National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/64651	Date: October 21, 2024
Circular Ref. No: 399/2024	

To All NSE Members,

Sub: SEBI Confirmatory Order in the matter of Varanium Cloud Limited

This has reference to NSE circular no. NSE/INVG/61983 dated May 10, 2024 in respect of SEBI Order no. WTM/ASB/CFD/CFD-SEC-1/30328/2024-25 dated May 10, 2024 wherein SEBI has restrained following entity 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 Entity	PAN
1.	Varanium Cloud Limited	AAZCS6264J
2.	Harshawardhan Hanmant Sabale	BMMPS9407G

SEBI vide order no. WTM/ASB/CFD/CFD-SEC-3/30894/2024-25 dated October 21, 2024 has confirmed the directions issued vide the Interim Order dated May 10, 2024.

The detailed order is available on SEBI website (https://www.sebi.gov.in/enforcement.html).

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.

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

National Stock Exchange of India

For and on behalf of
National Stock Exchange of India Limited

Sandesh Sawant
Senior Manager

Annexure: SEBI Confirmatory Order in the matter of Varanium Cloud Limited

WTM/ASB/CFD/CFD-SEC-3/30894/2024-25

SECURITIES AND EXCHANGE BOARD OF INDIA

CONFIRMATORY ORDER

Under Sections 11(1), 11(4) and 11B(1) read with Section 19 of the Securities and Exchange Board of India Act, 1992

In respect of:

SL. No.	NOTICEE(S)	PAN
1	**Varanium Cloud Limited**	**AAZCS6264J**
2	**Harshawardhan Hanmant Sabale**	**BMMPS9407G**

(The aforesaid entities are hereinafter individually referred to by their respective names / Noticee no. and collectively as "Noticees", unless the context specifies otherwise)

In the matter of Varanium Cloud Limited

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1. Securities and Exchange Board of India ("**SEBI**") issued an interim order dated May 10, 2024 ("**Interim Order**") against Varanium Cloud Limited ("**Varanium**" / "**the Company**") and Mr. Harshawardhan Hanmant Sabale, the Promoter and Managing Director of Varanium.

2. The Interim Order had recorded the *prima facie* findings that Varanium mis-utilized its IPO proceeds and manipulated its financial statements by recording fictitious sales and purchases during FY23 and FY24 (the Company was listed on September 27, 2022). The mis-stated financial statements *prima facie* presented a rosy picture about the financial health of the Company, leading to increase in investors' interest in the stock. The share price of Varanium witnessed significant increase during the period of financial mis-statement. The Promoter, taking advantage of the price rise, off-loaded his shares and made huge gains. A significant portion of gains was *prima facie* diverted to an entity, BM Traders, Mumbai, about which little was known.

3. In view of the above, Varanium and its Managing Director, Mr. Harshawardhan Hanmant Sabale, were alleged to have violated the provisions of Sections 12A(a), (b) and (c) of the SEBI Act, 1992 and regulations 3(b), (c) & (d), 4(1) and 4(2)(f), (k) and (r) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003.

4. Vide the Interim Order, the following directions were issued:

> *"(a) Varanium (Noticee 1) and Mr. Harshawardhan Hanmant Sabale (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. 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. 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.*
>
> *(b) Mr. Harshawardhan Hanmant Sabale (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."*

5. The Interim Order provided time of 21 days from the date of receipt of the Interim Order to the Noticees to file their reply/objections, if any, to the Interim Order and to indicate whether they desired to avail an opportunity of personal hearing.

6. In response to the Interim Order, the Company (Noticee 1), vide letter dated July 03, 2024, submitted that it had filed an appeal before the Hon'ble Securities Appellate Tribunal (SAT) against the Interim Order. However, the

Company did not make any submission on the merits of the *prima facie* findings in the Interim Order. It is noted that there is no record of any order passed by the Hon'ble SAT in respect of any pending appeal filed by the Company.

7. As regards Mr. Harshawardhan Hanmant Sabale (Noticee 2), it is noted that the said Noticee vide letter dated June 20, 2024 sought for inspection of various documents. Accordingly, Noticee 2 was provided with an opportunity for inspection of documents on September 09, 2024. The said opportunity was availed by Noticee 2 through his authorized representative (AR), Mr. Danish Chamadia, Advocate.

8. Subsequently, a personal hearing was scheduled for the Noticees on September 11, 2024. Prior to the hearing, Noticee 2 on September 11, 2024 *inter alia* made a request for inspection of additional documents. Thereafter, while Noticee 1 failed to attend the said hearing, Noticee 2 attended the hearing through his AR. During the hearing, the AR repeated Noticee 2's request for certain additional documents. The Noticee 2 was provided time till September 17, 2024 to file his response to the Interim Order on merits.

9. The Noticee 2 failed to submit his response to the Interim Order on merits by September 17, 2024. Later, vide latter dated September 23, 2024, Noticee 2 wrote to SEBI *inter alia* reiterating his request for inspection of additional documents. However, Noticee 2 did not make any submissions on merits.

10. Considering the request of Noticee 2 for inspection of additional documents, SEBI, vide email dated October 01, 2024 informed Noticee 2 about grant of another opportunity of inspection of documents as per his request. The said email further stated that the documents requested for by Noticee 2 would be sent to him through email, if he so desired.

11. Even after the abovementioned email granting opportunity of inspection to Noticee 2, he failed to provide any response whatsoever in respect of the same. Subsequently, reminder emails dated October 04, 2024 and October

07, 2024 were sent to Noticee 2 reiterating the contents of email dated October 01, 2024. However, no response has been received from Noticee 2 till date.

12. Subsequently, vide email dated October 10, 2024, another opportunity of personal hearing was provided to the Noticees by scheduling the same on October 15, 2024. However, the Noticees neither attended the said hearing nor responded to SEBI in any manner.

13. Given the above, it is noted that though sufficient opportunities, in compliance with the principles of natural justice, have been provided to the Noticees to present their case, they have failed to avail the same. I, therefore, find that there is no ground for interfering with the interim directions issued vide the Interim Order. Accordingly, I deem it fit to confirm the said directions.

DIRECTIONS

14. In view of the foregoing, I, in exercise of powers conferred upon me under Sections 11(1), 11(4) and 11B(1) read with Section 19 of the SEBI Act, 1992, hereby confirm the directions issued vide the Interim Order dated May 10, 2024.

15. A copy of this order shall be served on the Noticees, recognized Stock Exchanges, Depositories and Registrar and Share Transfer Agents to ensure compliance with the above direction.

DATE: OCTOBER 21, 2024
PLACE: MUMBAI

ASHWANI BHATIA
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA