclosure submitted |
|------------------|----------------|--------------------------|-------------------------------|-----------------------|---------------|---------------|-------------------------|------------------------------|---|-------------------------------------|------------------------------|
| 10/01/2019 | | | | BSE | 0 | 1050000 | 212470322 | 41.98 | | NA | |
| 11/01/2019 | | | | BSE | 0 | 896880 | 211573442 | 41.80 | | NA | |
| 14/01/2019 | | | | BSE | | 100 | 211573342 | 41.80 | | NA | |
| 18/01/2019 | | | | BSE | | 100 | 211573242 | 41.80 | | NA | |
| 23/01/2019 | | | | Off Market | 21000000 | 0 | 232573242 | 45.95 | 4.15 | Reg. 29(2) | NO |
| 25/01/2019 | | | | BSE | 0 | 225000 | 232348242 | 45.90 | | NA | |
| 28/01/2019 | | | | BSE | 0 | 1400000 | 230948242 | 45.63 | | NA | |
| 29/01/2019 | | | | BSE | 0 | 300000 | 230648242 | 45.57 | | NA | |
| 30/01/2019 | | | | BSE | 0 | 400000 | 230248242 | 45.49 | | NA | |
| 31/01/2019 | | | | BSE | 0 | 400000 | 229848242 | 45.41 | | NA | |
| 01/02/2019 | | | | BSE | 0 | 700000 | 229148242 | 45.27 | | NA | |
| 06/02/2019 | | | | BSE | 0 | 1000000 | 228148242 | 45.07 | | NA | |
| 07/02/2019 | | | | BSE | 0 | 1100000 | 227048242 | 44.86 | | NA | |
| 11/02/2019 | | | | BSE | 0 | 1100000 | 225948242 | 44.64 | | NA | |
| 12/02/2019 | | | | BSE | 0 | 500000 | 225448242 | 44.54 | | NA | |
| 13/02/2019 | | | | BSE | 0 | 600000 | 224848242 | 44.42 | | NA | |
| 14/02/2019 | | | | BSE | 0 | 500000 | 224348242 | 44.32 | | NA | |
| 18/02/2019 | | | | BSE | 0 | 600000 | 223748242 | 44.20 | | NA | |
| 19/02/2019 | | | | BSE | 0 | 600000 | 223148242 | 44.09 | | NA | |
| 20/02/2019 | | | | BSE | 0 | 600000 | 222548242 | 43.97 | | NA | |
| 22/02/2019 | | | | BSE | 0 | 800000 | 221748242 | 43.81 | -2.14 | Reg. 29(2) | NO |
| 25/02/2019 | | | | BSE | 0 | 200000 | 221548242 | 43.77 | | NA | |
| 06/03/2019 | | | | BSE | 0 | 300000 | 221248242 | 43.71 | | NA | |
| 07/03/2019 | | | | BSE | 0 | 300000 | 220948242 | 43.65 | | NA | |
| 08/03/2019 | | | | BSE | 0 | 300000 | 220648242 | 43.59 | | NA | |

| Transaction Date | Name of Entity | Holdings as on 30/06/2018 | % of Holdings as on 30/06/2018 | Off-market / Exchange | Qty. Acquired | Qty. Disposed | Cumulative Shareholding | % of Cumulative Shareholding | % change in shareholding for disclosure trigger | Disclosure required under SAST Reg. | Whether disclosure submitted |
|------------------|----------------|---------------------------|--------------------------------|-----------------------|---------------|---------------|-------------------------|------------------------------|---|-------------------------------------|------------------------------|
| 11/03/2019 | | | | BSE | 0 | 600000 | 220048242 | 43.47 | | NA | |
| 12/03/2019 | | | | BSE | 0 | 300000 | 219748242 | 43.41 | | NA | |
| 13/03/2019 | | | | BSE | 0 | 1102000 | 218646242 | 43.20 | | NA | |
| 14/03/2019 | | | | BSE | 0 | 602242 | 218044000 | 43.08 | | NA | |
| 15/03/2019 | | | | BSE | 0 | 800000 | 217244000 | 42.92 | | NA | |
| 20/03/2019 | | | | BSE | 0 | 3104000 | 214140000 | 42.31 | | NA | |
| 22/03/2019 | | | | BSE | 0 | 2475000 | 211665000 | 41.82 | | NA | |
| 25/03/2019 | | | | BSE | 0 | 105000 | 211560000 | 41.80 | -2.01 | Reg. 29(2) | NO |
| 02/04/2019 | | | | Off Market | 190000 | 0 | 211750000 | 41.83 | | NA | |
| 04/04/2019 | | | | BSE | 0 | 190000 | 211560000 | 41.80 | | NA | |

149. In view of the above, it was observed that Kanta Devi, Komal, Puneet and Gourav have violated the provisions of SAST Regulations in making necessary disclosures under SAST Regulations as mentioned below:

- Puneet has failed to make necessary disclosures under SAST Regulations in 6 instances violating Regulation 29(1) (2 instances) & 29(2) (4 instances) r/w Regulation 29(3) of the SAST Regulations. (period till November 27, 2018)
- Puneet & Gourav as PAC had failed to make necessary disclosures under SAST Regulations in 2 instances violating Regulation 29(1) (1 instance) & 29(2) (1 instance) r/w Regulation 29(3) of the SAST Regulations. (period from November 28, 2018 to December 27, 2018)
- Kanta Devi, Komal, Puneet and Gourav as PAC failed to make necessary disclosures under SAST Regulations in 3 instances violating Regulation 29(2) r/w Regulation 29(3) of the SAST Regulations. (period from January 01, 2019)

d. Regarding alleged Non Compliance with open offer requirements by Kanta Devi, Komal, Puneet and Gourav as PACs.

150. In terms of Regulation 3(2) of the SAST Regulations, any acquirer who together with PAC has acquired and holds shares or voting rights in a target company entitling them to exercise twenty-five per cent or more of the voting rights in the target company but less than the maximum permissible non-public shareholding, shall not acquire, within any financial year, additional shares or voting rights in such target company entitling them to exercise more than five per cent of the voting rights, unless the acquirer makes a public announcement of an open offer for acquiring shares of such target company. Further, explanation to Regulation 3(2) of the SAST Regulations states that gross acquisitions shall alone be taken into account regardless of any intermittent fall in shareholding or voting rights. (emphasis supplied)

151. With regard to the said violation, I note from the SCN that the holding of Kanta Devi, Komal, Puneet and Gourav as PACs was 41.80% as on December 31, 2018. The said entities as PACs have been buying and selling shares of VPGL consistently during the financial year 2018-19 and had acquired 6.06% shareholding in VPGL, excluding the intermittent fall in shareholding owing to sale of shares. The details are as under:

| Date of transaction | Holding of PAC as on Dec. 31, 2018 (% shareholding) | Name of PAC member who acquired shares of VPGL | Net Qty. acquired | Total shares held excluding intermittent fall | % change gross shareholding excluding intermittent fall |
|---------------------|---|---|-------------------|---|---|
| | 211573442 (41.80%) | | | | |
| 01/01/2019 | | Puneet (1500000 - off-market buy) Gourav (3500000 - on-market buy) | 5000000 | 216573442 | 0.99 |
| 04/01/2019 | | Gourav Off-market buy 5496980 On-market sale 800000 ----- Net Buy 4696980 | 4696980 | 217070422 | 0.93 |
| 23/01/2019 | | Gourav (off-market) | 2100000 0 | 232573242 | 4.15 |
| TOTAL | | | | | 6.06 |

152. Therefore, I note that Kanta Devi, Komal, Puneet and Gourav as PAC were required to make an open offer for acquiring shares of VPGL in terms of Regulation 3(2) of the SAST Regulations. However, they have failed to do so, and has violated Regulation 3(2) of the SAST Regulations.

e. Regarding alleged Non-compliance under Regulation 30(1) of SAST Regulations by Kanta Devi, Komal and Puneet.

153. The Regulation 30 (1) of the SAST Regulations states that,

“Every person, who together with persons acting in concert with him, holds shares or voting rights entitling him to exercise twenty-five per cent or more of the voting rights in a target company, shall disclose their aggregate shareholding and voting rights as of the thirty-first day of March, in such target company in such form as may be specified.”

154. Further, as per Regulation 30(3) of the SAST Regulations, the said disclosure shall be made within seven working days from the end of each financial year to every stock exchange where the shares of the company are listed and to the company.

155. The details of the shareholding of Kanta Devi, Komal and Puneet as on March 31, 2019 are as under:

| Name of Noticee | No. of shares held as on March 31, 2019 | % shareholding as on March 31, 2019 |
|------------------------|--|--|
| Kanta Devi | 10,50,00,000 | 20.74% |
| Komal | 10,65,00,000 | 21.04% |
| Puneet | 60,000 | 0.01% |
| TOTAL | | 41.79% |

156. From the above table, it can be seen that Kanta Devi, Komal and Puneet as PAC held more than 25% shareholding in VPGL as on March 31, 2019, however, I note from SCN that no disclosure under Regulation 30(1) read with Regulation 30(3) the SAST Regulation was made by the said PAC. Therefore, I note that Kanta Devi, Komal and Puneet as PACs by failing to make the necessary disclosures have violated the provisions of Regulation 30(1) read with Regulation 30(3) of the SAST Regulation.

f. Regarding alleged Non-Compliance with disclosures under SAST Regulations by Noticee No. 1 and 2

157. I note from the SCN that the number of shareholders in the promoter category of VPGL underwent changes during the IP. During this period the promoters' shareholding increased from 1,15,12,280 shares (6.35% shareholding) in QE September 2018 to 12,50,12,280 shares (24.70% shareholding) in QE December 2018. Thus, the shareholding of the promoter group increased by 18.35% during QE September 2018

to QE December 2018, which is more than 2% threshold prescribed under Regulation 29(2) of SAST Regulations. Also, the number of promoters increased from 1 to 3 during the same period. The details of the same are placed below:

| S.N. | Name of Promoters | QE September 2018 | | QE December 2018 | |
|------|-----------------------|--------------------|----------------|---------------------|----------------|
| | | No. of Shares | % Shareholding | No. of Shares | % Shareholding |
| 1 | Bajrang Dass Aggarwal | 1,15,12,280 | 6.35% | 1,15,07,280 | 2.27% |
| 2 | Bimla Devi Jindal | Nil | Nil | 10,00,00,000 | 19.76% |
| 3 | Kamini Jindal | Nil | Nil | 1,35,05,000 | 2.67% |
| | TOTAL | 1,15,12,280 | 6.35% | 12,50,12,280 | 24.70% |

158. Further, I also note that there was a decrease of 2.27% in the promoters' shareholding from QE December 2018 to QE March 2019. During the said period, the promoters' shareholding decreased from 12,50,12,280 to 11,35,15,300 shares i.e. from 24.70% to 22.43% of total shareholding. However, as per SCN, there was no change in the share capital of the company during the said period. The details of the change in the shareholding of the promoters of VPGL between QE December 2018 and QE March 2019 are as under:

| S.N. | Name of Promoters | QE December 2018 | | QE March 2019 | |
|------|-----------------------|---------------------|----------------|---------------------|----------------|
| | | No. of Shares | % Shareholding | No. of Shares | % Shareholding |
| 1 | Bajrang Dass Aggarwal | 1,15,07,280 | 2.27% | 10,300 | 0.002% |
| 2 | Bimla Devi Jindal | 10,00,00,000 | 19.76% | 10,00,00,000 | 19.756% |
| 3 | Kamini Jindal | 1,35,05,000 | 2.67% | 1,35,05,000 | 2.668% |
| | TOTAL | 12,50,12,280 | 24.70% | 11,35,15,300 | 22.43% |

159. As stated in the previous paragraphs of this order, I note that late B.D. Aggarwal had transferred 1,14,96,980 shares of VPGL in off-market to certain entities during January 2019. Consequently, his shareholding in the company reduced from 1,15,17,280 shares as on December 31, 2018 to 10,300 shares as on January 04, 2019.

160. In this regard I refer to Regulations 2(1)(q)(2) (iv) and (v) of SAST Regulations which defines "*Persons acting in concert*" which includes – "*promoters and members of the promoter group*" and "*immediate relatives*", respectively, as deemed to be persons acting in concert unless the contrary is established. Further, as per Regulation 2(1)(l) of the SAST Regulations "*immediate relative*" means any spouse of a person, and includes parent, brother, sister or child of such person or of the spouse. As observed in the paragraphs above, Late Bajrang Dass Aggarwal, Bimla Devi Jindal (Noticee

No.1) and Kamini Jindal (Noticee No.2) are members of the Promoter Group. In addition to that Noticee No.1 is spouse of Late B.D. Aggarwal and Noticee No.2 is their daughter (adopted). Therefore, I note that Bimla Devi and Kamini Jindal fall under the category of PAC alongwith Late Mr. B.D. Aggarwal.

161. It was observed that the said PACs viz. Late Mr. Bajarang Das Aggarwal, Bimla Devi Jindal and Kamini Jindal were already holding 6.35% shares in the company, which is more than the threshold of 5% shareholding, as on September 30, 2018. The details of disclosures made by the promoter entities as PAC under Regulation 29 (2) r/w Regulation 29 (3) of the SAST Regulations are as under:

| SN | Date | No of shares held - pre Acquisition | % holding pre-acquisition | Debit (disposal) | Credit (acquisition) | Closing (post acquisition/disposal) | % holding post-acquisition | Net Cumulative change in holding | Trigger under R. 29(2) of SAST Reg | Status of Disclosure u/r 29(2) of SAST Reg |
|----|------------|-------------------------------------|---------------------------|------------------|----------------------|-------------------------------------|----------------------------|----------------------------------|------------------------------------|--|
| 1. | 30/09/2018 | 1,15,12,280 | 6.35% | - | | 1,15,12,280 | 6.35% | 0.00% | | |
| 2. | 28/12/2018 | 1,15,12,280 | 6.35% | | 11,35,00,000 | 12,50,12,280 | 24.70% | 18.35% | Yes | No disclosure made by PAC |
| 3. | 01/01/2019 | 12,50,12,280 | 24.70% | 50,00,000 | | 12,00,12,280 | 23.71% | 0.99% | No | |
| 4. | 03/01/2019 | 12,00,12,280 | 23.71% | 10,00,000 | | 11,90,12,280 | 23.51% | 1.19% | No | |
| 5. | 04/01/2019 | 11,90,12,280 | 23.51% | 54,96,980 | | 11,35,15,300 | 22.43% | 2.27% | Yes | Delayed disclosure by PAC on 03/04/2019 |

162. Thus, it can be seen from the above table that no disclosure under Regulation 29(2) r/w Regulation 29(3) of the SAST Regulation was made by the PACs with regard to the acquisition of shares on December 28, 2018 in preferential allotment. Further, disclosure in respect of the aforesaid transaction of disposal of shares of VPGL by Late B.D. Aggarwal triggered on January 04, 2019, however, the required disclosure was made by the PACs on April 03, 2019 (vide letter dated April 02, 2019) i.e. after a delay of 3 months.

163. Therefore, I note that the members of the said PACs viz. Bimla Devi Jindal and Kamini Jindal have violated Regulation 29(2) r/w Regulation 29(3) of the SAST Regulations on 2 occasions.

g. Regarding non-compliance with disclosures under SAST Regulations by Noticee No.5

164. From the SCN, I note that trading details of Noticee No.5 were examined, on the basis of that I note from SCN that Noticee No.5 had acquired as well as disposed of large quantities of shares of VPGL during the IP which triggered disclosure requirements under the SAST Regulations. The details of the transactions carried out by Ekta Mittal and disclosures, thereof, are as under:

| Transaction Date | Name of Entity | PAN | Holding as on June 30, 2018 | % of Holding as on 30/06/2018 | Off-market / Exchange | Qty. Acquired | Qty. Disposed | Cumulative Shareholding | % of Cumulative Shareholding | % change in shareholding for disclosure trigger | Disclosure required under SAST Reg. | Whether disclosure submitted |
|------------------|----------------|-------------|-----------------------------|-------------------------------|-----------------------|---------------|---------------|-------------------------|------------------------------|---|-------------------------------------|------------------------------|
| 26/09/2018 | Ekta Mittal | DOEP M8683E | 0 | 0 | BSE | 1500000 | 0 | 1500000 | 0.83 | | NA | |
| 24/10/2018 | | | | | Off-market | 8500000 | 0 | 10000000 | 5.52 | +5.52 | Reg. 29(1) | NO |
| 09/11/2018 | | | | | BSE | 0 | 3500000 | 6500000 | 3.59 | -1.93 | NA | |
| 19/11/2018 | | | | | Off-market | 1000000 | 0 | 16500000 | 9.11 | +5.52 | Reg. 29(1) | NO |
| 19/11/2018 | | | | | BSE | 0 | 1000000 | 15500000 | 8.56 | | NA | |
| 20/11/2018 | | | | | BSE | 0 | 2000000 | 13500000 | 7.45 | | NA | |
| 21/11/2018 | | | | | BSE | 0 | 1000000 | 12500000 | 6.90 | -2.21 | Reg. 29(2) | NO |
| 22/11/2018 | | | | | BSE | 0 | 1500000 | 11000000 | 6.07 | | NA | |
| 26/11/2018 | | | | | BSE | 0 | 2000000 | 9000000 | 4.97 | | NA | |
| 27/11/2018 | | | | | BSE | 0 | 2000000 | 7000000 | 3.86 | -3.04 | Reg. 29(2) | NO |

165. From the above I note that said Noticee had failed to make necessary disclosures under Regulation 29(1) r/w Regulation 29(3) of the SAST Regulation and also had failed to make necessary disclosures under Regulation 29(2) r/w Regulation 29(3) of the SAST Regulations. Therefore, I note that Noticee No.5, by failing to make the necessary

disclosures within the prescribed time period, has violated the provisions of Regulation 29(1) and 29(2) r/w Regulation 29(3) of the SAST Regulations.

IV. Regarding alleged non-compliance with the provisions of spot delivery mentioned in Securities Contracts (Regulation) Act, 1956

166. In this regard, I note that, for an off-market transaction to be considered as valid, it has to fall under the scope/ definition of 'spot delivery contract' as specified under Section 2(i)(a) of Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as "SCRA") r/w Section 13, 16, 18 & 28 of SCRA and SEBI Notification No. LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013. Spot Delivery Contract as defined under SCRA:

Section 2 (i) - Spot Delivery Contract

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

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

(b) transfer of the securities by the depository from the account of a beneficial owner to the account of another beneficial owner when such securities are dealt with by a depository;

167. It was alleged in the SCN that Puneet, Gourav and Ekta Mittal (Noticee No. 3, 4 and 5 respectively) have not paid the full consideration, as mentioned in the DIS slips in terms of the provisions of SCRA, for the shares of VPGL purchased by them in off-market. The details of the off-market transfer of shares made by the Bajrang Dass Aggarwal and his related entities during the IP and the corresponding payment details wherein the full consideration as mentioned in the DIS slips has allegedly not been paid by the transferees viz. Noticee No. 3,4 and 5 in terms of the aforesaid provisions of SCRA are as under.

| S.N. | Date of transaction | Name of transferor (From) | Transferor demat a/c no. | Name of transferee (To) | Transferee demat a/c no. | Transferred Qty. | Consideration mentioned in DIS | Date receipt of Payment by transferor | Consideration received by transferor (in Rs.) | Relevant documents |
|------|---------------------|---------------------------|--------------------------|-------------------------|--------------------------|------------------|--------------------------------|--|--|--|
| 1. | 01/01/2019 | Bajrang Dass Aggarwal | IN30133019413414 | Puneet | 1208160004371835 | 15,00,000 | 55,65,000 | 05/01/2019 | 56,00,059 | a.Relevant extract of Bank A/c statements |
| 2. | 01/01/2019 | Bajrang Dass Aggarwal | IN30133019413414 | Gourav | 1208160014491813 | 35,00,000 | 1,29,85,000 | 05/01/2019 09/01/2019 10/01/2019 | 44,80,000 37,11,000 31,00,000 | of Puneet, Gourav & B D Aggarwal |
| 3. | 04/01/2019 | Bajrang Dass Aggarwal | IN30133019413414 | Gourav | 1208160014491813 | 54,96,980 | 2,11,75,000 | 11/01/2019 15/01/2019 16/01/2019 31/01/2019 | 98,00,000 84,65,000 38,10,000 84,50,000 | indicating bank transaction between them |
| | | | | | | | ----- 3,41,60,000 | | TOTAL-- 4,18,16,000 | b.DIS Slips |
| 4. | 24/10/2018 | Nir Singh Sindhu | 1201910103144390 | Puneet | 1208160004371835 | 85,00,000 | 1,42,80,000 | NIL | NIL | a.Reply of Nir Singh Sindhu. b.Extract of bank statement of Nir Singh Sindhu & Puneet on relevant dates. c.DIS Slip |
| 5. | 24/10/2018 | Nir Singh Sindhu | 1201910103144390 | Ekta Mittal | 1201770101189766 | 85,00,000 | 1,42,80,000 | 26/10/2018 30/10/2018 31/10/2018 | 50,00,000 25,00,000 44,00,000 | a.Reply dated 04.11.2022 of Ekta Mittal. b.Extract of bank statement of Ekta Mittal and Nir Singh Sindhu c.DIS Slips |
| | | | | | | | | | TOTAL - 1,19,00,000 | |
| 6. | 09/10/2018 | Amit Babbar | IN30051315406366 | Puneet | 1208160004371835 | 1,00,00,000 | 1,50,00,000 | NIL | NIL | a.Reply of Amit Babbar b.DIS Slip |
| 7. | 02/04/2019 | Amit Babbar | IN30133020081334 | Gourav | 1208160014491813 | 1,90,000 | 23,02,800 | NIL | NIL | a.Reply of Amit Babbar b.DIS Slip |
| 8. | 28/11/2018 | Girish Kansal | 1201910103155820 | Gourav | 1208160014491813 | 1,00,00,000 | 2,49,00,000 | 04/12/2018 | 64,00,000 | a.Extract of bank statement of Girish Kansal and Gourav on relevant dates. b.Reply of Girish Kansal. c.DIS Slip |

| S.N. | Date of transaction | Name of transferor (From) | Transfer or demat a/c no. | Name of transferee (To) | Transfer ee demat a/c no. | Transferred Qty. | Consideration mentioned in DIS | Date receipt of Payment by transferor | Consideration received by transferor (in Rs.) | Relevant documents |
|------|---------------------|---------------------------|---------------------------|-------------------------|---------------------------|------------------|--------------------------------|--|--|--|
| 9. | 19/11/2018 | Girish Kansal | 1201910103155820 | Ekta Mittal | 1201770101189766 | 1,00,00,000 | 2,25,00,000 | 20/11/2018 20/11/2018 26/11/2018 27/11/2018 27/11/2018 27/11/2018 | 25,00,000 25,00,000 23,00,000 68,00,000 65,00,000 44,00,000 ----- TOTAL - 2,50,00,000 | a.Reply dated 04.11.2022 of Ekta Mittal. b.Reply of Girish Kansal c.Extract of bank statement of Ekta Mittal & Girish Kansal d.DIS Slip |

168. In view of the above, I note that Puneet, Gourav and Ekta Mittal (Noticee No. 3, 4 and 5) have violated the provisions of Section 2(i)(a) of SCRA read with Section 13, 16 & 18 of SCRA and SEBI Notification No. LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013 by not paying the full consideration as mentioned in the DIS slips.

Issue No.2 - If the violations alleged against the Noticees have been established, what directions are required to be issued and what is the amount of monetary penalty that is required to be imposed on the Noticees?

169. Since the violations against the Noticees have been established, I shall now deal with the instant issue as under:

Unlawful gains made by the Promoters and conduits

170. VPGL and its Promoters and Directors viz. Bajrang Dass Aggarwal (Director), Bimla Devi Jindal (Chairman and Managing Director) and Kamini Jindal (Director) deployed the aforesaid fraudulent scheme/device to induce the investors into buying the scrip of VPGL thereby increasing the price of the scrip. Further, the Promoters and their related entities transferred large quantity of shares to certain related entities of the Promoters who in turn disposed the shares in market and transferred the entire or part of the sale proceeds to the Late Bajrang Dass Aggarwal and his related entities. Moreover, certain shares were disposed by Promoter through their related entities in off-market.

171. During the IP, the misleading corporate announcements were observed to have been made from August 14, 2018 (post market close at 16:41:42 IST). Therefore, the actual worth of the shares in the account of the Promoter Late B D Aggarwal and their related entities, which they transferred in off market, has been taken at the rate of the closing price of the scrip at BSE on August 14, 2018. Therefore, the cost of acquisition of such shares has been taken as Rs. 1.01 i.e. closing price of VPGL on August 14, 2018 on BSE which is also very close to the face value of the shares i.e. Re.1/-.
172. Regarding the aforesaid observation, I note that, none of the Noticees have furnished any material evidence indicating the cost at which the shares were obtained. The Noticee No. 1, 2 vide their respective replies have stated that there is no logic on the part of SEBI for taking acquisition price/purchase price (for the shares received through off-market) as Rs.1.01/- per share. They have also contended that the off-market deals had taken place at or around the prevailing market rates and not Rs.1.01/-per share. In this regard, it is noted that during the course of investigation and during the hearing, the Noticees were asked to provide material/documents such as bank statements, transfer details etc. in order to substantiate that their off-market deals had indeed taken place at prevailing market rates. None of the said Noticees provided any material documents such as bank statements, etc. indicating the price at which the shares were purchased. In the absence of the same, I am left with no option but to concur with the SCN about the purchase price of the shares acquired through off-market at Rs. 1.01/- per share (face value of the share) in order to compute the profit made by late Mr. B.D. Aggarwal by offloading the shares in the market.
173. As the shares have been disposed by the Promoters through their conduits in market as well as off-market, the calculations for unlawful gains made through disposal of shares in market and off-market has been calculated separately.
174. Shares received in off-market during the IP and disposal of these shares in market by Puneet, and Gourav who then transferred the sale proceeds to the Promoters.

| Name of Entity | No. of shares net of shares received in off-market from Promoter & related entities | Cost of acquisition @ Rs. 1.01 per share (B= 1.01 x A) (except for starred value) | No. of shares disposed in market during IP (Sell Value in Rs.) | Avg. sell price per share (D=Sell Value / Sell Qty.) | Sell Value of shares acquired in off market (Rs.) (E = A x D) | Unlawful gains (Rs.) (F = E – B) |
|----------------|---|---|---|---|--|-------------------------------------|
| | A | B | C | D | E | F |
| Puneet | 4,20,00,000 | 4,24,20,000 | 4,22,29,289 (6,84,46,776) | 1.62 | 6,80,40,000 | 2,56,20,000 |
| Gourav* | 1,91,86,980 2,10,00,000* ----- 4,01,86,980* | 1,93,78,850 4,41,00,000* ----- 6,34,78,850* | 4,06,86,980 (23,39,28,733) | 5.75 | 23,10,75,135 | 16,75,96,285 |
| TOTAL | | | | | | 19,32,16,285 |

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

175. Disposal of shares in off-market by promoter related entities and transfer of sale proceeds to the Promoters:

| Name of Entity who disposed share in off-market | No. of shares disposed in off-market | Cost of acquisition @ Rs. 1.01 per share (C=1.01 x B) | Sell value as mentioned in DIS slips (Rs.) | Sell value as paid by transferee (Rs.) | Unlawful gains (Rs.) (F = E – C) | Amount transferred to |
|---|--|--|--|--|-------------------------------------|-----------------------|
| A | B | C | D | E | F | |
| Girish Kansal ¹ | 1,00,00,000 10,00,000 10,00,000 ----- Total: 1,20,00,000 | 1,21,20,000 | 2,50,00,000 22,10,000 22,10,000 ----- Total: 2,94,20,000 | 2,50,00,000 22,10,000 22,10,000 ----- Total: 2,94,20,000 | 1,73,00,000 | Bimla devi Jindal |
| Nir Singh Sindhu ² | 85,00,000 10,00,000 10,00,000 ----- Total: 1,05,00,000 | 1,06,05,000 | 1,42,80,000 16,80,000 16,80,000 ----- Total: 1,76,40,000 | 1,19,00,000 16,80,000 16,80,000 ----- Total: 1,52,60,000 | 46,55,000 | B.D. Aggarwal |
| TOTAL | | | | | 2,19,35,000 | |

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

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

176. As per the available records, the sale proceeds from the sale of shares of VPGL by Puneet, Gourav, Girish Kansal and Nir Singh Sindhu were transferred by them to the Promoters (B.D. Aggarwal and Bimla Devi) between October 25, 2018 and June 04, 2019, Therefore, I note from the above that the said Promoters have made unlawful profits of Rs. 21,51,51,285 (Rs. 19,32,16,285 on-market sale + Rs. 2,19,35,000 off-market sale). In this regard Noticee No.1 has submitted that the funds were further

transferred to Late Mr. B.D. Aggarwal and Vikas Chem Gums (India) Limited which was also controlled by late Mr. B.D. Aggarwal as he had 65.12% shareholding. The Noticee submitted following bank transactions through which the funds were transferred:

| S.No. | Date | Amount | Detail |
|--------------|----------|------------------|-------------------------------------|
| 1. | 20/11/18 | 3605000 | Bajrang Jindal 3959002100009059 |
| 2. | 27/11/18 | 25000 | Bajrang Jindal 3959002100009059 |
| 3. | 28/11/18 | 300000 | Bajrang Jindal 3959002100009059 |
| 4. | 29/11/18 | 800000 | Bajrang Jindal 2142101009215 Canara |
| 5. | 30/11/18 | 100000 | Bajrang Jindal 3959002100009059 |
| 6. | 4/12/18 | 400000 | Bajrang Jindal 3959002100009059 |
| 7. | 22/12/18 | 20000 | Bajrang Jindal 3959002100009059 |
| 8. | 27/12/18 | 500000 | Bajrang Jindal 3959002100009059 |
| 9. | 28/01/19 | 220000 | Bajrang Jindal 3959002100009059 |
| TOTAL | | 59,70,000 | |

177. The aforesaid information was verified and it was observed that there was corresponding credit entries in the bank statements of late Mr. B.D. Aggarwal. Hence, I note that it was late Mr. B.D. Aggarwal who received the unlawful gains which has been calculated in the preceding paragraphs.

178. As observed in previous parts of this order, Mr. B.D. Agarwal (Bajrang Das Aggarwal) died on September 21, 2020. The death certificate of late Mr. B.D. Aggarwal was taken on record. Hence, I refer to Section 28B of SEBI Act, 1992 which states:

28B. Continuance of proceedings.

(1) Where a person dies, his legal representative shall be liable to pay any sum which the deceased would have been liable to pay, if he had not died, in the like manner and to the same extent as the deceased: Provided that, in case of any penalty payable under this Act, a legal representative shall be liable only in case the penalty has been imposed before the death of the deceased person.

(2) For the purposes of sub-section (1),—

(a) any proceeding for disgorgement, refund or an action for recovery before the Recovery Officer under this Act, except a proceeding for levy of penalty, initiated against the deceased before his death, shall be deemed to have been initiated against the legal representative, and may be continued against the legal representative from the stage at which it stood on the date of the death of the deceased and all the provisions of this Act shall apply accordingly;

(b) any proceeding for disgorgement, refund or an action for recovery before the Recovery Officer under this Act, except a proceeding for levy of penalty, which could have been initiated against the deceased if he had survived, may be initiated against the legal representative and all the provisions of this Act shall apply accordingly.

(3) Every legal representative shall be personally liable for any sum payable by him in his capacity as legal representative if, while his liability for such sum remains undischarged, he creates a charge on or disposes of or parts with any assets of the estate of the deceased, which are in, or may come into, his possession, but such liability shall be limited to the value of the asset so charged, disposed of or parted with.

(4) The liability of a legal representative under this section shall be limited to the extent to which the estate of the deceased is capable of meeting the liability.

Explanation.—For the purposes of this section “legal representative” means a person who in law represents the estate of a deceased person, and includes any person who intermeddles with the estate of the deceased and where a party sues or is sued in a representative character, the person on whom the estate devolves on the death of the party so suing or sued.

179. In the instant case, Noticee No.1 and 2 being the wife and daughter of late Mr. B.D. Aggarwal are his legal representatives and they are liable to the extent of funds/assets received by them. I further note from SCN that unlawful profit was also made by Ekta Mittal (Noticee No. 5) by acting as conduits in the fraudulent scheme/device deployed by the promoters and directors of VPGL to manipulate the scrip of VPGL. In this regard, Ekta Mittal has stated in her reply dated November 04, 2022 that she has not transferred the on-market sale proceeds to Late Bajrang Dass Aggarwal or his associated/ related entities. Therefore, I note that Ekta Mittal has admittedly kept the unlawful profits to herself and as she being part of the fraudulent scheme of Late Bajrang Dass Aggarwal who facilitated in offloading the shares in market and has made unlawful profits of Rs.1,28,65,000. The details are as under:

| Name of Entity | No. of shares net shares received in off-market from Promoter & related entities | Cost acquisition of (as paid to the transferor by the transferee for shares purchased in off-market) | No. of shares disposed in market during IP (Sell Value in Rs.) | Avg. sell price per share (D=Sell Value / Sell Qty.) | Sell Value of shares acquired in off market (Rs.) (E = A x D) | Unlawful gains (Rs.) (F = E – B) |
|----------------|--|--|--|--|---|----------------------------------|
| | A | B | C | D | E | F |
| Ekta Mittal* | 1,00,00,000 85,00,000 ----- 1,85,00,000 | 2,50,00,000 1,19,00,000 ----- 3,69,00,000* | 1,93,00,000 (5,18,94,000) | 2.69 | 4,97,65,000 | 1,28,65,000 |
| TOTAL | | | | | | 1,28,65,000 |

*Ekta Mittal acquired 1,00,00,000 shares from Girish Kansal and 85,00,000 shares from Nir Singh Sindhu in off-market. Thus, the cost of acquisition has been taken as per the payment made by her to the transferors.

180. I note from the available records that during the IP, Noticee No.5 had traded in the scrip of VPGL between August 24, 2018 and February 27, 2019.
181. The aforementioned fraudulent activities of the company and its directors/promoters along with the entities connected/related to the promoters, such as making misleading and false corporate announcements by a listed company, with a view to increase the price and traded volume in the scrip coupled with the mala fide intention of facilitating the connected/related or group entities to offload their shares at a price artificially increased by the said false announcements are of serious and grave in nature and are inimical to the interests of participants in the securities market. The facts and circumstances detailed in the forgoing paragraphs clearly indicate that all the Noticees acted as a group and conspired and connive with one another in executing the whole scheme of manipulation.
182. As a capital market regulator, SEBI strives to safeguard and protect the interests of a genuine investor in the Indian securities market. Allowing such entities/persons who are found to be involved in such fraudulent, unfair and manipulative practices to continue to operate in the market would shake the confidence of the investors in the securities market. Further, the fraudulent, manipulative and deceptive device, plan and artifice employed by Noticees in this case, not only endanger the interests of investors in securities but also the integrity of securities market as a whole. If such activities are left unchecked, it will give wrong signals to the securities market. I am of also of the view that such fraudulent, manipulative and deceptive acts, device, plan and artifice

employed by the company, its directors/promoters and the Noticees taken together in this case have wider impact on the securities market and should be dealt with sternly.

183. In this regard, it is relevant to refer to the following observations made by the Hon'ble Supreme Court in **N. Narayanan vs. Adjudicating Officer, SEBI** (*supra*) is also noteworthy:

"SEBI, the market regulator, has to deal sternly with companies and their Directors indulging in manipulative and deceptive devices, insider trading etc. or else they will be failing in their duty to promote orderly and healthy growth of the Securities market. Economic offence, people of this country should know, is a serious crime which, if not properly dealt with, as it should be, will affect not only country's economic growth, but also slow the inflow of foreign investment by genuine investors and also casts a slur on India's securities market. Message should go that our country will not tolerate "market abuse" and that the "Rule of Law" governs us. Fraud, deceit, artificiality, SEBI should ensure, have no place in the securities market of this country and 'market security' is our motto. People with power and money and in management of the companies, unfortunately often command more respect in our society than the subscribers and investors in their companies. Companies are thriving with investors' contributions but they are a divided lot. SEBI has, therefore, a duty to protect investors individual and collective, against opportunistic behavior of Directors and Insiders of the listed companies so as to safeguard market's integrity."

184. With regard to the direction to make open offer, I note that, the target company i.e. VPGL, is presently undergoing Corporate Insolvency Resolution Process ("CIRP") under the provisions of Insolvency and Bankruptcy Code, 2016 ("IBC") in terms of the order of Hon'ble National Company Law Tribunal, Chandigarh ("NCLT") dated August 26, 2022. Considering the fact of ongoing CIRP, one concern that may emerge is whether the Noticees (those who are required to make the open offer) upon completion of the open offer, will be able to exercise control over the target company, especially in light of the fact that CIRP is in progress and the Board of the VPGL has been superseded.

185. As provided under section 17 of the IBC, from the date of appointment of the interim resolution professional, the management of the affairs of the corporate debtor shall vest in the interim resolution professional (“IRP”) and the powers of the board of directors of the corporate debtor, shall stand suspended and be exercised by the IRP. Further, section 20 of the IBC authorizes the IRP to manage the operations of the corporate debtor as a going concern. Thereafter, pursuant to appointment of resolution professional (in terms of section 22 of IBC), the resolution professional is authorized under section 23 to conduct the entire CIRP and manage the operations of the corporate debtor during the CIRP period. Further, in terms of section 28 of IBC, during the pendency of CIRP, the RP is required to take prior approval of the committee of creditors before taking any of the actions listed therein, such as, change in capital structure of the corporate debtor, record change in ownership interest of the corporate debtor, permit the disposal of shares of any shareholder of the corporate debtor or their nominees to third parties, etc.
186. The above position regarding control of affairs of the company under IBC has to be juxtaposed with the provisions of Takeover Regulations especially regulation 4, where under the acquirer, along with persons acting in concert, upon completion of the open offer in accordance with the Takeover Regulations, can exercise control over the affairs of the target company. Although, acquisition or holding of shares is not a condition precedent for exercise of such control, but in the present case, as announced in the PA, the acquirers had proposed to acquire control over the target company by virtue of the shares agreed to be purchased from the promoter sellers of the target company along with the shares to be acquired from the shareholders in the open offer.
187. It is noted that under the scheme of IBC, because of the ongoing CIRP, the control of the corporate debtor (VPGL in the present case) shifts from the hands of the shareholders to the creditors, and the IRP / RP exercises control over the affairs of the corporate debtor (the target company) on behalf of the creditors in accordance with the provisions of IBC. Reading the above mentioned provisions of the IBC and the Takeover Regulations together, I find that a harmonious interpretation is required to be accorded to the said provisions, which essentially relate to exercise of control over the corporate debtor / target company, but operate at different stages i.e. before and after the initiation of CIRP. It is clear that pursuant to initiation of CIRP, when the control has

shifted from the shareholders to the creditors, the exercise of control by virtue of shareholding (applicable to a company before initiation of CIRP) is not feasible because of operation of the above discussed provisions of IBC.

188. In my view, the completion of open offer providing an exit opportunity to the eligible shareholders, being in the interest of investors, has to be given precedence over the ability of the acquirer to exercise control over the target company. Accordingly, pursuant to the completion of the said open offer, when the Noticees (liable to complete the open offer) acquire substantial shares in the open offer, but are unable to acquire control of the target company because of the ongoing CIRP, the same has to be viewed as a consequence of delayed compliance with the law, and should not be treated as an excuse to deny the exit opportunity to the shareholders. Further, since the CIRP is ongoing, the Noticees (liable to complete the open offer), for the purpose of completing the open offer, may also be required to coordinate with the RP so that the provisions of IBC including section 28, wherever applicable, are adhered to.
189. It is observed from the SCN that Mr. B D Aggarwal died on September 21, 2020. The death certificate of the Late B D Aggarwal was forwarded to SEBI by his daughter, Kamini, vide email dated December 26, 2022 during the investigation. As per the information obtained from NSDL and CDSL vide emails dated January 10, 2024 with respect to the status of the demat accounts/bank accounts held by Late B D Aggarwal, it is observed that demat account in the name of the late B.D. Aggarwal is still active however there is a suspension for debit. The nominee of his demat account is Noticee No.1. It is further observed that the legal heirs of late Mr. B.D. Aggarwal are Noticee No. 1 and 2. I am therefore of the view that the illegal profit earned by Late B.D. Aggarwal has to be disgorged from the estate of the deceased represented by his legal heirs, viz. Noticee No. 1 and 2 in terms of Section 28B of SEBI Act, 1992. They are liable to the extent of funds/assets received by them.
190. Since the violations against the Noticees are established in the preceding paragraphs, I hereby refer to the judgment of the Hon'ble Supreme Court of India in the matter of **SEBI vs. Shri Ram Mutual Fund** [(2006) 68 SCL 216 (SC)] held that:

“once the violation of statutory regulations is established, imposition of penalty becomes sine qua non of violation and the intention of parties committing such violation becomes totally irrelevant. Once the contravention is established, then the penalty is to follow.”

Directions and Penalty

191. In view of the foregoing, I, in exercise of powers conferred upon me under sections 11(1), 11(4), 11B(1), 11B(2) and 11(4A) read with Section 19 of the SEBI Act , hereby direct the following-

- I. Noticees no.3,4,6 and 7 are directed to take the requisite steps within a period of 15 days from the date of this order to complete the open offer to acquire shares of the target company in accordance with the provisions of the Takeover Regulations and to pay, along with the consideration amount, interest at the rate of 10% per annum from December 28, 2018 to the date of payment of consideration, to the shareholders whose shares are accepted in the open offer.
- II. Noticee No. 1 and 2, being the legal representatives of Late B.D. Aggarwal, shall disgorge the wrongful gain made by Late B.D. Aggarwal i.e. ₹21,51,51,285 along with simple interest @12% per annum from August 26, 2019 till the date of payment. They shall pay the said amount within 45 (forty-five) days from the date of this order.
- III. Noticee No. 5, shall disgorge the wrongful gain made by her i.e. ₹1,28,65,000 along with simple interest @ 12% per annum from February 27, 2019 till the date of payment. She shall pay the said amount within 45 (forty-five) days from the date of this order.
- IV. The Banks, with whom the Noticee No. 1, 2 and 5's accounts lie, are directed that no debit shall be made, without permission of SEBI, in respect of the bank accounts held, by Bimla Devi, Kamini Jindal and Ekta Mittal except for the purposes of compliance of this order.

- V. Noticee No. 1,2 and 5 are also directed not to dispose of or alienate any of their assets/ properties/ securities, till such time the direction of this order is complied with.
- VI. Except for the purpose mentioned in point I, II and III. above, Noticee Nos. 1, 2, 3, 4, 5, 6 and 7 are hereby restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, for a period of **three (3) years** from the date of this order;
- VII. Further, during the period of restraint, the existing holding of securities including the holding of units of mutual funds of the Noticees shall remain frozen;
- VIII. The obligation of the aforesaid debarred Noticees, in respect of settlement of securities, if any, purchased or sold in the cash segment of the recognized stock exchange(s), as existing on the date of this Order, can take place irrespective of the restraint/prohibition imposed by this Order only, in respect of pending unsettled transactions, if any. Further, all open positions, if any, of the Noticees debarred in the present Order, in the F&O segment of the stock exchanges, are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.
- IX. In addition, in exercise of powers conferred upon me under sections 11(4A) and 11B(2), the Noticees are hereby imposed with the following monetary penalties:

| Noticee No. | Name of the Noticee | Penal Provision | Amount (in Rupees) |
|-------------|---------------------|---|-----------------------------|
| 1. | Bimla Devi Jindal | Section 15HA, 15HB and 15A(b) of SEBI Act, 1992. | 7,00,000 (Seven Lakhs) |
| 2. | Kamini Jindal | | 7,00,000 (Seven Lakhs) |
| 3. | Puneet | Section 15HA, 15H (ii) and 15A(b) of the SEBI Act, 1992 | 17,00,000 (Seventeen Lakhs) |

| | | | |
|----|-----------------|--|--------------------------------|
| 4. | Gourav | and Section 23H of the SCRA, 1956. | 17,00,000 (Seventeen Lakhs) |
| 5. | Ekta Mittal | Section 15HA & 15A(b) of SEBI Act, 1992 and Section 23H of the SCRA, 1956. | 7,00,000 (Seven Lakhs) |
| 6. | Kanta Devi | Section 15HA, 15H (ii) and 15A(b) of the SEBI Act, 1992. | 16,00,000 (Sixteen Lakhs) |
| 7. | Komal | | 16,00,000 (Sixteen Lakhs) |
| 8. | Praveen Bishnoi | Section 15HA and 15HB of the SEBI Act, 1992. | 6,00,000 (Six Lakhs) |

192. The amount, as directed to be disgorged in Point II and III above, shall be remitted by Noticees no. 1, 2 and 5 to Investor Protection and Education Fund (IPEF) referred to in Section 11(5) of the SEBI Act, 1992 the payment link for the same is provided on SEBI's website (www.sebi.gov.in). An intimation regarding the payment of said disgorgement amount directed to be paid herein, shall be sent to "The Division Chief, EFD, DRA-1, Securities and Exchange Board of India, SEBI Bhawan, Plot No. C4 A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai –400051".

193. The Noticees shall remit / pay the amount mentioned against their respective names in table above, within 45 days of receipt of this order by using the undermentioned pathway: www.sebi.gov.in/ENFORCEMENT → Orders → Orders of EDs / CGMs → Click on PAY NOW or by using the weblink: <https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html>. The Noticees shall forward the details/confirmation of penalty so paid through e-payment to "The Division Chief, IVD-ID11, Securities and Exchange Board of India, SEBI Bhavan II, Plot no. C-7, "G" Block, Bandra-Kurla Complex, Bandra (E), Mumbai -400 051" and also to e-mail id: tad@sebi.gov.in in the format given in the table below:

| | |
|------------------|--|
| Case Name: | |
| Name of payee: | |
| Date of payment: | |

| | |
|---|--|
| Amount paid: | |
| Transaction no: | |
| Bank details in which payment is made | |
| Payment is made for:(like penalties / disgorgement / recovery / settlement amount and legal charges along with order details) | |

194. This Order shall come into force with immediate effect.

195. A copy of this order shall be sent to the Noticees, recognized Stock Exchanges, Depositories, Banks and Registrar and Transfer Agents for information and compliances.

Date: January 15, 2024

Place: Mumbai

G. RAMAR

CHIEF GENERAL MANAGER

SECURITIES AND EXCHANGE BOARD OF INDIA