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Investor Awareness & Fraud Awareness Federation

Independent Observational Research Report:

Concerning Allegations of Ponzi / Pyramid Scheme
Varaahi Group of Companies (VGC)

Prepared by:
IAFAF Independent Research Review Team.

Reference Entity:
Varaahi Group of Companies (VGC)

1. Introduction:

This report has been prepared based on a limited independent review of certain documents, financial records, and representations made available by the management and associated individuals of the Varaahi Group of Companies (VGC).

The purpose of this research review is to examine allegations that the group has been operating a Ponzi or Pyramid investment scheme, and to assess whether the available documentation and transactional records support such an allegation.

This review is conducted strictly as an independent observational research exercise and does not constitute a statutory audit, forensic audit, or regulatory investigation.

The observations made in this report are based only on the documents and information made available for examination at the time of review.



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2. Scope of Review:

The following materials were examined as part of this independent review:

- Selected Bank Statements relating to lending and repayment transactions
- Loan Agreements and documentation executed with lenders
- Correspondence and statements provided by the management
- Discussions with certain associates and stakeholders of the group
- Review of the business structure and associated entities within the group

This review was limited to the documents provided and does not represent a complete forensic examination of all financial records of the entity.

3. Nature of Allegations:

Certain allegations have been raised against Varaahi Group of Companies, suggesting that the entity may have been operating a Ponzi or Pyramid-style fund raising structure, wherein funds from new investors are allegedly used to repay earlier lenders.

Such allegations typically arise when repayment flows resemble investor-to-investor fund cycles, which are characteristic indicators often associated with Ponzi structures.

This research review therefore focused on evaluating whether the documentary evidence supports the presence of such a scheme or demonstrates otherwise.

4. Observations from Document Review:

Based on the review of the documentation made available, the following observations were noted:

4.1 Loan Agreements and Lending Structure :

During the course of the document review, particular attention was given to the nature of agreements executed between the Varaahi Group of Companies (VGC) and individuals who had provided funds to the company.



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The documentation examined indicates that the financial relationships between the company and the concerned parties were primarily structured through individual loan agreements rather than through a collective investment pool or a structured investment scheme.

The agreements reviewed suggest that each lender entered into a direct contractual arrangement with the company, specifying the loan amount, repayment terms, and other contractual conditions governing the lending relationship. Such agreements appear to reflect a private lending framework, where the lender provides funds to the company under mutually agreed terms.

It was further observed that the documentation included the issuance of post-dated cheques or repayment instruments corresponding to the amounts borrowed, which were intended to serve as a repayment assurance mechanism between the company and the lenders. In many private lending arrangements, such instruments are commonly used as a method of repayment commitment and documentation of financial liability.

Based on the agreements reviewed, the lending arrangements appear to resemble secured or semi-secured private loan transactions, commonly referred to in informal financial contexts as hand-loans, wherein funds are provided directly to a borrower entity with agreed repayment terms.

From the documentation available for examination, the reviewed agreements do not indicate the presence of a pooled investment structure, centralized investment corpus, or profit-sharing arrangement that is typically characteristic of regulated collective investment schemes.

Instead, the structure appears to reflect individualized lending relationships between the company and separate lenders, each governed by separate contractual documentation.



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It is important to note that while certain repayment flows or funding cycles may sometimes create patterns that superficially resemble investor-to-investor repayment structures, the mere presence of such patterns does not, by itself, conclusively establish the existence of a Ponzi or pyramid scheme without further forensic financial analysis.

Based on the documentation examined during this limited review, the agreements reviewed appear to be contractual loan arrangements between the lending parties and the company, rather than participation in a collective investment structure.

However, the regulatory characterization of such arrangements ultimately depends on applicable financial regulations, compliance frameworks, and determinations by competent regulatory authorities.

4.2 Bank Transaction Analysis:

As part of this independent review, a limited examination was conducted on certain bank statements and financial transaction records made available by the company for the purpose of understanding the flow of funds between the entity and its lenders.

The bank statements reviewed reflect transactions corresponding to fund inflows from individual lenders and outflows towards financial obligations of the company, which appear to be consistent with the nature of loan-based financial arrangements described in the documentation provided.

The transactional records examined indicate that the company maintained identifiable banking channels through which the funds were received and utilized, suggesting that the financial movements were conducted through formal banking systems rather than through untraceable or undocumented financial routes.



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During the course of this review, the transaction patterns observed in certain instances may appear structurally similar to repayment cycles that are sometimes associated with allegations of Ponzi-style arrangements. However, such patterns can also arise in business environments where entities rely on multiple sources of private lending or short-term capital to support operational or financial obligations.

From the documents and statements examined during this limited review, the financial flows observed appear to correspond with the loan-based agreements executed between the company and the respective lending parties.

Importantly, the documentation reviewed does not reveal evidence of the existence of a centralized pooled investment structure, a collective investor fund, or a formal profit-sharing scheme, which are typically associated with structured Ponzi or pyramid operations.

The financial transactions reviewed appear to be linked to individually documented lending arrangements, rather than contributions into a common investment pool intended to generate returns from market-based or trading activities.

It should be noted that a definitive determination regarding the classification of financial transaction patterns under regulatory frameworks would require comprehensive forensic financial examination and evaluation by competent statutory or regulatory authorities. Based on the limited documentation and records reviewed in the course of this research exercise, the transaction patterns observed do not, in themselves, provide conclusive evidence of the existence of a Ponzi or pyramid scheme.

5. Regulatory Entity within the Group:

During the course of review, it was noted that an associated entity within the group: Varaahi Wealth Academy and Research Analyst Pvt. Ltd.



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is represented as a SEBI registered entity under the Research Analyst regulatory framework.

Under SEBI regulations, a Research Analyst entity is permitted to:

- Provide investment research reports
- Offer investment advice and recommendations
- Provide research services to institutions and individual investors

However, such registration does not authorize deposit-taking or public fund-raising activities, which must comply with other regulatory frameworks.

6. Corporate Restructuring Measures:

During the course of this independent review, representations were made by the management of the Varaahi Group of Companies (VGC) indicating that the group has initiated a structured process of organizational and regulatory restructuring aimed at aligning its operations with applicable legal, financial, and regulatory frameworks. According to the statements provided by the Chairman and Founder of the group, Mrs. Rahini Sekar, the group has been undertaking internal measures to reorganize its operational structure, financial practices, and compliance mechanisms with the objective of transitioning towards a more formalized and regulated operational framework within the financial services sector.

The restructuring process, as represented, appears to focus on multiple aspects of corporate governance and regulatory alignment, including but not limited to the following areas:

6.1 Alignment with Licensed Financial Activities:

The management has indicated that the group is in the process of aligning certain business functions with regulated financial market activities, particularly those governed by statutory regulatory authorities.

This includes the consolidation and formalization of operations associated with entities operating within the group structure, including entities represented as being engaged in financial advisory, research, and market-related services.



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The restructuring process aims to ensure that such activities are conducted strictly within the scope permitted under relevant regulatory registrations and frameworks, thereby strengthening compliance with applicable securities market regulations.

6.2 Strengthening of Tax and Statutory Compliance:

As part of the restructuring initiative, it has been represented that the group is undertaking measures to enhance its tax compliance and statutory reporting processes. This includes reviewing and organizing matters related to:

- Income tax compliance and filings
- Maintenance of financial records and accounting documentation
- Alignment of business operations with applicable taxation regulations
- Engagement of professional advisors to assist with statutory compliance

The objective of these measures appears to be the establishment of a structured compliance environment that ensures adherence to applicable financial and tax regulations.

6.3 Organizational Structuring of Lender Relationships:

During the course of discussions, it was indicated that the group is also reviewing and organizing the documentation and structuring of its existing lender relationships. This includes the process of bringing clarity and formal structure to financial arrangements with individuals who had extended funds to the company through documented loan agreements.

The restructuring initiative reportedly seeks to ensure that such relationships are systematically documented, transparently managed, and aligned with applicable financial and legal frameworks, thereby improving clarity for all concerned parties.

6.4 Governance and Operational Reorganization:

In addition to financial and regulatory restructuring, the management has represented that the group is also undertaking internal measures aimed at strengthening corporate governance and operational oversight.



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Such measures may include:

- Establishing clearer organizational structures within the group
- Implementing improved financial management systems
- Engaging professional consultants and advisors for compliance guidance
- Ensuring that future operations are conducted within clearly defined legal and regulatory boundaries

These measures appear intended to support the development of a more structured and compliant corporate framework for the group's future operations.

6.5 Role of Professional Advisors:

It has further been represented that the restructuring process is being undertaken with the guidance and assistance of professional advisors, including experts in legal, financial, and compliance matters.

The involvement of such advisors is intended to assist the group in aligning its operational and financial structure with prevailing statutory and regulatory requirements, thereby facilitating a more organized and compliant operational environment.

6.6 Observational Note:

From the information made available during the course of this review, the active involvement of the group's leadership in initiating structural and compliance-oriented reforms indicates an intention to formalize and strengthen the governance framework of the organization.

However, as with all corporate restructuring initiatives, the effectiveness and completeness of such measures would depend on the implementation of appropriate compliance mechanisms and adherence to applicable regulatory standards over time.



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7. Key Findings:

Based on the documentation and information reviewed during the course of this independent examination, the following observations are noted:

1. The documentation examined during this review does not provide conclusive evidence to suggest that the company intentionally designed or operated a Ponzi or Pyramid scheme.
2. The financial arrangements reviewed appear to reflect loan-based borrowing relationships between the company and individual lenders, rather than participation in a collective investment or pooled investor structure.
3. Certain financial transaction patterns, when viewed in isolation, may appear similar to repayment cycles that are sometimes associated with Ponzi-style allegations. However, the presence of such patterns alone is not sufficient to establish the existence of a Ponzi or pyramid scheme without comprehensive forensic financial investigation.
4. From the information reviewed, the company appears to be experiencing balance sheet stress arising from financial obligations connected to its lending arrangements. Based on the representations made by the management, such financial pressure is associated with the company's current operational restructuring phase.
5. The management of the Varaahi Group of Companies has indicated that active restructuring measures are currently being undertaken, including organizational restructuring, regulatory alignment, and financial reorganization. It has been represented that proper implementation of these restructuring measures is expected to bring stability and improved financial management within the group structure.

8. Limitations of the Review:

This report is subject to the following limitations:

- The review is based only on documents and information made available for examination
- No independent forensic verification of all financial records was conducted
- No regulatory authority databases or third-party confirmations were independently verified
- The findings represent observational analysis and not a definitive legal determination



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9. Conclusion:

Based on the limited independent research review conducted and the documentation made available for examination, no clear evidence was identified to establish that the Varaahi Group of Companies intentionally structured or operated a Ponzi or Pyramid scheme.

The documentation reviewed suggests that the financial arrangements examined appear to be based on individually executed loan agreements between the company and lending parties, rather than participation in a collective investment or pooled investor structure typically associated with Ponzi-type schemes.

While certain financial transaction patterns may sometimes resemble structures that are commonly alleged in such cases, the information and documents examined during this review do not independently indicate that the company's structure was designed with the intention of orchestrating a Ponzi or pyramid mechanism.

It is observed from the available information that the company is currently experiencing balance sheet pressure arising from financial obligations associated with its lending arrangements and operational commitments. Such financial stress appears to be linked to the broader organizational and structural transition currently underway within the group. The management of the Varaahi Group of Companies has represented that active restructuring measures are being undertaken, including improvements in corporate structure, regulatory alignment, and strengthening of statutory and tax compliance mechanisms. The objective of these measures appears to be the establishment of a more organized, compliant, and sustainable operational framework for the group's future activities.

From the observations made during this limited review, the involvement of the group's leadership in initiating restructuring and compliance-oriented reforms indicates an intention to stabilize operations, improve governance practices, and align the group's activities with applicable regulatory frameworks.



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For long-term stability and institutional credibility, it would be advisable for the company to continue strengthening its corporate governance structures, financial transparency, and regulatory compliance systems, particularly in relation to lender documentation, statutory reporting, and operational oversight.

It must be emphasized that the observations contained in this report are based solely on the documents and information made available during the course of this limited research review, and any definitive determination regarding regulatory compliance or legal characterization ultimately rests with the competent statutory and regulatory authorities.

