

National Stock Exchange of India Circular

Department: Investigation	
Download Ref No: NSE/INVG/62452	Date: June 13, 2024
Circular Ref. No: 339/2024	

To All NSE Members,

Sub: SEBI Interim Order in the matter of SecUR Credentials Ltd.

SEBI vide its order no. WTM/AB/CFD/CFD-SEC-5/30420/2024-25 dated June 13, 2024, has restrained below entities from buying, selling or dealing in the securities market or associating themselves with the securities market, either directly or indirectly, in any manner whatsoever until further orders.

Sr. no.	Name of the Entity	PAN
1	SecUR Credentials Ltd.	AADCA3292Q
2	Rahul Belwalkar	ACAPB6244K

Further, SEBI vide above order has directed that if the entities have any open position in any exchange traded derivative contracts, as on the date of the order, they can close out /square off such open positions within 7 days from the date of this order.

This Order shall come into force with immediate effect.

The detailed order is available on SEBI website (<http://www.sebi.gov.in>).

Further, the consolidated list of such entities is available on the Exchange website <http://www.nseindia.com> home page at the below mentioned link:

<https://www.nseindia.com/regulations/member-sebi-debarred-entities>

Members are advised to take note of the above and ensure compliance.

National Stock Exchange of India

In case of any further queries, members are requested to email us at dl-invsg-all@nse.co.in

Members are advised to take note of the above and ensure compliance.

**For and on behalf of
National Stock Exchange of India Limited**

**Sandesh Sawant
Senior Manager**

ANNEXURE: SEBI Interim Order in the matter of SecUR Credentials Ltd.

SECURITIES AND EXCHANGE BOARD OF INDIA

INTERIM ORDER

UNDER SECTIONS 11(1), 11(4) AND 11B(1) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992

IN RESPECT OF:

S. No.	NOTICEE	PAN
1.	SECUR CREDENTIALS LTD.	AADCA3292Q
2.	RAHUL BELWALKAR	ACAPB6244K

(THE AFORESAID ENTITIES ARE HEREINAFTER REFERRED TO BY THEIR RESPECTIVE NAMES /S. NO. OR COLLECTIVELY AS “**THE NOTICEES**”).

BACKGROUND:

1. Securities and Exchange Board of India (“**SEBI**”) had issued an Interim Order (Order no. WTM/ASB/CFD/CFD–SEC–1/30328/2024–25), against Varanium Cloud Ltd. (“**Varanium**”) (a Company listed on the National Stock Exchange’s SME Platform) and its Promoter /Managing Director, Harshawardhan Hanmant Sabale (“**Sabale**”), on May 10, 2024 (“**Interim Order**”).
2. In the Interim Order, Varanium and Sabale were *prima facie* found to have mis-utilised funds raised by the Company through public offerings. Additionally, they were *prima facie* found to have manipulated the Company’s financial statements (by recording fictitious sales /purchases), for inducing investors into trading in the scrip of the Company. One of the companies with whom Varanium was *prima facie* found to have made fictitious purchases from, was SecUR Credentials Ltd. (“**SecUR /the Company**”), a Company first listed on National Stock Exchange’s SME Platform and thereafter, migrated to the main board of the National Stock Exchange (“**NSE**”) and BSE Ltd. (“**BSE**”). Sabale held 1.22% shareholding in SecUR as on December 31, 2023 and which increased to 17.83% as on March 31, 2024.

3. In light of the *prima facie* findings contained in the Interim Order, SEBI decided to conduct a *suo moto* examination into the affairs of *SecUR* to ascertain whether there were any violations of the provisions of the SEBI Act, 1992 (“**SEBI Act**”), the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (“**PFUTP Regulations, 2003**”) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**”). The period of examination was from April 1, 2020 to March 31, 2024 (“**Examination period**”).

ABOUT *SECUR*:

4. *SecUR* was incorporated on August 14, 2001. Its registered office address is at Shree Kamdhenu Estate Office, 10–17, behind Vibgyor School, Mindspace, Off Link Road, Malad West, Mumbai–400064, Maharashtra. The Company *inter alia* provides employee and loan applicant background verification services along with IT services. The shareholding in *SecUR* for FYs 22 to 24 is provided in the Table below:

TABLE 1: SHAREHOLDING IN <i>SECUR</i>			
CATEGORY	FY 22	FY 23	FY 24
PROMOTERS SHAREHOLDING* (NO. OF SHAREHOLDERS)	5.09% (5)	0% (5)	0% (5)
PUBLIC SHAREHOLDING^ (NO. OF SHAREHOLDERS)	94.91% (756)	100% (5,995)	100% (9,626)

*THE PROMOTER AND PROMOTER GROUP OF *SECUR* COMPRISES OF (1) PANKAJ RAMESH VYAS, (2) VAISHALI PANKAJ VYAS, (3) URVESH JANAK VYAS, (4) VIJAYA BEN RAMESHCHANDRA VYAS AND (5) KALPESH RAMESH VYAS. THE PROMOTER AND PROMOTER GROUP SHAREHOLDING WAS DISCLOSED AS **NIL** W.E.F. THE QUARTER ENDED SEPTEMBER 30, 2022.

^PUBLIC SHAREHOLDERS HOLDING MORE THAN 5%.

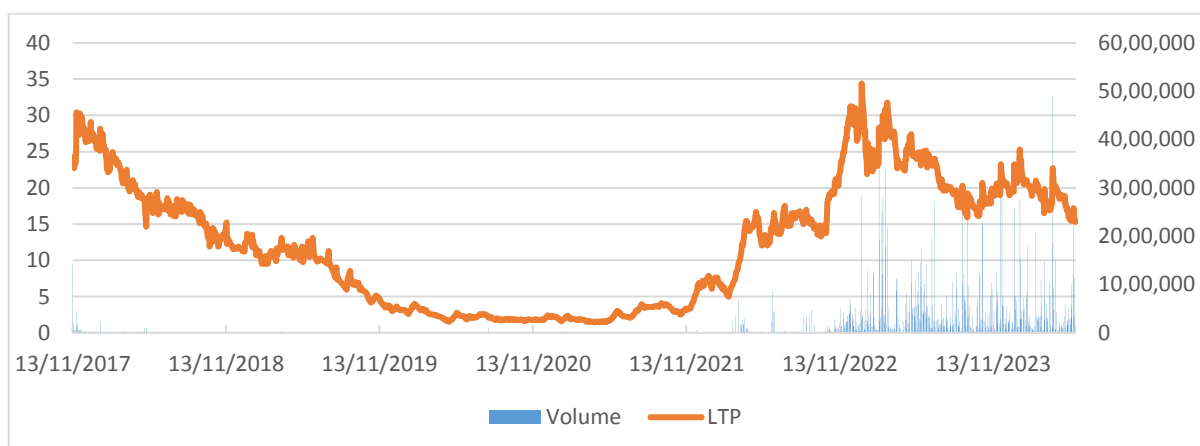
- AS ON MARCH 31, 2022, RAHUL BELWALKAR TOGETHER WITH HIS WIFE, SHIBANI RAHUL BELWALKAR, HELD 24.85% IN THE COMPANY.
- AS ON MARCH 31, 2023, RAHUL BELWALKAR AND SHIBANI RAHUL BELWALKAR HELD 23.24%.
- AS ON MARCH 31, 2024, RAHUL BELWALKAR HELD 6.28%, SAPAN ANIL SHAH HELD 10.06% AND SABALE HELD 17.83% IN THE COMPANY.

5. As on March 31, 2024, the Board of Directors of *SecUR* comprised of:

TABLE 2: BOARD OF DIRECTORS		
DIN	NAME	DESIGNATION
02497535	RAHUL BELWALKAR	MANAGING DIRECTOR
07899905	AMIT KUMAR BHARTI	DIRECTOR
08669626	SHIREEN MOHD. HANEEF KHAN	DIRECTOR
03584695	ASHISH RAMESH MAHENDRAKAR	DIRECTOR & CFO
08611660	PRATEEK JAIN	DIRECTOR
09663640	JAYKISHAN DINESHBHAI DARJI	DIRECTOR

6. The price volume chart of the Company for the period from November 13, 2017 to October 16, 2022 (on NSE Emerge) and for the period from October 17, 2022 to May 27, 2024 (on NSE Main Board), are provided below:

Figure 1 – Price – Volume (“PV”) Chart on NSE Emerge (13/11/2017 to 16/10/2022) and on NSE Main Board (17/10/2022 to 27/05/2024)



7. Trading in the scrip of SecUR has been suspended by BSE and NSE w.e.f. May 28, 2024, on account of non-payment of Annual Listing Fees to the Exchanges. However, the suspension has been revoked by the Exchanges w.e.f. June 3, 2024.

8. The financials of SecUR from FY-17 to FY-23 is given in the Table below:

TABLE 3: PROFIT AND LOSS STATEMENT FOR FY17 TO FY23 (IN RS. LAKH)							
	MAR-17	MAR-18	MAR-19	MAR-20	MAR-21	MAR-22	MAR-23
SALES	979.56	3655.50	6004.40	5473.71	4260.89	5133.90	5001.34
EXPENSES	706.69	2858.51	4828.28	4697.48	3481.74	4400.39	3432.59
OPERATING PROFIT	273.05	813.40	1205.06	798.83	918.61	773.51	1702.85
OTHER INCOME	0.18	16.41	28.94	22.60	139.46	40.34	134.10
INTEREST	12.68	33.72	196.52	389.47	421.26	228.85	289.40
DEPRECIATION	4.28	60.97	204.40	305.50	291.85	203.12	357.88
PROFIT BEFORE TAX	256.09	718.71	804.14	103.86	-192.29	341.88	1055.57
NET PROFIT	171.21	516.34	564.64	35.85	-215.86	205.40	778.59

9. The scope of SEBI's examination of SecUR *inter alia* included the following:
- Business Transactions between SecUR and Varanium.
 - Diversion of Company's funds.

- c. 'True and Fair' view of financial statements.
- d. Related party transactions.
- e. Other Corporate Governance related Issues.

I. BUSINESS TRANSACTIONS BETWEEN *SecUR* AND VARANIUM.

10. It is reiterated that in the Interim Order, Varanium was *prima facie* found to have made fictitious purchases from *SecUR*. During FY 23, the purchases recorded from *SecUR*, by Varanium, amounted to Rs. 3388.03 Lakh (68% of the annual turnover of *SecUR*, which had Rs. 5001.34 Lakh as revenue from operations during FY 23). However, as against the aforesaid amount, Varanium was *prima facie* found to have made payments only to the extent of Rs. 25 Lakh to *SecUR* while the remaining amount was adjusted towards sale of IT services and adjustment journal entry with Amtelfone Incorporated (a Distributor of Voice over Internet Protocol services for the Middle East and North Africa Region). Further, it was *prima facie* found that *SecUR* had made no disclosure in its Annual Report regarding the aforementioned sale of services to Varanium during FY 23.
11. In view of the above, vide e-mails dated May 9, 2024 and May 15, 2024, SEBI sought clarifications from *SecUR*, which vide replies dated May 13, 2024 and May 16, 2024, *inter alia* submitted as under:
 - a. *The Company has outsourced its back office operations to Varanium to provide infrastructure (including physical seats, PC, telecom, connectivity) at Sawantwadi due to the significant cost difference between Mumbai and Sawantwadi. The people employed in this process are on the payroll of Varanium. At any point of time, approx. 40–50 employees of Varanium are working for the Company. Payment is being made to Varanium on a per employee basis. For example, for the basic data entry process, the Company pays Rs 13,000 per month per employee. The Company had entered into an Agreement with Varanium on November 5, 2022.*
 - b. *Further, Varanium had expressed interest in the KYC services being provided by the Company for a project in Sindhudurg District. Accordingly, an Agreement was entered into by the Company with Varanium on*

November 5, 2022. As Varanium was a new client, the Company had requested for advance payment. After receipt of the initial payment of Rs. 25 Lakh, no further payment was made by Varanium to the Company. Accordingly, the sales invoice raised by the Company to Varanium, was cancelled.

c. Details of purchases/ sales with Varanium were as under:

SALES AND PURCHASES OF SECUR TO /FROM VARANIUM			
FY 23		FY 24	
AMOUNT OF TOTAL PURCHASES FROM VARANIUM (IN Rs.)	AMOUNT OF TOTAL SALES TO VARANIUM (IN Rs.)	AMOUNT OF TOTAL PURCHASES FROM VARANIUM (IN Rs.)	AMOUNT OF TOTAL SALES TO VARANIUM (IN Rs.)
NIL	2,35,75,574	88,23,078	(2,35,75,574)

d. Copies of sales and purchase ledgers of Varanium were also submitted by the Company.

A. REVENUE RECOGNITION BY SECUR.

12. An analysis of the documents submitted by SecUR (Sales /Purchase Ledger in the books of SecUR) *prima facie* reveal certain discrepancies with regard to the recognition of revenue from sales made by the Company to Varanium. In this context, it is noted that for FY 23, the amount of sales recorded by the Company differ significantly from the purchases recorded by Varanium.

13. With regard to the above mentioned transactions, the sales recorded by the Company to Varanium during FY 23, amounted to Rs. 235.76 Lakh (4.5%) of its annual turnover /gross revenue of Rs. 5001.34 Lakh as against the purchases recorded by Varanium, which amounted to Rs. 3388.03 Lakh (68%) of the annual turnover /gross revenue of SecUR. The revenue recognition by the Company, of Rs. 235.76 Lakh, which amounted to approx. 30% of its net profits for FY 23, when viewed in light of the subsequent reversal of sales recorded in FY 24 *prima facie* appears to have not been in accordance with the principles of Ind AS 18, which *inter alia* provides for revenue recognition by reference to the stage of completion of a transaction i.e. percentage of completion method. In other

words, the revenue is recognised in the accounting periods in which the services are rendered. The aforementioned *prima facie* appears to be in violation of Regulations 4(1)(a), (b) and (c) read with Regulation 48 of the LODR Regulations, which mandate compliance by a listed Company, with principles governing disclosures and obligations including preparation and disclosure of information in accordance with applicable /notified Accounting Standards, in respect of disclosures made by such Company.

B. OUTSOURCING OF OPERATIONS TO VARANIUM.

14. In its reply, *SecUR* submitted that it has outsourced its back office operations to Varanium at Sawantwadi, where 40–50 employees of Varanium were working for the Company. Further, *SecUR* submitted that total purchases from Varanium, as recorded by the Company in FY 24, amounted to Rs. 88.23 Lakh (amount stated to have been paid per employee to Varanium, by *SecUR*, for the outsourcing operations, was Rs. 13,000). However, as per the *prima facie* findings contained in the Interim Order, it is noted that a site visit of Varanium’s Edmission Centre at Sawantwadi (as conducted by NSE) revealed that only 8 employees were available at the said Centre. Having regard to the aforesaid, *SecUR*’s submissions appear to be at variance with the *prima facie* findings of the Interim Order.

C. FUND TRANSFERS BETWEEN RAHUL BELWALKAR (MANAGING DIRECTOR OF *SECUR*), VARANIUM AND SABALE.

15. An analysis of the bank account of Rahul Belwalkar for the period from April 1, 2023 to March 31, 2024, revealed significant fund transfers being made from Rahul Belwalkar’s account to the bank accounts of Sabale and Varanium, details of which are as under:

TABLE 4: FUND FLOW FROM R. BELWALKAR TO SABALE AND VARANIUM				
BANK	ACCOUNT No.	TRANSFEE	AMOUNT PAID TO TRANSFEE (Rs. LAKH)	AMOUNT RECEIVED FROM TRANSFEE (Rs. LAKH)
ICICI BANK	000401019959	SABALE	823.11	16.18
ICICI BANK	000401019959	VARANIUM	5.00	2.50

16. Out of the amount of Rs. 823.11 Lakh transferred by Rahul Belwalkar to Sabale (Sabale's shareholding in *SecUR* had increased from 1.22% to 17.83% during the quarter ended March 31, 2024), Rs. 502 Lakh came from the sale of shares of *SecUR*, by Rahul Belwalkar. Rahul Belwalkar had sold 37,85,600 (8.32%) shares of *SecUR* on August 31, 2023 and September 1, 2023, respectively, for which pay-outs were received on September 5, 2023 and September 6, 2023, respectively. In a meeting held with SEBI Officials on May 17, 2024, Rahul Belwalkar had submitted that he along with his wife, Shibani Rahul Belwalkar, had diluted their holding in *SecUR* from 24.85% as on March 31, 2022 to 6.28% as on March 31, 2024. The dilution in shareholding, according to Rahul Belwalkar, was towards funding real estate investments and also for their daughter's education. However, contrary to the aforesaid submission, a correlation was observed between the receipt of proceeds of sale of the shares from the broker, Bajaj Financial Securities Limited ("**BFSL**") and the fund transfers to Sabale. Details of the same are reproduced below:

TABLE 5: FUND FLOW FROM BFSL TO R. BELWALKAR AND ONWARDS TO SABALE			
DATE OF TRANSFER	FUND TRANSFER FROM	FUND TRANSFER TO	AMOUNT (Rs.)
5.09.2023	BFSL	BELWALKAR	2,00,00,000
	BELWALKAR	SABALE	2,00,00,000
	BFSL	BELWALKAR	2,02,00,000
	BELWALKAR	SABALE	1,00,00,000
	BELWALKAR	SABALE	1,00,00,000
6.09.2023	BFSL	BELWALKAR	1,00,50,000
	BELWALKAR	SABALE	1,00,00,000

17. In addition to the above, several instances of fund transfers by Sabale to BM Traders immediately upon receipt of funds from Rahul Belwalkar, were also observed and are reproduced below:

TABLE 6: FUND FLOW FROM R. BELWALKAR TO SABALE AND ONWARDS TO BM TRADERS			
DATE OF TRANSFER	FUND TRANSFER FROM	FUND TRANSFER TO	AMOUNT (Rs.)
3.04.2023	BELWALKAR	SABALE	10,00,000
	SABALE	BM TRADERS	10,00,000
14.06.2023	BELWALKAR	SABALE	14,76,000
	SABALE	BM TRADERS	6,45,800
05.09.2023	BELWALKAR	SABALE	2,00,00,000
	SABALE	BM TRADERS	2,00,00,000
6.09.2023	BELWALKAR	SABALE	1,45,00,000
	SABALE	BM TRADERS	77,50,000
19.12.2023	BELWALKAR	SABALE	50,00,000
20.12.2023	SABALE	BM TRADERS	50,00,000
27.12.2023	BELWALKAR	SABALE	44,00,000
28.12.2023	SABALE	BM TRADERS	40,00,000

18. In this context, it is noted from the Interim Order that BM Traders was found to have had dubious and questionable financial transactions with the Promoter and Promoter Group Companies of Varanium. The aforementioned fund transfers from Rahul Belwalkar to Sabale and thereafter, immediately to BM Traders, *prima facie* appear irregular and raises suspicions regarding the transactions between the said entities especially when considered in light of the findings in the Interim Order and the contradictory explanation offered by Rahul Belwalkar for the utilisation of sale proceeds from the dilution of shareholding in *SecUR*.

II. DIVERSION OF COMPANY'S FUNDS.

19. Several fund transfers from the Company's bank accounts to its Managing Director and SecUR Staffing Services Ltd., a related party of the Company connected to Rahul Belwalkar ("**SecUR Staffing**"), were observed.

A. FUND TRANSFERS FROM **SECUR** TO RAHUL BELWALKAR.

20. The fund transfers to Rahul Belwalkar as reproduced below, when compared with the value of related party transactions ("**RPTs**") disclosed by the Company, revealed that the net funds transferred by the Company grossly exceeded the

RPTs reported by the Company in respect of transactions with Rahul Belwalkar. Additionally, the net funds transferred were also significant when compared to the net profits of the Company (see Table 3 at page 4).:

TABLE 7: TRANSACTIONS BETWEEN THE COMPANY AND R. BELWALKAR							
FY	RPT DISCLOSED		AMOUNT TRANSFERRED FROM THE COMPANY TO R. BELWALKAR	AMOUNT TRANSFERRED FROM R. BELWALKAR TO THE COMPANY	NET AMOUNT TRANSFERRED AS PER BANK ACCOUNTS (Rs. LAKH)	FUND TRANSFERS UNACCOUNTED FOR (Rs. LAKH)	FUND TRANSFERS UNACCOUNTED FOR (AS % OF NET PROFIT)
	PARTICULARS	AMOUNT (Rs. LAKH)					
21	DIRECTOR'S REMUNERATION	42.60	191.89	10.15	181.74	139.15	NA (LOSS IN FY)
22		85.80	289.92	41.91	248.01	162.21	79.05%
23		85.80	453.27	412.12	44.65	N.A.	N.A.
24		29.97 (UPTO SEPT 2023)	587.56	298.66	288.88	(ACCOUNTS NOT FINALIZED)	(ACCOUNTS NOT FINALIZED)

B. FUND TRANSFERS BETWEEN RAHUL BELWALKAR, ERSTWHILE PROMOTER AND OTHER DIRECTORS OF THE COMPANY.

21. Rahul Belwalkar was observed to have made several fund transfers to the Promoter (Pankaj Vyas) and also other Directors of the Company (i. Mithun Kothari – Independent Director who resigned on 6.02.2024, ii. Prateek Jain – Independent Director, iii. Hitesh Asrani – Past Director and also Director and CFO of CRP Risk Management and iv. Ritesh Parekh – Past Director).

TABLE 8: TRANSACTIONS BETWEEN R. BELWALKAR AND MR. MITHUN KOTHARI		
FY	FUND TRANSFER BY R. BELWALKAR TO COUNTERPARTY (Rs. LAKH)	FUND TRANSFER BY THE COUNTERPARTY TO R. BELWALKAR (Rs. LAKH)
21	1.53	5.00
22	0.49	NIL
23	25.10	20.90
24	17.45	9.29
TOTAL	44.57	35.19

22. It is noted that Mr. Mithun Kothari was an Independent Director of *SecUR* and acted as the Chairman of the Audit Committee and the Nomination and Remuneration Committee.

TABLE 9: TRANSACTIONS BETWEEN R. BELWALKAR AND MR. PRATEEK JAIN		
FY	FUND TRANSFER BY R. BELWALKAR TO COUNTERPARTY (RS. LAKH)	FUND TRANSFER BY THE COUNTERPARTY TO R. BELWALKAR (RS. LAKH)
24	5.18	NIL

TABLE 10: TRANSACTIONS BETWEEN R. BELWALKAR AND MR. HITESH ASRANI		
FY	FUND TRANSFER BY R. BELWALKAR TO COUNTERPARTY (RS. LAKH)	FUND TRANSFER BY THE COUNTERPARTY TO R. BELWALKAR (RS. LAKH)
21	0.90	35.00
22	5.07	NIL
23	76.92	NIL
24	72.25	NIL
TOTAL	155.14	35.00

TABLE 11: TRANSACTIONS BETWEEN R. BELWALKAR AND MR. RITESH PAREKH		
FY	FUND TRANSFER BY R. BELWALKAR TO COUNTERPARTY (RS. LAKH)	FUND TRANSFER BY THE COUNTERPARTY TO R. BELWALKAR (RS. LAKH)
21	NIL	7.00
23	13.00	7.50
24	8.20	4.00
TOTAL	21.26	18.50

TABLE 12: TRANSACTIONS BETWEEN R. BELWALKAR AND MR. PANKAJ VYAS		
FY	FUND TRANSFER BY R. BELWALKAR TO COUNTERPARTY (RS. LAKH)	FUND TRANSFER BY THE COUNTERPARTY TO R. BELWALKAR (RS. LAKH)
21	10.00	NIL
24	15.50	NIL
TOTAL	25.50	NIL

23. With regard to the fund transfers detailed above, several such transfers were observed to have been made by Rahul Belwalkar immediately upon receipt of funds from *SecUR*, as illustrated below:

TABLE 13: CORRELATION IN RESPECT OF FUND TRANSFERS TO PANKAJ VYAS			
DATE OF TRANSFER	FUND TRANSFER FROM	FUND TRANSFER TO	AMOUNT (Rs.)
15.08.2023	<i>SECUR</i>	R. BELWALKAR	50,000
	R. BELWALKAR	PANKAJ VYAS	50,000
17.08.2023	<i>SECUR</i>	R. BELWALKAR	1,00,000
	R. BELWALKAR	PANKAJ VYAS	1,00,000
28.09.2023	<i>SECUR</i>	R. BELWALKAR	5,80,000
	R. BELWALKAR	PANKAJ VYAS	3,00,000
17.10.2023	<i>SECUR</i>	R. BELWALKAR	19,50,000
18.10.2023	R. BELWALKAR	PANKAJ VYAS	5,00,000

TABLE 14: CORRELATION IN RESPECT OF FUND TRANSFERS TO HITESH ASRANI			
DATE OF TRANSFER	FUND TRANSFER FROM	FUND TRANSFER TO	AMOUNT (Rs.)
16.01.2021	<i>SECUR</i>	R. BELWALKAR	4,59,988
	R. BELWALKAR	HITESH ASRANI	1,25,000
17.02.2021	<i>SECUR</i>	R. BELWALKAR	4,60,000
	R. BELWALKAR	HITESH ASRANI	1,25,000
18.03.2021	<i>SECUR</i>	R. BELWALKAR	4,60,000
	R. BELWALKAR	HITESH ASRANI	1,25,000
21.08.2023	<i>SECUR</i>	R. BELWALKAR	1,00,000
	R. BELWALKAR	HITESH ASRANI	1,00,000
23.08.2023	<i>SECUR</i>	R. BELWALKAR	12,70,000
	R. BELWALKAR	HITESH ASRANI	5,00,000

24. No explanation has been provided by either the Company or Rahul Belwalkar for the above mentioned fund transfers.

C. FUND TRANSFERS BETWEEN RAHUL BELWALKAR AND OTHER INDIVIDUALS.

25. Fund transfers between Rahul Belwalkar and certain individuals, viz. Deepak Roy, Kirti Roy and Madhuri Roy were also observed, details of which are provided below:

TABLE 15: TRANSACTIONS BETWEEN R. BELWALKAR AND DEEPAK ROY /KRITI ROY /MADHURI ROY		
FY	FUND TRANSFER BY R. BELWALKAR TO COUNTERPARTY (Rs. LAKH)	FUND TRANSFER BY THE COUNTERPARTY TO R. BELWALKAR (Rs. LAKH)
23	48.80	73.60
24	102.10	NIL
TOTAL	150.90	73.60

26. Correlations were also observed between fund transfers from the Company to R. Belwalkar and from R. Belwalkar to Deepak Roy, Kriti Roy and Madhuri Roy, illustrations of which are provided below:

TABLE 16: CORRELATION IN RESPECT OF FUND TRANSFERS TO DEEPAK ROY /KRITI ROY /MADHURI ROY			
DATE OF TRANSFER	FUND TRANSFER FROM	FUND TRANSFER TO	AMOUNT (Rs.)
17.10.2023	SECUR	R. BELWALKAR	19,50,000
	R. BELWALKAR	MADHURI –DEEPAK ROY	3,00,000
16.08.2023	SECUR	RAHUL BELWALKAR	50,000
	R. BELWALKAR	MADHURI –DEEPAK ROY	50,000
07.09.2023	SECUR	RAHUL BELWALKAR	1,00,000
	R. BELWALKAR	MADHURI –DEEPAK ROY	1,00,000
16.09.2023	SECUR	RAHUL BELWALKAR	2,00,000
	R. BELWALKAR	MADHURI –DEEPAK ROY	1,00,000
25.09.2023	SECUR	RAHUL BELWALKAR	2,00,000
	R. BELWALKAR	MADHURI –DEEPAK ROY	2,00,000
14.12.2023	SECUR	RAHUL BELWALKAR	1,00,000
	R. BELWALKAR	MR. DEEPAK ROY	1,00,000
12.01.2024	SECUR	RAHUL BELWALKAR	4,40,000
	R. BELWALKAR	MR. DEEPAK ROY	4,40,000
13.02.2023	SECUR	RAHUL BELWALKAR	1,00,000
	R. BELWALKAR	KRITI ROY	1,00,000
27.02.2023	SECUR	RAHUL BELWALKAR	1,00,000
	R. BELWALKAR	KRITI ROY	1,00,000
05.04.2023	SECUR	RAHUL BELWALKAR	1,60,000
	R. BELWALKAR	KRITI ROY	1,60,000
24.05.2023	SECUR	RAHUL BELWALKAR	2,00,000
	R. BELWALKAR	KRITI ROY	2,00,000
06.03.2024	SECUR	RAHUL BELWALKAR	22,50,000
	R. BELWALKAR	KRITI ROY	25,00,000

27. The above mentioned fund transfers for which no explanation has been provided by Rahul Belwalkar, *prima facie* appear irregular and raises a suspicion that the same were off-the-book transactions, through its Managing Director, without any requisite approval having been obtained.

D. FUND TRANSFERS BETWEEN *SecUR* AND SecUR Staffing.

28. SecUR Staffing has been disclosed by the Company in its Annual Report as its related party on account of the Company's Managing Director, R. Belwalkar, being a Director and shareholder of SecUR Staffing. The e-mail address of SecUR Staffing is complianceofficer@secur.co.in, which is also the registered e-mail address of *SecUR* with the exchanges. Further, the registered address of SecUR Staffing is the residential address of R. Belwalkar, as per his KYC records.
29. The bank statements of *SecUR* were analysed to ascertain the amounts transferred to SecUR Staffing. The net transfers were then compared to the value of purchases from SecUR Staffing as submitted by the Company. *SecUR* had reported NIL sales to SecUR Staffing.

TABLE 17: TRANSACTIONS BETWEEN THE COMPANY AND SECUR STAFFING						
FY	PURCHASES (RS. LAKH)	AMOUNT TRANSFERRED FROM THE COMPANY TO SECUR STAFFING	AMOUNT TRANSFERRED FROM SECUR STAFFING TO THE COMPANY	NET AMOUNT TRANSFERRED AS PER BANK ACCOUNTS (RS. LAKH)	FUND TRANSFERS UNACCOUNTED FOR (RS. LAKH)	FUND TRANSFERS UNACCOUNTED FOR (AS % OF NET PROFIT)
23	56.64	155.52	NIL	155.52	98.88	12.70%
24	305.35	130.13	NIL	130.13	-175.22	(ACCOUNTS NOT FINALIZED)

30. It is noted that the year-wise amount of purchases does not match with the amount of funds transferred by the Company to SecUR Staffing. Accordingly, it *prima facie* appears that significant amount of the Company's funds were diverted to SecUR Staffing, which appears to be a front entity of R. Belwalkar.

E. TRANSACTIONS BETWEEN THE COMPANY AND RICHARD D’SOUZA.

31. Suspicious fund flows to Richard D’Souza, the Chief Operating Officer (“COO”) of the Company in FY 24, were also observed:

TABLE 18: FUND TRANSFERS FROM THE COMPANY TO MR. D’SOUZA	
FY	AMOUNT TRANSFERRED TO MR. D’SOUZA (RS. LAKH)
22	9.81
23	18.97
24	143.95

32. The payments made by the Company to its COO (including through several lump sum payments ranging from Rs. 3.15 Lakh to Rs. 30 Lakh) were much higher than his salary. Accordingly, the aforementioned payments *prima facie* raises suspicions that the Company’s funds were also diverted to Richard D’Souza.
33. Upon a consideration of the preceding paragraphs, it *prima facie* appears that significant funds have been diverted from the Company to Rahul Belwalkar, SecUR Staffing and Richard D’Souza. The diversion of funds *prima facie* amounts to unfair trade practice in the securities market, thereby resulting in violation of Regulation 4(1) of the PFUTP Regulations, 2003.

III. ‘TRUE AND FAIR’ VIEW OF FINANCIAL STATEMENTS.

34. As stated at paragraphs 12 and 13, the revenue recognition made by SecUR in respect of sales made to Varanium was *prima facie* not in accordance with Ind AS 18.

A. TRANSACTIONS WITH CRP RISK MANAGEMENT.

35. It is noted that the Company engaged in business with CRP Risk Management Ltd. (“CRP Risk Management”), the erstwhile Promoter of the Company, for the purchase of *Symphony 3.0 software* for Rs. 728.03 Lakh using the proceeds of its IPO in FY 18. The examination revealed continuing two-way fund flows between CRP Risk Management and CRP Beaumont Research (India) Pvt. Ltd.

(“CRP Beaumont”), a related party of CRP Risk Management and SecUR and Rahul Belwalkar. Details of the aforesaid transactions, which included transactions prior to the Examination period, are provided below:

TABLE 19: FUND FLOW BETWEEN <i>SecUR</i> AND CRP RISK MANAGEMENT		
FY	FUND TRANSFER BY <i>SecUR</i> TO COUNTERPARTY (RS. LAKH)	FUND TRANSFER BY THE COUNTERPARTY TO <i>SecUR</i> (RS. LAKH)
18	836.34	63.75
19	559.93	89.00
20	80.94	18.45
21	27.41	10.76
22	35.75	0.00
23	2.50	0.00
TOTAL	1542.87	181.96

TABLE 20: FUND FLOW BETWEEN <i>SecUR</i> AND CRP BEAUMONT		
FY	FUND TRANSFER BY <i>SecUR</i> TO COUNTERPARTY (RS. LAKH)	FUND TRANSFER BY THE COUNTERPARTY TO <i>SecUR</i> (RS. LAKH)
20	31.13	6.73
21	11.50	3.58
22	59.13	50.00
23	13.24	-
TOTAL	114.99	60.31

TABLE 21: FUND FLOW BETWEEN R. BELWALKAR AND CRP RISK MANAGEMENT		
FY	FUND TRANSFER BY RAHUL BELWALKAR TO COUNTERPARTY (RS. LAKH)	FUND TRANSFER BY THE COUNTERPARTY TO RAHUL BELWALKAR (RS. LAKH)
18	76.28	18.00
19	0	1.60
TOTAL	76.28	19.60

TABLE 22: FUND FLOW BETWEEN R. BELWALKAR AND CRP BEAUMONT		
FY	FUND TRANSFER BY RAHUL BELWALKAR TO COUNTERPARTY (RS. LAKH)	FUND TRANSFER BY THE COUNTERPARTY TO RAHUL BELWALKAR (RS. LAKH)
22	128.75	75.00

36. The Company was requested to provide details of the nature of its business with CRP Risk Management and CRP Beaumont along with the relevant ledger accounts vide SEBI e-mails dated May 25, 2024 and May 27, 2024. However, till date, the Company has failed to provide any information to SEBI.

37. One of the top 10 sources of revenue for SecUR in FY 21 was from sales to CRP Risk Management. It is noted that SecUR has submitted that it had recorded sales to the extent of Rs. 1,180.11 Lakh to CRP Risk Management in FY 21, amounting to 27.70% of its total sales for FY 21. It is however noted from the financials of CRP Risk Management for FY 21 that CRP Risk Management had reported NIL purchases in the said FY. Further, the expenses reported by CRP Risk Management towards employee benefits were only Rs. 80.34 Lakh. CRP Risk Management therefore, cannot have availed of employee background verification or any other services to the extent of Rs. 1,180.11 Lakh from SecUR in FY 21. Appropriate receipt of amounts towards sales were also not observed in the bank statements of SecUR. Therefore, the sales of Rs. 1,180.11 Lakh recorded to have been made to CRP Risk Management in FY 21 *prima facie* does not appear to be genuine.
38. Further, CRP Risk Management was amongst the top 10 sources of purchase in FY 22. The Ledger Account of CRP Risk Management in the books of SecUR for FY 22 is placed below:

SecUR Credentials Ltd From 1-4-2021 Prism Tower, A Wing, 8th Floor, Unit No-5, Off Link Road, Mindspace, Malad West, Mumbai 400064 CIN: L74110MH2001PLC133050 CRP RISK MANAGEMENT LTD (CR) Ledger Account 1-Apr-21 to 31-Mar-22				
Date	Particulars	Vch Type	Debit	Page 1 Credit
1-Apr-21	Cr Opening Balance		47,66,488.00	
19-Jun-21	Cr ICICI BANK A/c No 021105005412	Payment	1,01,000.00	
21-Jun-21	Cr ICICI BANK A/c No 021105005412	Payment	2,000.00	
22-Jun-21	Cr ICICI BANK A/c No 021105005412	Payment	3,682.10	
28-Aug-21	Cr RSB BOB _ CC _ 5277 5300 0583 6003	Journal	39,531.00	
15-Sep-21	Cr TDS ON CONTRACT 2% [2021-2022]	Journal	3,00,000.00	
	Dr Software Developmant -University	Purchase - Admin		1,77,00,000.00
30-Sep-21	Cr CRP RISK MANAGEMENT LTD (C)	Journal	1,24,87,298.90	
			<u>1,77,00,000.00</u>	<u>1,77,00,000.00</u>

39. *SecUR* submitted that it had made purchases of Rs. 177 Lakh from CRP Risk Management in FY 22, which is reflected in the purchase entry dated September 15, 2021. There was however, an adjustment journal entry dated September 30, 2021, for Rs. 124.87 Lakh, which neither appear to be a bank payment entry or sales entry since CRP Risk Management's entire employee expense for FY 22 as per its financial statements was only Rs. 63.68 Lakh. CRP Risk Management could not have availed employee background verification services from *SecUR* worth Rs. 124.87 Lakh. Accordingly, the journal entry of Rs. 124.87 Lakh does not appear to be genuine.
40. It is also noted from the Bank of Baroda's e-mail dated May 22, 2024 that Ritu Manesh Wadhwa, the Promoter of CRP Risk Management, had provided collateral worth Rs. 114.47 Lakh to Bank of Baroda in respect of the loan availed by *SecUR*, which is outstanding as on date.
41. The Company's entire business with CRP Risk Management, with the Company's refusal to provide any information in the matter, *prima facie* appears to be irregular on account of the continued ongoing unexplained transactions, the suspicious sales of Rs. 1,180.11 Lakh in FY 21, the adjustment journal entry for Rs. 124.87 Lakh in FY 22 and the collateral worth Rs. 114.47 Lakh provided by the Promoter of CRP Risk Management in favour of *SecUR*.

B. TRANSACTIONS WITH AVENTEZ MEDIA & TECHNOLOGIES LTD.

42. It is noted that the issue proceeds of the IPO to the extent of Rs. 435.80 Lakh were used by the Company for marketing and brand promotion by availing the services of Aventez Media and Technologies Ltd. ("**Aventez**") in FY 18. In this regard, on perusing *SecUR*'s Profit and Loss Statement for FY 18, the following expenses were observed to have been incurred by the Company towards marketing and brand building:

TABLE 23: MARKETING AND BRAND BUILDING EXPENSES IN FY 18	
NATURE OF EXPENSE	AMOUNT (RS. LAKH)
ADVERTISEMENT EXPENSE	65.92
BUSINESS PROMOTION	24.26
TOTAL	90.18

43. For FY 18 (period prior to the Examination period), the amount of Rs. 435.80 Lakh, which was certified by B. M. Parekh and Co., Chartered Accountant, to have been utilised by the Company towards marketing and brand building is at variance to the amount of Rs. 90.18 Lakh as reflected in the SecUR's Profit and Loss statement. In addition, no pre-paid expenses are observed as part of the assets of the SecUR during the corresponding period.
44. One of the top 10 sources of revenue for SecUR in FY 21 was from sales to Aventez. The Ledger Accounts of Aventez in the books of SecUR were obtained from the Company and analysed. The Ledger Account for FY 21 is provided below.

SecUR Credentials Ltd G-4 Secur House, MIDC Cross Road A Andheri East Mumbai - 400093 CIN: L74110MH2001PLC133050 Aventez Media & Technologies Ltd.-Dr Ledger Account 407, CRESCENT PLAZA, OFF. NEW LINK ROAD, ANDHERI (WEST), MUMBAI-400053 1-Apr-20 to 31-Mar-21				
Date	Particulars	Vch Type	Debit	Page 1 Credit
16-Jul-20	Cr Business Auxilliary Services	Sales	18,34,227.00	
18-Jul-20	Cr Business Auxilliary Services	Sales	16,85,866.00	
30-Jul-20	Cr Business Auxilliary Services	Sales	20,89,497.00	
	Cr Business Auxilliary Services	Sales	28,05,006.00	
3-Aug-20	Cr Business Auxilliary Services	Sales	21,39,600.00	
	Cr Business Auxilliary Services	Sales	19,77,031.00	
	Cr Business Auxilliary Services	Sales	22,60,408.00	
27-Aug-20	Cr Business Auxilliary Services	Sales	25,55,526.00	
2-Sep-20	Cr Business Auxilliary Services	Sales	23,98,633.00	
9-Sep-20	Cr Business Auxilliary Services	Sales	27,50,073.00	
25-Sep-20	Cr Business Auxilliary Services	Sales	27,44,645.00	
	Dr SBI BANK CC A/C- 37903645340	Receipt		12,39,000.00
	Dr SBI BANK CC A/C- 37903645340	Receipt		9,73,500.00
26-Sep-20	Cr Business Auxilliary Services	Sales	26,91,556.00	
28-Sep-20	Dr SBI BANK CC A/C- 37903645340	Receipt		25,00,000.00
30-Sep-20	Cr Business Auxilliary Services	Sales	26,90,093.00	
	Dr SBI BANK CC A/C- 37903645340	Receipt		30,00,000.00
	Dr SBI BANK CC A/C- 37903645340	Receipt		27,50,000.00
	Dr SBI BANK CC A/C- 37903645340	Receipt		35,50,000.00
7-Mar-21	Dr ICICI Bank Ltd A/c No 054405009221	Receipt		19,20,901.00
10-Mar-21	Dr ICICI Bank Ltd A/c No 054405009221	Receipt		8,69,225.00
11-Mar-21	Dr ICICI Bank Ltd A/c No 054405009221	Receipt		25,55,526.00
12-Mar-21	Dr ICICI Bank Ltd A/c No 054405009221	Receipt		22,99,683.00
14-Mar-21	Dr ICICI Bank Ltd A/c No 054405009221	Receipt		23,98,633.00
16-Mar-21	Dr ICICI Bank Ltd A/c No 054405009221	Receipt		27,50,073.00
20-Mar-21	Dr ICICI Bank Ltd A/c No 054405009221	Receipt		27,44,645.00
23-Mar-21	Dr ICICI Bank Ltd A/c No 054405009221	Receipt		7,70,655.00
31-Mar-21	Dr TDS Receivable F.Y. 2020-2021	Journal		3,90,410.00
			3,07,12,251.00	3,07,12,251.00

45. The highlighted funds received in the Company's ICICI Bank account as per its Ledger were not reflected in the statement of its ICICI Bank account no. 054405009221. The ledger entries *prima facie* appear to be fictitious.

46. The Ledger Account for FY 22 is placed below.

SecUR Credentials Ltd From 1-4-2021 Prism Tower, A Wing, 8th Floor, Unit No-5, Off Link Road, Mindspace, Malad West, Mumbai 400064 CIN: L74110MH2001PLC133050 Aventez Media & Technologies Ltd.-Dr Ledger Account 407, CRESCENT PLAZA, OFF. NEW LINK ROAD, ANDHERI (WEST), MUMBAI-400053 1-Apr-21 to 31-Mar-22				
Date	Particulars	Vch Type	Debit	Page 1 Credit
3-Apr-21	Dr SBI BANK CC A/C- 37903645340	Receipt		2,00,000.00
	Dr ICICI BANK A/c No 021105005412	Receipt		15,00,000.00
	Dr ICICI BANK A/c No 021105005412	Receipt		22,50,000.00
	Dr ICICI BANK A/c No 021105005412	Receipt		2,00,000.00
5-Apr-21	Dr ICICI BANK A/c No 021105005412	Receipt		25,00,000.00
16-Apr-21	Dr ICICI BANK A/c No 021105005412	Receipt		25,00,000.00
17-Apr-21	Dr ICICI BANK A/c No 021105005412	Receipt		25,00,000.00
19-Apr-21	Dr ICICI BANK A/c No 021105005412	Receipt		18,00,000.00
	Dr ICICI BANK A/c No 021105005412	Receipt		20,00,000.00
	Dr ICICI BANK A/c No 021105005412	Receipt		29,00,000.00
22-Apr-21	Dr ICICI BANK A/c No 021105005412	Receipt		20,00,000.00
31-Jul-21	Cr Miniboss Consultancy Pvt. Ltd.	Journal	1,20,88,757.00	
	Cr Espeon Consulting Pvt. Ltd.	Journal	42,20,584.00	
			1,63,09,341.00	2,03,50,000.00
	Cr Closing Balance		40,40,659.00	
			2,03,50,000.00	2,03,50,000.00

47. It is noted that as per the above Ledger Account for FY 22, there were significant inflows of funds from Aventez in April 2021 without any corresponding outstanding balance or sale of services to Aventez. The credit balance due to the aforesaid receipt of funds are observed to have been adjusted in July 2021 against two third parties seemingly unconnected to Aventez. The adjustment journal entries against Miniboss Consultancy Pvt. Ltd. and Espeon Consulting Pvt. Ltd. *prima facie* do not appear to be genuine.

48. The Company's entire business with Aventez *prima facie* appears to be irregular on account of non-receipt of funds in the bank account of SecUR for which amounts had been recorded in the Ledger Account, non-recognition of the marketing and brand building expenses availed by SecUR from Aventez in the financial statements of SecUR and the recording of adjustment entries against two third parties for the credit balance recorded against Aventez.

C. MISMATCH BETWEEN SALES RECORDED IN THE BOOKS AND SALES AS PER GST RETURNS.

49. A significant mismatch in the sales recorded in the books of the Company and the sales reported in its GST returns for FYs 22 and 24 (up to the quarter ended December 31, 2023), was observed.

TABLE 24: COMPARISON OF SALES IN THE BOOKS OF <i>SecUR</i> AND AS PER ITS GST RETURNS		
FY	REVENUE FROM OPERATIONS (Rs. LAKH)	SALES AS PER GST RETURNS (Rs. LAKH)
22	5133.89	4926.09
23	5001.34	5032.19
24 (UP TO QUARTER ENDED 31.12.2023)	2405.55	1703.06

D. CONTRADICTIONARY TRENDS IN EMPLOYEE EXPENSES.

50. The Company has submitted that the number of employees on its payroll have decreased from 157 in FY 23 to 65 in FY 24. The employee expenses incurred by the Company in the two FYs were examined based on the expenses for the 9 months ended December 2022 and the 9 months ended December 2023 since the financial results for the FY 24 have not yet been declared.

TABLE 25: TREND IN EMPLOYEE EXPENSES OF <i>SecUR</i>		
PERIOD	EMPLOYEE EXPENSE	NUMBER OF EMPLOYEES
9 MONTHS ENDED DEC 2022	Rs. 498.89 LAKH	157 (FYE 2023)
9 MONTHS ENDED DEC 2023	Rs. 446.24 LAKH	65 (FYE 2024)

51. It is observed that although the Company's employee strength has reduced to less than half between FY 23 and FY 24, the employee benefit expenses incurred for the 9 months of each FYs has reduced by only -10%. In this context, an explanation was sought from the Company. However, no information has been provided by the Company till date. The employee benefit expenses recorded in the books of the Company *prima facie* appear suspicious.
52. Upon a consideration of the above, it *prima facie* appears that the financial statements do not reflect a true and fair view of the financial position of the Company. The manipulation of the books of accounts and the financial statements *prima facie* resulted in non-compliance with the applicable

accounting standards and amounts to manipulative, fraudulent and an unfair trade practice in the securities market, thereby resulting in violation of Regulations 4(1)(a), (b) and (c) read with 48 of the LODR Regulations and Regulation 4(1) of the PFUTP Regulations, 2003.

IV. RELATED PARTY TRANSACTIONS.

53. The transactions between the Company and its related parties were examined to ascertain the accuracy of disclosures of *RPTs* and whether the requisite approvals were obtained for the same.

54. AS 18/ Ind AS 24 – Related Party Disclosures *inter alia* require that an entity should disclose its transactions with its related parties. Regulation 23 of the LODR Regulations *inter alia* also prescribes disclosures and manner of approvals in respect of related party transactions by listed entities.

A. *RPTs* WITH THE MANAGING DIRECTOR, RAHUL BELWALKAR.

55. Details of the transactions as disclosed in the financial statements and in the half yearly disclosures of *RPTs* and the actual transactions between the bank accounts of the Company and R. Belwalkar are placed below:

TABLE 26: <i>RPTs</i> OF THE COMPANY WITH R. BELWALKAR				
FY	RPT DISCLOSED		VALUE OF RPT AS PER BANK ACCOUNTS (RS. LAKH)	RPT MATERIALITY THRESHOLD (RS. LAKH)
	PARTICULARS	AMOUNT (RS. LAKH)		
21	DIRECTOR'S REMUNERATION	42.60	202.04	549.63
22	DIRECTOR'S REMUNERATION	85.80	331.83	440.04
23	DIRECTOR'S REMUNERATION	85.80	859.11	517.42
24	DIRECTOR'S REMUNERATION	29.97 (UPTO SEPT 2023)	865.81	513.54

56. It is observed that the Company has grossly understated the extent of its *RPTs* from FYs 21 to 24. The disclosures of *RPTs* made by the Company *prima facie*

appear to be in violation of Regulations 4(1)(a), (b), (c), (e) and (g) read with Regulations 23(9), 33(1)(c) and 48 of the LODR Regulations.

- 57.** It is further observed that an unsecured loan of Rs. 128.49 Lakh was obtained by the Company from R. Belwalkar in FY 20, of which Rs. 41.01 Lakh was repaid in FY 20. A closing balance of Rs. 87.47 Lakh was reported with respect to the loan in the Notes to financial statements for FY 20. There is however neither any disclosure of the repayment of the loan in FY 21 nor is the loan shown in the closing balance for FY 21 in the notes to financial statements of the Company for the respective financial years. It therefore *prima facie* appears that the Company has violated Regulations 4(1)(a), (b) and (c) read with 33(1)(c) and 48 of the LODR Regulations.
- 58.** The value of *RPTs* with R. Belwalkar were material *RPTs* for FY 23 and FY 24 since the gross *RPT* exceeded 10% of the turnover of the Company. Such material *RPTs* required prior approval of the shareholders pursuant to Regulation 23(4) of the LODR Regulations. Shareholders' approval was obtained by the Company for *RPTs* with R. Belwalkar in the AGM convened on September 30, 2023 for an amount not exceeding Rs. 100 Lakh (without a mention of whether the approval was for FY 23 or FY 24). The value of *RPTs* entered into by the Company in both FY 23 and FY 24 however, grossly exceeded the amounts approved by the shareholders of *SecUR*. The Company therefore *prima facie* appears to have violated Regulation 23(4) read with Regulation 23(1) of the LODR Regulations.
- 59.** It is further observed that the Company, in its 22nd AGM convened on September 30, 2023, allowed Shibani Rahul Belwalkar (a related party by virtue of being the spouse of Rahul Belwalkar) to vote in favour of the resolution for approval of *RPTs inter alia* with Rahul Belwalkar. The Company therefore *prima facie* appears to have violated Regulation 23(4) of the LODR Regulations.

B. RPTs WITH SECUR STAFFING SERVICES PVT. LTD.

60. Details of the transactions as disclosed in the financial statements and in the half yearly disclosures of RPTs and the actual transactions between the bank accounts of the Company and SecUR Staffing are placed below:

TABLE 27: RPTs OF THE COMPANY WITH SECUR STAFFING				
FY	RPT DISCLOSED		PURCHASES AS SUBMITTED BY THE COMPANY (Rs. LAKH)	TRANSACTIONS AS PER BANK ACCOUNTS (Rs. LAKH)
	PARTICULARS	AMOUNT (Rs. LAKH)		
23	SALES/ PURCHASE	56.64	56.64	155.52
24	NA	NIL (UPTO SEPT 2023)	305.35	130.13

61. It is observed that the Company has grossly understated the extent of its RPTs with SecUR Staffing for FY 23 and FY 24. The disclosures of RPTs made by the Company *prima facie* appear to be in violation of Regulations 4(1)(b), (c), (e) and (g) read with Regulations 23(9), 33(1)(c) and 48 of the LODR Regulations.

V. OTHER CORPORATE GOVERNANCE RELATED ISSUES.

A. ROLE OF INDEPENDENT DIRECTORS

62. As noted in the preceding paragraphs, there were significant fund transfers between the Managing Director, Rahul Belwalkar, and the Independent Directors, Mithun Kothari (resigned in February 2024) and Prateek Jain. Mithun Kothari was also the Chairman of the Audit Committee *inter alia* responsible to monitor and approve RPTs and the financial statements of the Company and also, the Nomination & Remuneration Committee of the Company until his resignation.
63. Independent Directors are not permitted to have any pecuniary relationship (except for their sitting fees) with either the Company or its Directors so as to ensure seamless and independent discharge of their duties sans any conflict of interest. However, the aforesaid fund transfers between Rahul Belwalkar and the Independent Directors *prima facie* appear to have been carried out in order

to compromise the sanctity of the responsibilities fastened upon the Independent Directors including with respect to the approval of *RPTs*, etc.

B. RECLASSIFICATION OF PROMOTER AND PROMOTER GROUP.

- 64.** The shareholding of the Promoter and members of the Promoter Group (see Table 1 at page 2) has decreased from 61.59% as on September 30, 2021 to 0% as on September 30, 2022. The Promoter also quit his position as the Chairman and Non-Executive Director of the Company w.e.f. March 29, 2022. There was no Board representation of the Promoter /Promoter Group thereafter. The Company has submitted the following reason for the exit of the Promoter:

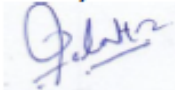
“The Promoter, Pankaj Vyas, has exited as Director in March 2022 as he was facing a conflict between his prior profession commitment and his responsibility as a director of the company. Please find attached his resignation letter to this effect. With respect to the sale of shares by him, as per information available with us, the Promoter, Pankaj Vyas, had suffered substantial business losses in a couple of ventures around 2019-2020. These losses, and the immediate onset of the COVID crisis after that, created severe health issues impacting not just his physical but also psychological health, including mental depression. Post COVID, he was trying to recover from all these situations, and one step he took was to dispose of his promoter shareholding.”

- 65.** The Promoter and members of the Promoter Group vide letter dated August 4, 2022, had requested the Board of Directors of the Company that they be reclassified from Promoter /Promoter Group to Public category under Regulation 31A of the LODR Regulations. The shareholders of the Company had also approved the reclassification in the Annual General Meeting held on September 19, 2022 and thereafter, on September 30, 2023. However, as on date, the Company has not yet acted upon the reclassification application, which *prima facie* amounts to a violation of Regulations 4(1)(c) read with 31(4) of the LODR Regulations.

C. APPOINTMENT OF RAHUL BELWALKAR AS COMPLIANCE OFFICER OF SecUR.

66. Vide a public disclosure dated October 2, 2023, SecUR had informed the resignation of its Compliance Officer. Subsequent to the aforesaid, the Company, vide e-mail dated May 10, 2024, informed SEBI that its Managing Director, Rahul Belwalkar, is the Compliance Officer, which information was also disseminated on the stock exchanges through various regulatory filings.

EXTRACT OF COMPLIANCE CERTIFICATION UNDER REGULATION 7(3) OF LODR REGULATIONS

April 05, 2024	
TO, BSE LIMITED DEPT. OF INVESTOR SERVICES PHIROZE JEEJEEBHAY TOWERS DALAL STREET MUMBAI – 400 001.	
Sub: Compliance Certificate under Regulation 7(3) of the SEBI (LODR), Regulations 2015 Ref: Secur Credentials Limited.	
Dear Sir/Madam,	
This has with reference to above subject, we confirm that M/s. Secur Credentials Limited. having CIN: L74110MH2001PLC133050 has authorized to Skyline Financial Services Private Limited, Share Transfer Agent, registered with SEBI vide registration number INR000003241 for all activities in relation for both Physical and Electronic Transfer facility for the year ended 31.03.2024. , under regulation 7(2) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015. The certificate has issued in compliance of regulation 7(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Kindly take on record the same. Thanking You, Yours Faithfully,	
For Skyline Financial Services Pvt. Limited   Authorised Signatory	For Secur Credentials Limited RAHUL BELWALKAR  Signature of Compliance Officer

67. Although Rahul Belwalkar has been stated to be the Compliance Officer, no documentary evidence indicating his appointment has been provided by the Company. Further, Rahul Belwalkar is not a Company Secretary by qualification.

68. It is further noted from the Annual Secretarial Compliance report for the FY ended March 31, 2024 filed under Regulation 24A of the LODR Regulations by the Company on May 30, 2024 that Rahul Belwalkar is not the Compliance Officer of the Company. The Practicing Company Secretary has stated in the matter that *“The company has not appointed company secretary till date due to change in management and non-availability of suitable candidate for the said post”*, to which the management of SecUR has stated that *“The company is searching for the suitable candidate for appointment.”*
69. The false disclosure of Mr. Belwalkar as the Compliance Officer in regulatory filings is therefore in violation of Regulations 4(1)(c) and (e) read with 6(1) of the LODR Regulations. By not appointing a qualified company secretary as the Compliance Officer within three months from the date of vacancy in the office of the Compliance Officer, the Company has violated Regulation 6(1A) of the LODR Regulations.

D. DISCLOSURES WITH RESPECT TO FUND RAISING.

70. The Company, in its disclosure of the outcome for the Board Meeting held on December 15, 2022, disclosed that the Board had approved raising of funds of Rs. 1200 Lakh by way of a preferential issue of equity shares or convertible securities. No further disclosures were however made in the matter.
71. The Company, in its disclosure of the outcome for the Board Meeting held on September 29, 2023, disclosed that the Board had approved raising of funds of Rs. 4990 Lakh by way of a Rights Issue. It was further informed vide disclosure dated October 6, 2023 that the Board had approved the Draft Letter of Offer (“**DLOF**”) for the Rights Issue. The Rights Issue has however, not taken place till date. No further disclosures were made on the matter.
72. The Company submitted that it had received the approval from NSE for the Rights Issue and that the approval of BSE was still pending, due to which the Rights Issue has not yet been executed. However, BSE submitted that the Company had applied for an in-principle approval for the Rights Issue on

October 11, 2023. Pursuant to multiple correspondences with the Company on the matter, the details last sought by the Exchange on January 29, 2024, had not been provided by the Company and the application was auto closed on its systems.

73. It is observed that the Company had disseminated information of fund raising by way of a Rights Issue but later did not proceed with the issue. No disclosure was however made regarding the same.
74. The Company, by announcing fund raising of Rs. 1200 Lakh and Rs. 4990 Lakh in December 2022 and September 2023 and not disclosing material updates thereafter, *prima facie* appears to have violated Regulation 30(7) of the LODR Regulations.

E. AGREEMENT WITH VARANIUM.

75. The Company vide disclosure dated May 31, 2023, informed that it has entered into an agreement with Varanium to outsource its operations for conducting due diligence on Bank of Maharashtra's loan applicants to Varanium's delivery centres at Sawantwadi, Kudal and Goa where there were approximately thousand employees. However, as noted from the Interim Order, Varanium was not operational at Kudal and was operating at Panaji, Goa and Sawantwadi with only 34 employees. *SecUR prima facie* made false and misleading disclosure in violation of Regulations 4(1)(c), 4(1)(e) read with 30(12) of the LODR Regulations.

SUMMARY OF *PRIMA FACIE* FINDINGS.

76. The *prima facie* observations in the preceding paragraphs indicate that there was no segregation between the bank accounts of *SecUR* and Rahul Belwalkar. As detailed in the preceding paragraphs, fund transfers were observed to have been made from *SecUR* to Rahul Belwalkar and from Rahul Belwalkar to various entities including the Promoter and Directors of the Company (including Independent Directors). It is reiterated that no information was provided by the Company or its Managing Director to substantiate the fund transfers between the

Company /Rahul Belwalkar and the aforementioned entities despite repeated requests being made by SEBI. The aforesaid *prima facie* raises suspicions that SecUR's funds were diverted by its Managing Director towards various entities /individuals.

77. Reference in these proceedings has also been drawn to the observations contained in the Interim Order regarding the transactions between SecUR and Varanium. The Company in its reply, while justifying the transactions as being carried out pursuant to two separate *Agreements* entered into with Varanium, was nonetheless found to have wrongly recognised the revenue emanating from one of the said *Agreements* (sale of KYC services by SecUR to Varanium), which in turn resulted in an exaggerated net profit (approximately 30%) being recorded in its financial statements. The Managing Director of SecUR, Rahul Belwalkar was noted to have transferred funds to the extent of Rs. 823.11 Lakh to Sabale, the Managing Director of Varanium. Additionally, it was noted that in respect of transactions entered into with CRP Risk Management and Aventez, the same were not recorded appropriately in the Ledger Accounts of the Company.
78. SecUR was also observed to have had material *RPTs* with its Managing Director Rahul Belwalkar beyond the approval limit granted by its shareholders. Further, no disclosure regarding repayment of /outstanding amount with regard to an unsecured loan obtained from Rahul Belwalkar, was made by the Company in its financial statements. Additionally, SecUR also understated the *RPTs* with SecUR Staffing for FYs 23 and 24.
79. SecUR and its Managing Director had also failed to ensure reclassification of its Promoter and Promoter Group entities despite repeated requests from the said entities.
80. Further, Rahul Belwalkar acted as the Compliance Officer of the Company despite him not being appointed as the Compliance Officer. He is also noted to have transferred funds to the Independent Directors over and above their sitting fees.

EXTRACTS OF THE LEGAL PROVISIONS ALLEGEDLY VIOLATED BY SECUR AND RAHUL BELWALKAR.

- 81.** The relevant provisions of LODR Regulations and PFUTP Regulations, 2003, are reproduced hereunder for ready reference:

LODR Regulations

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) Information shall be prepared and disclosed in accordance with applicable standards of accounting and financial disclosure.

(b) The listed entity shall implement the prescribed accounting standards in letter and spirit in the preparation of financial statements taking into consideration the interest of all stakeholders and shall also ensure that the annual audit is conducted by an independent, competent and qualified auditor.

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

(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...

(g) The listed entity shall abide by all the provisions of the applicable laws including the securities laws and also such other guidelines as may be issued from time to time by the Board and the recognised stock exchange(s) in this regard and as may be applicable.

Compliance Officer and his/ her Obligations.

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

(1A) Any vacancy in the office of the Compliance Officer shall be filled by the listed entity at the earliest and in any case not later than three months from the date of such vacancy: Provided that the listed entity shall not fill such vacancy by appointing a person in interim capacity, unless such appointment is made in accordance with the laws applicable in case of a fresh appointment to such office and the obligations under such laws are made applicable to such person.

Applicability.

15. (1) The provisions of this chapter shall apply to a listed entity which has listed its specified securities on any recognised stock exchange(s) either on the main board or on SME Exchange or on Innovators Growth Platform: ...

(2) The compliance with the corporate governance provisions as specified in regulations 17, 57, 17A, 18, 19, 20, 21, 22, 23, 24, 24A, 25, 26, 27 and clauses (b) to (i) and (t) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V shall not apply, in respect of –

(a) ...

(b) a listed entity which has listed its specified securities on the SME Exchange:

Provided that for other listed entities which are not companies, but body corporate or are subject to regulations under other statutes, the provisions of corporate governance provisions as specified in regulation 17, 17A, 18, 19, 20, 21, 22, 23, 24, 24A, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V shall apply to the extent that it does not violate their respective statutes and guidelines or directives issued by the relevant authorities.

Definitions.

16. (1) For the purpose of this chapter, unless the context otherwise requires –

(a) ...

(b) "independent director" means a non-executive director, other than a nominee director of the listed entity:

(i) ...

(iv) who, apart from receiving director's remuneration, has or had no material pecuniary relationship with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, during the 72[three] immediately preceding financial years or during the current financial year;

Related party transactions.

23. (1) ...

Provided that a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower...

(2) All related party transactions and subsequent material modifications] shall require prior approval of the audit committee of the listed entity: ...

(4) All material related party transactions and subsequent material modifications as defined by the audit committee under sub-regulation (2) shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not: ...

(9) The listed entity shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time, and publish the same on its website:

Disclosure of events or information.

30. (1) ...

...

(7) The listed entity shall, with respect to disclosures referred to in this regulation, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.

...

(12) In case where an event occurs or an information is available with the listed entity, which has not been indicated in Para A or B of Part A of Schedule III, but which may have material effect on it, the listed entity is required to make adequate disclosures in regard thereof.

Financial results.

33. (1) While preparing financial results, the listed entity shall comply with the following:

(a) ...

(b) ...

(c) The standalone financial results and consolidated financial results shall be prepared as per Generally Accepted Accounting Principles in India:

Provided that in addition to the above, the listed entity may also submit the financial results, as per the International Financial Reporting Standards notified by the International Accounting Standards Board.

...

48. The listed entity shall comply with all the applicable and notified Accounting Standards from time to time.

PFUTP Regulations, 2003

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

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

NEED FOR SEBI'S INTERVENTION.

- 82.** I find an opaqueness in the manner in which the business dealings of SecUR are being carried out through its Managing Director, Rahul Belwalkar. This cannot be viewed lightly especially considering the *prima facie* findings concerning diversion of Company's funds to the Promoter, Directors (including Independent Directors) and other individuals /entities by its Managing Director (enabled through non-segregation of bank accounts of the Company and Rahul Belwalkar), and which *prima facie* amounted to a violation of the PFUTP Regulations, 2003. It is reiterated that no explanation or documentary evidences was provided by the Company or its Managing Director even for the aforementioned. In addition, material *RPTs* were carried out by the Company with its Managing Director without any requisite shareholder approval in violation of the LODR Regulations. In this context, it is also noted that the Independent Directors (including the Chairman of the Audit Committee) had received funds from the Company's Managing Director over and above their sitting fees.
- 83.** Add to the aforesaid, the transactions the Company undertook with Varanium, an entity against whom SEBI had issued the Interim Order *inter alia* for violations pertaining to mis-statement of accounts, off-loading of shares by the Promoter, etc. In respect of the transactions with Varanium, the Company ended up recognizing revenue which materially altered the net profits in its financial statements despite the transactions not having materialised, in violation of the Ind AS 18. Additionally, the Managing Director of SecUR was noted to have transferred funds to the extent of Rs. 823.11 Lakh to Sabale (Managing Director of Varanium).

84. One can also not ignore the delay in reclassification by the Company, of its Promoter and Promoter Group or its Managing Director acting as the Compliance Officer in complete disregard of the LODR Regulations. The Company and its Managing Director have also adopted a cavalier approach while seeking to ensure compliance with fair and accurate disclosure requirements as is evident from the non-disclosure of the outstanding balance in respect of the unsecured loan availed from its Managing Director, accurate disclosure of the status of its Rights Issue, etc.
85. The above mentioned *prima facie* findings lead me to conclude that there appears to be a concentration of power in the hands of Rahul Belwalkar alone and this has in turn resulted in a complete disregard by the Company and its Managing Director for regulatory compliance and good corporate governance practises as espoused by SEBI. The Company's funds have been used by Rahul Belwalkar without any checks and balances, with the Company's wealth being taken out and being returned at the convenience of the Managing Director. It is pertinent to mention that the Company had migrated from the SME platform to the mainboard in October 2022, thereby providing greater market reach and visibility while also attracting investments from a larger number of retail investors. Further, as on March 31, 2024, there are 9,626 public shareholders in the Company. The aforementioned actions of the Company and its Managing Director, Rahul Belwalkar, therefore, do not augur well for the shareholders /investors of SecUR. For the aforesaid reasons, I am of the considered opinion that interim directions against the Company and its Managing Director are warranted in the instant proceedings, to safeguard their interests. In addition, such directions will also ensure the inviolability of the securities market.

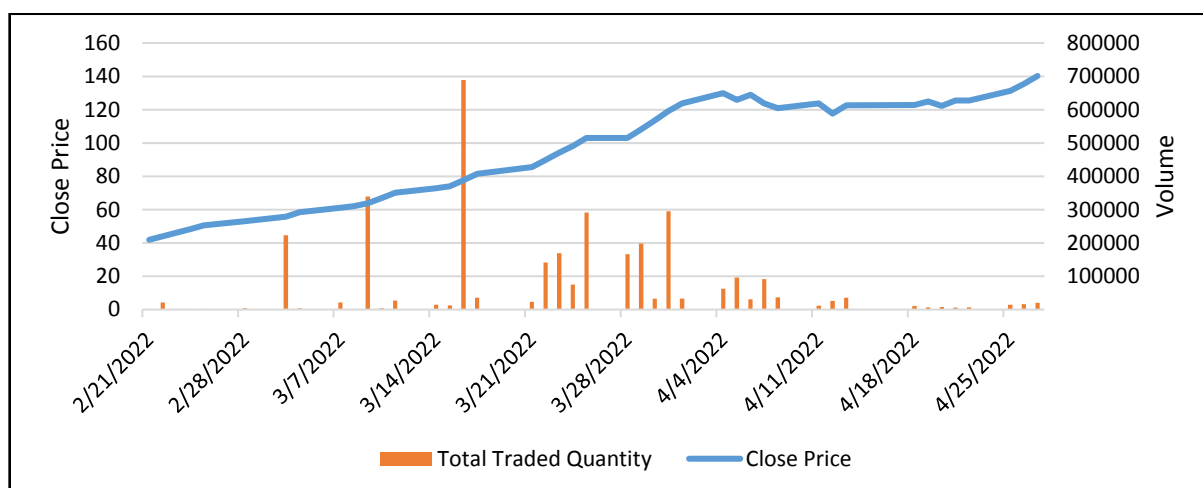
SALE OF SHARES BY PROMOTER AND PROMOTER GROUP ENTITIES.

86. As stated in the preceding paragraphs, the Promoter and Promoter Group entities of SecUR had disposed of their entire shareholding in the Company. In this context, the details of their shareholding during the period from September 2021 to September 2022, is reproduced below:

TABLE 28: DETAILS OF PROMOTER SHAREHOLDING DURING THE PERIOD FROM SEPTEMBER 2021 TO SEPTEMBER 2022				
		SHARES HELD AS ON SEPTEMBER 2021	SHARES HELD AS ON MARCH 2022	SHARES HELD AS ON SEPTEMBER 2022
1.	PANKAJ VYAS	25,32,380	380	NIL
2.	VAISHALI VYAS	4,46,884	2,27,284	
3.	URVESH VYAS	10,529	10,529	
4.	VIJAYABEN VYAS	10,529	10,529	
5.	KALPESH VYAS	10,529	NIL	
TOTAL		30,10,851	2,48,722	

87. It is noted that the scrip of SecUR registered a price rise of 235% during the period from February 21, 2022 to April 27, 2022 when the Promoter /Promoter Group offloaded a significant portion of their shareholding. The PV chart for the aforesaid period is produced below.

Figure 2: PV Chart of SecUR (February 21, 2022 to April 27, 2022)



88. This aspect of offloading of shares is being looked at separately, by SEBI.

ORDER:

89. Keeping in view the foregoing factual deliberations involving financial misstatements of *SecUR* and the observations thereon recorded in the preceding paragraphs and in order to protect the interests of shareholders of *SecUR* and other investors and the integrity of the securities market, I, in exercise of the powers conferred upon me under Sections 11, 11(4) and 11B(1) read with Section 19 of the SEBI Act, hereby issue the following directions:

- (a) ***SecUR* (Noticee 1) and Rahul Belwalkar (Noticee 2)** are restrained from buying, selling or dealing in the securities market or associating themselves with the securities market, either directly or indirectly, in any manner whatsoever until further orders.
- (b) If the Noticees have any open position in any exchange traded derivative contracts, as on the date of the order, they can close out /square off such open positions within 7 days from the date of this order. The Noticees are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this Order.
- (c) **Rahul Belwalkar (Noticee 2)** is restrained from acting as a Director /Key Managerial Personnel of any listed company or its subsidiary or any company which intends to raise money from the public or any SEBI registered intermediary, until further orders.

90. The foregoing *prima facie* observations, contained in this Order, are made on the basis of the material available on record. The Noticees may, within 21 days from the date of receipt of this Order, file their reply/objections, if any, to this Order and may also indicate whether they desire to avail an opportunity of personal hearing on a date and time to be fixed in that regard.

91. The above directions shall take effect immediately and shall be in force until further orders.

- 92.** A copy of this Order shall be forwarded to National Financial Reporting Authority for examining any lapses by the statutory auditor of *SecUR*, in respect of the *prima facie* violations found against the Company and take action, as deemed fit.
- 93.** A copy of this order shall be served upon Noticees, Stock Exchanges, Registrar and Transfer Agents and Depositories for necessary action and compliance with the above directions.

DATE: June 13, 2024
PLACE: MUMBAI

ASHWANI BHATIA
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA