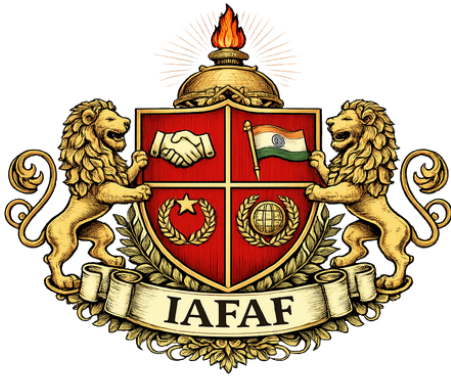




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STAGE-2 INDEPENDENT FINANCIAL & DOCUMENTARY REVIEW:

Concerning Varaahi Group of Companies and Associated Financial Transactions

Prepared by:

IAFAF Independent Research Review Team

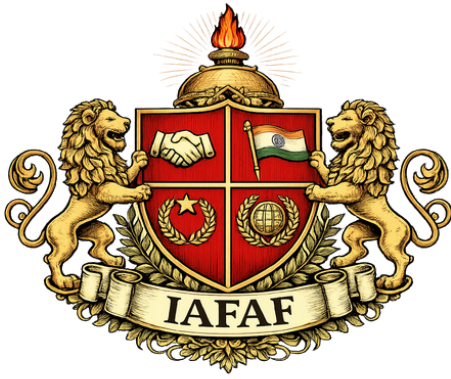
Nature of Report:

Expanded Stage-2 Documentary and Transaction Review

1. Background and Purpose

This Stage-2 review is a continuation of the earlier Independent Observational Research Report concerning allegations relating to the financial activities of Varaahi Group of Companies and associated persons/entities.

The earlier report was expressly prepared on the basis of limited documents and information then made available and was not represented as a statutory audit, forensic audit or regulatory investigation. It further recorded that definitive characterisation of the financial transactions would require wider forensic examination and/or determination by competent regulatory authorities.



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Subsequent to completion of the earlier review, the review team was provided with additional documents, transaction records, third-party information, complaints and information concerning regulatory and law-enforcement proceedings from multiple sources.

Accordingly, this Stage-2 report does not withdraw, contradict or retrospectively alter the findings of the earlier report. It records the materially different risk assessment arising from information that was not available during Stage-1.

2. Additional Matters Examined

The expanded review included information relating to:

- loan and repayment arrangements;
- bank-account movements and associated-party transfers;
- deployment of funds allegedly for stock-market/trading activities;
- lender/investor repayment obligations;
- transactions involving connected entities and individuals;
- Profit Ever Traders, a partnership firm represented in the materials as being associated with Mrs. Rahini Sekar;
- complaints and information received from multiple parties;
- information relating to NSE/SEBI scrutiny or communications; and
- information supplied to the review team regarding investigation by police/Economic Offences Wing authorities.



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The approximately ₹300 crore amount associated with allegations concerning Profit Ever Traders is recorded in this report as an alleged/represented exposure based on information supplied for Stage-2. It should not be treated as an independently certified amount unless reconciled against complete banking, investor and investigative records.

3. Stage-2 Observations:

The materially expanded documentation indicates that the transactions require examination beyond the mere existence of individually executed loan agreements.

Stage-1 had observed that the agreements and records then available predominantly reflected individual lending relationships and that transaction patterns which appeared similar to investor-to-investor repayment structures could not, without comprehensive forensic investigation, establish the existence of a Ponzi or pyramid scheme.

The additional Stage-2 information now raises substantial concerns in the following areas:

A. Fund Mobilisation and Utilisation:

Significant amounts appear to have been received from multiple persons under loan or similar financial arrangements.

The expanded information raises questions concerning whether the actual utilisation of such funds corresponded with the purposes represented to the persons providing the funds.

Particular attention is required to establish:

Funds Received → Accounts Credited → Subsequent Transfers → Trading/Business Deployment → Repayment Source



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B. Connected and Individual Account Movements

The Stage-2 materials indicate transactions involving business accounts, associated entities and/or individual accounts.

Such movements require independent forensic reconstruction to determine:

- beneficial ownership of funds;
- purpose of each transfer;
- whether transfers were commercially supported;
- whether money moved between related accounts before being deployed; and
- whether repayments originated from genuine trading/business income or from subsequent fund inflows.

C. Trading Representations

A material issue identified is the requirement to independently reconcile the amounts allegedly collected for or connected with market activity against:

- broker statements;
- demat/trading ledgers;
- contract notes;
- actual capital deployed;
- realised trading profit/loss; and
- amounts ultimately repaid to lenders/investors.

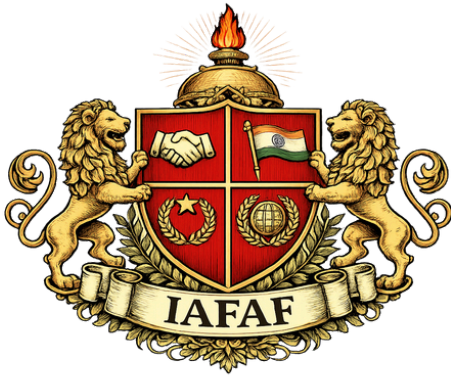
Where repayment obligations materially exceed independently demonstrable trading profits or legitimate operating cash flows, the source of such repayments becomes a critical forensic issue

D. Repayment Dependency and Liquidity

The expanded information raises a substantially greater concern than was ascertainable during Stage-1 regarding whether certain repayments may have depended upon:

- fresh incoming funds;
- transfers between connected accounts;
- recycling of available liquidity; or
- sources not independently supported by corresponding operating or trading profits.

This represents a material escalation of financial and regulatory risk compared with the evidentiary position existing during the first review.



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4. Regulatory / Law-Enforcement Status

Information supplied to the Stage-2 review indicates that the concerned financial activities and/or associated persons have been the subject of regulatory, exchange and police scrutiny.

The review team has further been informed that an FIR has been registered by the Economic Offences Wing, Salem in connection with the matter.

For any final signed version of this report, the FIR number, date, sections, accused/entity names and investigating authority should be reproduced strictly from the certified FIR or official police record.

The existence of an FIR or regulatory investigation is a material development; however, it constitutes the commencement or continuation of investigation and does not by itself amount to a judicial finding of guilt.

5. Conclusion and Closure

Based on the materially expanded documents and information made available during Stage-2, the review team finds that the matter can no longer be assessed merely as an ordinary lending, repayment or liquidity issue.

The additional material presents serious adverse indicators requiring comprehensive forensic and statutory investigation, particularly concerning:

- large-scale mobilisation of funds;
- utilisation and movement of such funds;
- transactions through connected/entity/individual accounts;
- representations concerning trading activity;
- adequacy of verified trading or business income;
- source of historical repayments;
- liquidity and repayment mismatches; and
- potential exposure of multiple lenders/investors.

The evidentiary position has therefore materially changed from Stage-1.

This does not imply that the earlier report was incorrect. The earlier report itself recorded that it was limited to the material then available, that no independent forensic verification had been conducted, and that its findings were observational rather than definitive legal determinations.



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Final Stage-2 Position

The review identifies material financial irregularity indicators and sufficient grounds for detailed forensic, regulatory and criminal investigation by the competent authorities.

No portion of the earlier Stage-1 report should be construed as a clean chit, solvency certification, regulatory clearance or exoneration of any person or entity.

Likewise, this Stage-2 report does not pronounce criminal guilt. Final determination regarding fraud, criminal liability, regulatory breaches, quantum of investor loss and recovery of assets remains exclusively within the jurisdiction of the competent police, EOW, SEBI, stock-exchange and judicial authorities.

Stage-2 Independent Observational Review: CLOSED, subject to findings of the competent statutory authorities.