

- ⇒ Despite these major obligation and complaints, S.E.B.I. has cleared this IPO.
- ⇒ IPO cleared on 4<sup>th</sup> of July 2025
- ⇒ IPO Open Date 9<sup>th</sup> July 2025 to 14<sup>th</sup> July 2025
- ⇒ This needs to be stopped.
- ⇒ Investor needs to be protected.



# INFRASTRUCTURE WATCHDOG

(Registered under The Societies Registration Act XXI of 1860)

B-5/51, Paschim Vihar, New Delhi - 110 063; e-mail: [ak@infrawatchdog.org](mailto:ak@infrawatchdog.org)

Date: July 07, 2025

**Shri Tuhin Kanta Pandey**

Chairperson, SEBI

PN-C/7, G Block BKC

Bandra Kurla Complex, Bandra East

Mumbai-400051

[chairperson@sebi.gov.in](mailto:chairperson@sebi.gov.in)

**Sub: DRHP dated 14.08.2024 filed by Smartworks Coworking Spaces Ltd**

Ref: (i) Our earlier letters dated 12.01.2025 & 15.01.2025

(ii) Company's response vide letter dated 31.01.2025

(iii) Our letter dated 29.03.2025

(iv) Our letter dated 21.05.2025

Respected Sir

1. We are shocked to know that despite our above complaints, apparently SEBI has on Friday given its go ahead to Smartworks Coworking Spaces Ltd for raising money from public through an IPO. In the RHP, no mention is there about our complaint dated May 21, 2021, which had raised serious questions about the manner in which the said company had raised capital earlier through known & identified shell companies. An updated chart showing the routing of money is attached herewith as **Annexure-A** for your ready reference. This is not our imagination, but drawn from the Income Tax reports filed with our complaint dated May 21, 2025. These I-T reports contain serious allegations against the Ghanshyam Sarda Group, its founder Mr. Ghanshyam Sarda, his immediate family members, and close associates. The report alleges instances of unexplained credits, tax evasion, benami transactions, and large-scale money laundering, all being done through official banking channels of REs. The documents further suggest that Smartworks Corporate Services Ltd (SCSL) has benefitted from astronomical financial transactions routed through entities that have been identified as shell companies by the Ministry of Corporate Affairs (MCA). These transactions are traced back to companies where the majority shareholders of SCSL hold significant influence or control.

2. We had also written a letter dated June 3, 2025 to the RBI and the relevant banks / NBFCs drawing their attention about the manner in which they were indiscriminately lending money to the said company based on just revenue projections without any underlying security to a company which has no asset base. A copy of the same without annexures is attached herewith as **Annexure-B** for your ready reference. The financial data clearly indicates that the company is operating at significant losses; however, it has attempted to show a positive EBITDA. SCSL has managed to achieve this by classifying substantial amount from "Operating & Administrative Expenses" under Asset category, and subsequently depreciated the same overtime. By doing so, the company has avoided booking full expenses in a single financial year, instead spreading it over multiple years through depreciation. The method of Depreciation used under the category of "right to use", is nothing but an innovative accounting practice which has speciously and artificially improved EBITDA to positive, from being negative. As a result the company has reported an EBITDA of Rs 736,00,00,000/- (Rupees Seven Hundred Thirty Six Crore) in FY24, which is incredulous and

highly improbable, especially given the lack of cash generation. If the company was actually generating such sizeable surplus, then resultantly there would have been reduced debt dependency. However the continued reliance on external borrowing suggests that the reported EBITDA does not correspond to actual cash flow or financial strength. High losses and positive EBITDA is another concern that raises serious doubts about the accounting standards and recording of SCSL indicating serious instances of fraud at play.

We do hope that you will take appropriate steps to address the concerns raised by us before the public starts putting in their hard earned money in such a company.

Thanking you

Yours sincerely

**For Infrastructure Watchdog**

  
Anil Kumar

Secretary

Mobile: 8130167111

Enclosed:

Annexure-A: Copy of chart showing money routing

Annexure-B: Copy of our letter to RBI and relevant Banks/ NBFCs

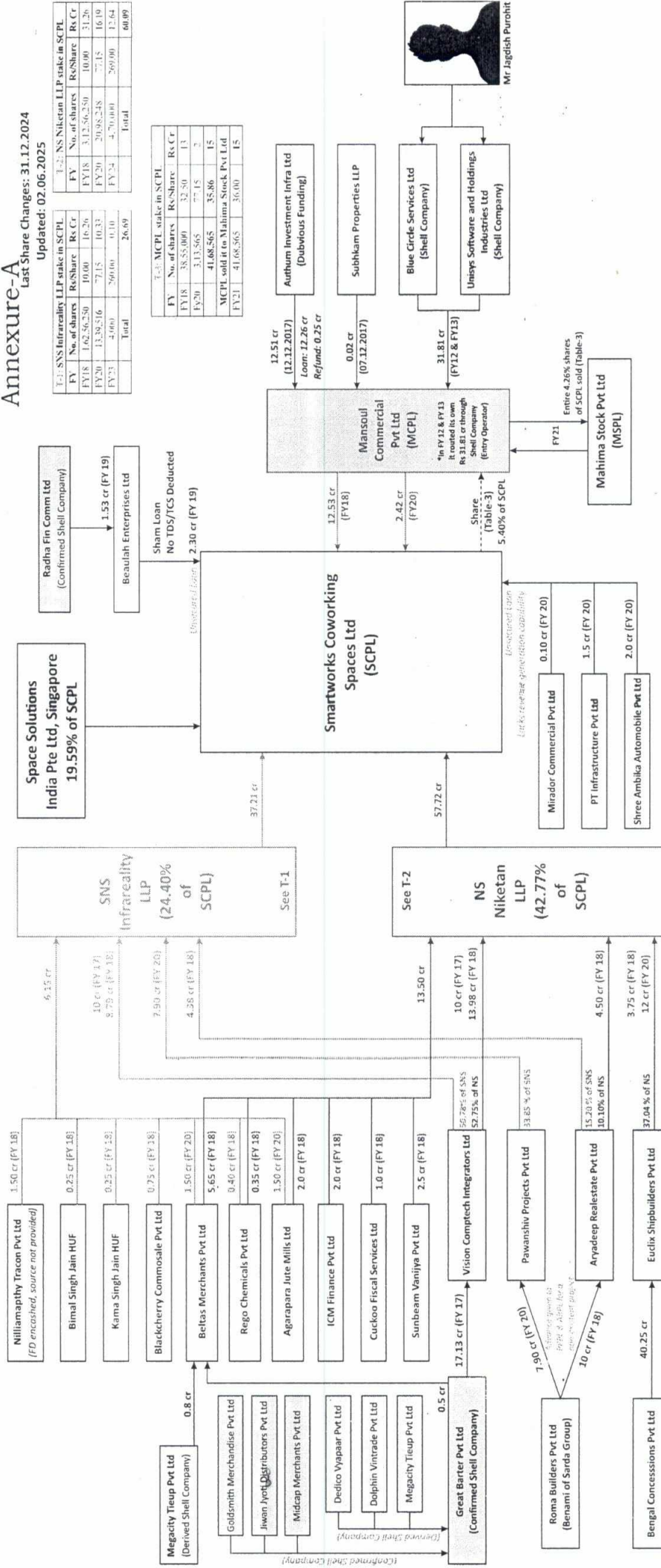
CC:

- (i) Shri Amarjeet Singh, Whole Time Member, SEBI; [amarjeets@sebi.gov.in](mailto:amarjeets@sebi.gov.in)
- (ii) Shri Manoj Kumar, Executive Director IMD, SEBI; [manojk@sebi.gov.in](mailto:manojk@sebi.gov.in)
- (iii) Shri Govindayapalli Ram Mohan Rao, Executive Director, IVD, SEBI;  
[rammohan@sebi.gov.in](mailto:rammohan@sebi.gov.in)

Last Share Changes: 31.12.2024  
 Updated: 02.06.2025

T-1: SNS Infrateality LLP stake in SCPL				T-2: SNS Nictan LLP stake in SCPL			
FY	No. of shares	Rs Cr		FY	No. of shares	Rs Cr	
FY 18	1,62,54,350	10.40	16.26	FY 18	31,35,62,230	10.00	31.26
FY 20	13,38,516	77.15	10.33	FY 20	20,98,248	77.15	16.10
FY 23	4,70,000	260.00	0.10	FY 24	4,70,000	269.00	12.64
	<b>Total</b>		<b>26.69</b>		<b>Total</b>		<b>60.09</b>

7.3: MCPL stake in SCPL			
FY	No. of shares	Rc/share	Rc Cr
FY18	38,55,000	32.50	13
FY20	3,13,565	77.15	2
	41,68,565	35.86	15
MCPL sold it to Mahima Stock Pvt Ltd			
FY21	41,68,565	36.00	15



These four entities have 91.02% of SCPL



# Annexure-B

## INFRASTRUCTURE WATCHDOG

(Registered under The Societies Registration Act XXI of 1860)

B-5/51, Paschim Vihar, New Delhi - 110 063; e-mail: ak@infrawatchdog.org

**Confidential**

Date: July 03, 2025

**Mr Sanjay Malhotra**  
RBI Governor  
8<sup>th</sup> Floor, Central Office Building  
Shahid Bhagat Singh Road  
Mumbai - 400 001  
governor@rbi.org.in

### **SUB: SMARTWORKS COWORKING SPACES LTD**

- (i) **Indiscriminate lending by multiple banks & NBFCs without any real “security”**
- (ii) **Massive routing of benami money in the coffers of Smartworks Coworking Spaces Ltd, and**
- (iii) **Land allotment scam – lease of 37.53 acres of West Bengal Government land given by Haldia Development Authority to a Ghanshyam Sarda group company Euclix Shipbuilders Pvt Ltd – illicit money routed in Smartworks Coworking Spaces Ltd**

Respected Sir

### **Our background**

We are a registered NGO working in the field of infrastructure sector since September 2013 with the objective of protecting the interest of the nation, consumers, and the sector, strictly in that order. Through this communication, we seek to briefly highlight certain contentious facts for your kind reference pertaining to Smartworks Coworking Spaces Ltd (“SCSL”) in order to expose multiple infractions, including:

- (i) Clear violations of various circulars issued by the Reserve Bank of India (RBI);
- (ii) Procurement of public funds from banks and other regulated entities in the form of unsecured loans without adequate collateral;
- (iii) Specific contraventions of the provisions of the Companies Act and directives issued by the Ministry of Corporate Affairs (MCA); and
- (iv) Laundering of illicit funds by the promoters of SCSL through covert investments routed via shell entities owned and controlled by the promoters and their close associates.

### **A: Procurement of public funds from banks and other regulated entities in the form of unsecured loans without adequate collateral**

A1. As per MCA records, SCSL has so far borrowed Rs 720,00,00,000/- (Rupees Seven Hundred Twenty Crore) from a total of 12 banks. This borrowing has been done through three types of financial instruments.

1. Term-Loans - Long term borrowings
2. Working Capital Loans, and
3. Secured Non-Convertible Debentures (‘NCDs’),

These funds have been amassed from multiple REs by SCSL under different terms, which are not only suspicious by downright illicit. The details of these loans are given in table filed as **Anenxure-P1**.

**A2.** It is submitted that all Regulated Entities (REs) are bound by the periodic circulars issued by the Reserve Bank of India (RBI), which regulate various banking functions, including the extension of credit facilities to individuals and entities. One such requirement mandates the REs to maintain an appropriate Loan-to-Value (LTV) ratio while granting credit facilities, to ensure the safety of public funds and to facilitate recovery of the loan along with associated costs, primarily through enforcement of the security interest under the SARFAESI Act.

**A3.** In the present case, astonishingly with the sole exception of a loan of Rs 30,00,00,000/- (Rupees Thirty Crore Only) extended by ICICI Bank, which is secured with FDs worth over Rs 27,00,00,000/- (Rupees Twenty Seven Crore Only) and rental income of SCSL, none of the other lending banks appear to have adequately secured their respective exposures through effective risk management or by maintaining an adequate line of security interest.

**A4.** It is emphatically submitted that Revenue-Based Financing, particularly when it stands as the sole form of collateral, is neither prudent nor optimal in the case of a company like SCSL, which does not possess tangible, realizable assets. Furthermore, none of the loans are backed by additional security, such as a pledge over the company's shares and/or personal guarantees from the promoters, measures that are routinely adopted by prudent lenders.

**A5.** These omissions are especially glaring given the fact that SCSL does not own any real estate or immovable property, despite being in the business of providing rental workspace solutions. This raises serious concerns regarding the risk assessment and due diligence undertaken by the concerned REs at the time of sanctioning the loans

**A6.** SCSL's business model involves leasing commercial spaces, renovating them and subsequently sub-letting to end clients. However, the company is contractually obligated to pay full rent to property owners, from day one, even during the renovation period, regardless of whether the space is occupied or monetized. While these rental obligations constitute fixed expenses, the corresponding income is uncertain and fluctuating, based on market demand, occupancy levels and other external factors.

A7. The financial performance of SCSL is shown in the following table: -

Standalone financials of Smartworks Coworking (in Rs Cr)						
Formula	Description	2021	2022	2023	2024	
A	Revenue	280	360	710	1,038	
B	Other Revenue	30	34	33	75	
C=A+B	<b>Total Revenue</b>	<b>310</b>	<b>394</b>	<b>743</b>	<b>1,113</b>	
D	Operating & Admin. Expenses	113	154	285	377	
E=C-D	<b>EBITDA</b>	<b>196</b>	<b>240</b>	<b>458</b>	<b>736</b>	
F	Finance Cost	97	122	237	328	
G=G1+G2	<b>Depreciation</b>	<b>172</b>	<b>212</b>	<b>356</b>	<b>471</b>	
G1	Property, Plant & Equipment	45	51	86	152	
G2	Right-to-use assets	127	161	270	319	
H	Amortization	0.17	0.27	0.35	0.31	
I=D+F+G+H	<b>Total Expenses</b>	<b>382</b>	<b>488</b>	<b>878</b>	<b>1,177</b>	
J=C-I	Profit/(Loss) Before Tax	-72	-94	-135	-64	
K	Less: Current Tax	0	0	0	0	
L	Less: Deferred Tax	-18	-24	-35	-17	
M=J-K-L	<b>Profit/(Loss) After Tax</b>	<b>-54</b>	<b>-70</b>	<b>-100</b>	<b>-47</b>	

A8. The financial data clearly indicates that the company is operating at significant losses; however, it has attempted to show a positive EBITDA. SCSL has managed to achieve this by classifying substantial amount from "Operating & Administrative Expenses" (shown in row 'D') under Asset category, and subsequently depreciated the same overtime.

A9. By doing so, the company has avoided booking full expenses in a single financial year, instead spreading it over multiple years through depreciation. The method of Depreciation used under the category of "right to use" (as shown in row 'G'), is nothing but an innovative accounting practice which has speciously and artificially improved EBITDA to positive, from being negative.

A10. As a result the company has reported an EBITDA of Rs 736,00,00,000/- (Rupees Seven Hundred Thirty Six Crore) in FY24, which is incredulous and highly improbable, especially given the lack of cash generation. If the company was actually generating such sizeable surplus, then resultantly there would have been reduced debt dependency. However the continued reliance on external borrowing suggests that the reported EBITDA does not correspond to actual cash flow or financial strength. High losses and positive EBITDA is another concern that raises serious doubts about the accounting standards and recording of SCSL indicating serious instances of fraud at play.

A11. In light of the above all these REs have erred in granting hefty loans under revenue based financing without examining actual cash generation and blindly giving arbitrary credence to the maliciously fabricated statement of accounts of SCSL. A company without any underlying asset in this kind of business, cannot survive, the REs have put large amounts of public monies without making assessment of possible and looming defaults on part of SCSL and no plan for such contingency has been contrived, since there is no validly,



realizable tangible asset, or holdings pledged in favor of these REs to protect such credit investment made in SCSL.

**A12.** On the other hand, SCSL's promoters have acted prudently to further their play, whereafter the filing of Draft Red Herring Prospectus ('DRHP') (Aug 2024), they have already offloaded 4% stake and pocketed Rs 181 Cr (Sep 2024), against their investments of Rs 106.72 Cr made through two LLPs. The details are given below:-

Original Investment (Rs Cr)	
Shareholders	Amount
NS Niketan LLP	70.03
SNS Infra Realty LLP	36.69
<b>Total</b>	<b>106.72</b>

Shares sold by the Promoters after filing of DRHP (Aug 2024)				
Shareholders	10.09.2024 at Rs 430		20.09.2024 at Rs 450	
	No. of Shares	Amount (Rs Cr)	No. of Shares	Amount (Rs Cr)
NS Niketan LLP	9,65,000	41.50	-	-
SNS Infra Realty LLP	14,76,861	63.51	16,85,588	75.85
<b>Total</b>	<b>24,41,861</b>	<b>105.00</b>	<b>16,85,588</b>	<b>75.85</b>

**A13.** But, even post the above sale, the two promoters continue to hold 65.15% stake in the company, down from 69.15%. The beneficiary of the above selling are the Ghanshyam Sarda Group family members, who have deep nexus and a robust understanding with the promoters of SCSL, all acting under on conspiracy, swindling public funds, and legitimizing their illegitimate funds through shadow investments.

**A14.** Despite the above development, none of the banks have insisted for providing them adequate security. This is a matter that warrants deep investigation especially in view of the tainted background of the promoters as explained below.

## **B: Violation of RBI's Circular**

**B1.** To prevent the incidences of frauds, mainly due to the lack of effective sharing of information about the credit history and the conduct of the account of the borrowers among various banks, based on the advice of CVC, the RBI had issued a "**Master Circular - Loans and Advances - Statutory and Other Restrictions**" vide No. RBI/2015-16 /95 (DBR.No.Dir.BC.10/13.03.00 /2015-16) dated 01.07.2015. In this circular it is stated,

*"(i) At the time of granting fresh facilities, banks may obtain declaration from the borrowers about the credit facilities already enjoyed by them from other banks in the format prescribed in circulars DBOD.No.BP.BC.46/08.12.001/2008-09 dated September 19, 2008 and DBOD.No.BP.BC.94/08.12.001 /2008-09 dated December 08, 2008. In the case of existing lenders, all the banks may seek a declaration from their existing borrowers availing sanctioned limits of Rupees five crore and above*



*or wherever, it is in their knowledge that their borrowers are availing credit facilities from other banks, and introduce a system of exchange of information with other banks as indicated above.*

*(ii) Subsequently, banks should exchange information about the conduct of the borrowers' accounts with other banks in the format given in circulars DBOD.No.BP.BC.46/08.12.001/2008-09 dated September 19, 2008 and DBOD.No.BP.BC.94/08.12.001/2008-09 dated December 08, 2008 at least at quarterly intervals.*

*(iii) Obtain **regular certification by a professional**, preferably a Company Secretary, Chartered Accountant or Cost Accountant, regarding compliance of various statutory prescriptions that are in vogue, as per specimen given in circulars DBOD.No.BP.BC.46/08.12.001/2008-09 dated September 19, 2008, DBOD.No.BP.BC.94/08.12.001/2008-09 dated December 08, 2008 and DBOD.No.BP.BC.110/08.12.001/2008-09 dated February 10, 2009.*

*(iv) Make greater use of **credit reports** available from a credit information company which has obtained Certificate or Registration from RBI and of which the bank is a member.*

*(b) .... Non-adherence to the above instructions by banks would be viewed seriously by the Reserve Bank and they would be liable to action, including imposition of penalty, wherever considered appropriate."*

However, most of the lenders to SCSL are not following the above directives in letter & spirit.

**B2.** It is submitted that all Regulated Entities (REs) have recently been directed by the Reserve Bank of India (RBI) to identify and detect early warning signs of fraud. In the present scenario, SCSL has managed to secure substantial loans without adequate or realisable collateral, relying primarily on its books of accounts and revenue-based assurances for repayment. This creates a looming risk of default, arising directly from the fraudulent conduct of SCSL, which appears to have manipulated its financials through deceptive accounting practices.

**B3.** The RBI Master Circular **RBI/DOS/2024-25/118 DOS.CO.FMG.SEC.No.5/23.04.001/ 2024-25** dated July 15, 2024, lays down clear directives under the Early Warning Signals (EWS) and Red Flagged Account (RFA) Framework:

**"3.3 EWS / RFA Framework for Credit Facilities / Loan Accounts**

- **3.3.1:** REs are required to implement a comprehensive EWS system encompassing both quantitative and qualitative indicators, including transactional data, borrower financials, market intelligence, and borrower conduct.
- **3.3.2:** REs must establish dedicated Data Analytics and Market Intelligence Units proportionate to their size and risk profile, to facilitate early detection of potentially fraudulent activity.
- **3.3.3:** Upon generation of EWS alerts, REs are to assess whether the account merits red-flagging, triggering a fraud investigation.

- **3.3.4:** Any red-flagged account meeting the CRILC reporting threshold must be reported to the RBI within seven days.

**B4.** Further, the same Circular mandates reporting of frauds to law enforcement authorities (LEAs) in case of red-flagged accounts:

**5. Reporting of Frauds to Law Enforcement Agencies (LEAs)**

- **5.1:** Banks must immediately report frauds to the appropriate LEAs, depending on the amount involved and category of bank, as per the table below:

Category of Bank	Amount Involved	LEA to be Notified
Private/Foreign Banks	Below Rs 1 crore	State/UT Police
	Rs 1 crore & above	State/UT Police + SFIO
Public Sector/Regional Rural Banks	Below Rs 6 crore	State/UT Police
	Rs 6 crore & above	CBI

- **5.2:** Banks are required to designate nodal officers for reporting frauds and coordinating with LEAs.”

**B5.** Despite these clear obligations, SCSL has reportedly received massive funding over a span of years from various entities, many of which are evidently shell companies. These entities appear to have been incorporated solely to channel unaccounted funds of the Ghanshyam Sarda Group into SCSL. This raises serious concerns over the failure of REs to detect and flag such irregularities, especially when there are substantial, suspicious inflows into SCSL’s accounts.

**B6.** As per RBI’s Know Your Customer (KYC) norms under Master Circular **RBI/2011-12/25 DNBS (PD) CC No. 231/03.10.42/2011-12** dated July 1, 2011, REs are required to continuously monitor transactions and identify those that deviate from a customer’s regular pattern of activity. Salient extracts include:

“4. Ongoing monitoring is an essential element of effective KYC procedures. Banks can effectively control and reduce their risk only if they have an understanding of the normal and reasonable activity of the customer so that they have the means of identifying transactions that fall outside the regular pattern of activity. However, the extent of monitoring will depend on the risk sensitivity of the account. Banks should pay special attention to all complex, unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose. The bank may prescribe threshold limits for a particular category of accounts and pay particular attention to the transactions which exceed these limits. Transactions that involve large amounts of cash inconsistent with the normal and expected activity of the customer should particularly attract the attention of the bank. Very high account turnover inconsistent with the size of the balance maintained may indicate that funds are being ‘washed’ through the account. High-risk accounts have to be subjected to intensified monitoring. Every bank should set key indicators for such accounts, taking note of the background of the customer, such as the country of origin, sources of funds, the type of transactions involved and other risk factors. Banks should put in place a system of periodical review of risk categorization of accounts and the need for applying enhanced due diligence measures. Banks should ensure that a record of transactions in the accounts is preserved and maintained as required in terms of



*section 12 of the PML Act, 2002. It may also be ensured that transactions of suspicious nature and/ or any other type of transaction notified under section 12 of the PML Act, 2002, is reported to the appropriate law enforcement authority."*

**B7.** In light of these obligations, the complete failure of REs to raise any red flags regarding the significant inflows into SCSL's accounts, often from dubious or undeclared sources, reveals a serious lapse in the REs' duty to identify high-risk accounts and report potential money laundering under the Prevention of Money Laundering Act, 2002.

**B8.** Given the above, the conduct of the REs, particularly in the case of SCSL, amounts to blatant non-compliance with explicit RBI directives. Their arbitrary disbursement of loans based solely on revenue projections, superficial account analysis, and failure to detect large suspicious inflows from shell entities into SCSL's accounts, reflects gross negligence, ethical failure, and regulatory defiance. These lapses warrant strict regulatory action by the RBI to curb such violations and restore the integrity of the financial system.

**C: Massive routing of Benami funds, through Shell companies owned and run by the office bearer and stake holders of SCSL and dummy directors and shareholders.**

**C1. Investigations by I-T Department**

**C1A.** Recently, we received a set of highly concerning documents through an anonymous source, purportedly from a whistle-blower. Among these is a detailed report prepared by the Income Tax Department, which contains serious allegations against the Ghanshyam Sarda Group, its founder Mr. Ghanshyam Sarda, his immediate family members, and close associates. The report alleges instances of unexplained credits, tax evasion, benami transactions, and large-scale money laundering, all being done through official banking channels of REs.

**C1B.** The documents further suggest that Smartworks Corporate Services Ltd (SCSL) has benefitted from astronomical financial transactions routed through entities that have been identified as shell companies by the Ministry of Corporate Affairs (MCA). These transactions are traced back to companies where the majority shareholders of SCSL hold significant influence or control.

**C1C.** Specifically, the Income Tax Department's reports dated **05.09.2022** and **26.12.2024**, annexed hereto as **Annexure-P2** and **Annexure-P3**, respectively.

**C1D.** We have independently reviewed and verified the contents of these reports by cross-referencing them with the financial statements filed by the respective entities. Our preliminary analysis confirms that the findings are credible and warrant further action. A summary of our findings is provided below:

**C2. Land scam in WB**

**C2A.** A glaring instance of one of the various illegal and downright illicit activities undertaken by SCSL and the Sarda Group is demonstrable from the IT report, where a Ghanshyam Sarda group company called Euclix Shipbuilders Pvt Ltd ("**Euclix**") was allotted a land of 37.53 acres of WB government land at Mouza Matiramchak and Gazipur given by Haldia Development Authority ("HDA") on 18.11.2013 for Rs 3,80,00,000/- (Rupees Three Crore And Eighty Lakh Only) for the development of a shipyard project on 99-year lease



basis and how the same company Euclix further leased out the entire land to Bengal Concessions Pvt Ltd for Rs 48,00,00,000/- (Rupees Forty Eight Crore Only) on 30.08.2017, which was subsequently registered as Assignment Deed on 16.01.2019.

**C2B.** The above transaction becomes even more suspicious in light of an ongoing legal dispute between Euclix Ship Builder Ltd. and M/s Snow Well Merchandise Pvt. Ltd. In this case, Snow Well has filed a suit seeking a decree of specific performance against Euclix, alleging promise of sale of lease rights of above land which was instead transferred to Bengal Concessions Pvt Ltd. The credibility of this litigation is questionable when one examines the corporate composition of the two supposedly opposing companies, as both Euclix and Snow Well share common directors, several of whom are directly associated with the Sarda family. This fabricated legal battle is primarily meant to evade taxes on capital gains made by Euclix on sale of land to Bengal Concessions which finally was routed as investments and unsecured loans into SCSL.

**C2C.** For instance, Beltas Merchants Pvt Ltd, one of the partner entities in Snow Well, lists Mr AK Agarwal as its director. The same Mr AK Agarwal is also a director of Euclix, thereby establishing an interlink between both entities. Moreover, Euclix is a shareholder in NS Niketan LLP, which in turn holds a majority stake in SCSL.

**C2D.** Financial records further reveal that Euclix extended an unsecured loan of Rs 9,82,52,916/- (Rupees Nine Crore, Eighty Two Lakh, Fifty Two Thousand, Nine Hundred and Sixteen) to SCSL in the financial year 2018–19, and subsequently routed an additional Rs. 15,75,00,000/- (Rupees Fifteen Crore and Seventy Five Lakh) into SCSL through NS Niketan LLP.

**C2E.** This chain of transactions is indicative of a deliberately orchestrated financial scheme, wherein members of the Ghanshyam Sarda family and their close associates appear to have created multiple shell entities for the purpose of layering and laundering black money. The funds are circulated through various companies in the guise of equity investments and unsecured loans, with no commercial rationale or real guarantees backing such transactions.

**C2F.** The repeated pattern of unsecured loans being granted to SCSL by different but interlinked entities, all lacking any visible commercial justification, strongly supports the conclusion that this is not legitimate business conduct, but rather a coordinated effort to route illegitimate funds through a tightly controlled network of family-linked companies.

**C2G.** The staggering profit of Rs 44,00,00,000/- (Rupees Forty Four Crore) accrued in just 3 years and 9 months clearly indicates that while allocating the land to Euclix, the HDA failed to assess or realise its fair market value. Consequently, the revenue that rightfully belonged to the Government of West Bengal has been unlawfully diverted to a private entity, allegedly in criminal conspiracy with certain state government officials. This constitutes a serious financial scandal. The connection of Euclix with the promoters of SCSL is shown in **Annexure-P4**. The illicit gains have, in turn, been channelled towards the indirect acquisition of shares in Smartworks, as illustrated in the accompanying chart **Annexure-P5**.

### **C3. Benami investments in Smartworks**

The IT Report appended here in provides a comprehensive expository on financial gains of SCSL, sourced through shell companies composing of interlinked office bears and

shareholders all acting under a common intention of routing illegitimate, unaccounted funds into SCSL. Some of the instances are elucidated below.

**C3A. Infusion through Beltas Merchants Pvt Ltd (2017–2019)**

**C3A1.** Between 2017 and 2019, a total amount of Rs 7,15,00,000/- (Seven Crore & Fifteen Lakh Rupees) was infused into the capital of SCSL via M/s Beltas Merchants Pvt Ltd, using two majority shareholders of SCSL, M/s NS Niketan LLP and M/s SNS Infreality LLP, as intermediaries.

**C3A1.** The Income Tax Department report notes that during the relevant period, Beltas had no active income or business operations. Instead, it received Rs 80,00,000/- and Rs 50,00,000/- from M/s Megacity Tie-Up Pvt Ltd and M/s Great Barter Pvt Ltd, respectively — both of which have been declared dummy (shell) companies.

**C3A2.** A deeper examination revealed overlapping control and ownership between Beltas and entities associated with SCSL. Specifically:

- i. Mr Neetish Sarda, son of Mr Ghanshyam Sarda, is a shareholder in Beltas and NS Niketan LLP, and also serves as a Director in both NS Niketan LLP and SCSL.
- ii. Mr AK Agarwal, Director of Beltas, also serves as Director of Euclix Ship Builder Ltd, a company under the Sarda Group. Euclix has not only directly extended unsecured loans to SCSL, but has also routed funds indirectly via NS Niketan LLP.

**C3B. Infusion through Aryadeep Real Estate Pvt Ltd & Pawan Shiv Projects Pvt Ltd**

**C3B1.** In another instance, SCSL, through its two shareholders, NS Niketan LLP and SNS Infreality LLP, received funds amounting to Rs 8,88,00,000/- (Rupees Eight Crore & Eighty Eight Lakh). These funds were sourced from two entities, Aryadeep Real Estate Pvt Ltd and Pawanshiv Projects Pvt Ltd, both of which have been identified in the Income Tax Report as dummy companies.

**C3B2.** The report further records an admission by Mr Neetish Sarda, acknowledging that the directors and shareholders of these entities were merely benami holders, and that their office bearers were, in fact, employees of the Ghanshyam Sarda Group. The Income Tax Department categorically concludes that this constitutes illegitimate routing of unaccounted funds into SCSL, facilitated by a network of dummy companies controlled by close aides of the Ghanshyam Sarda Group.

**C3B3.** It is further stated that numerous such transactions involving unexplained and unaccounted inflows have occurred to capitalize and fund SCSL, all of which trace back to shell entities. These entities are either directly or indirectly operated by members of the Ghanshyam Sarda family, primarily Neetish Sarda and Ghanshyam Sarda.

**C3B4.** At Page 7/17 of the report dated 05.09.2022, the concerned I-T officer has proposed probe by the ED under the Prohibition of Benami Property Transactions Act, 1988. We don't know whether the proposed investigation was accepted by the senior officers of the I-T department or was scuttled.

In any case, we have analysed these reports, based on which and our further research & analysis, we have prepared an easy to read self-explanatory chart (**Annexure-P5**), which



clearly indicates the flow of unaccounted money from certain shell & benami companies linked to the promoters group. Such illegitimate money has been used to generate Capital for Smartworks and prepare grounds for its IPO at much higher valuations, for which the company has already filed DRHP with SEBI. Pre-IPO Shares are being issued at arbitrary prices using such illicit money.

#### **D: Proceedings under Section 210 of The Companies Act, 2013**

**D1.** The company in its addendum dated 27.12.2024 (filed with SEBI on 30.12.2024), which is available on SEBI's portal, has admitted investigation under Section 210 of The Companies Act, 2013 against 24 companies linked with it which include two of its group companies (Vision Computech Integrators Ltd, and Jagadhatri Vyapaar Pvt Ltd). For reaching to Section 210, there are inherent checks provided in the Statute to protect a company from unnecessary harassments. A company first gets a notice under Section 206 (calling for information). If the Inspector is not satisfied with the information provided, then the company gets notice under Section 207 (for inspection & inquiry). Only if the Inspector finds something substantially wrong, he prepares an inspection report under Section 208, which is submitted to a Committee comprising of senior officers of the MCA. Only once the Committee is satisfied that there are serious issues which require thorough probe, an investigation under Section 210 is ordered. Therefore, the investigation under Section 210 is considered a serious matter. The connection of these companies can be seen in a Directorship chart at **Anenxure-P6**.

**D2.** There is also a possibility that several more companies of the same group or their current or past closely linked relatives, are under investigations. Sometimes it happens that a few closely related family members, who actually run & control various companies of the group, to isolate the concerned company, technically disassociate themselves in a planned way before the IPO.

#### **Conclusion**

The case of SCSL presents a clear pattern of financial irregularities, including the large-scale inflow of funds from suspected shell entities, revenue-based financing without adequate collateral, and apparent manipulation of financial statements. Despite multiple RBI circulars mandating early warning systems, red-flagging of suspicious accounts, and enhanced monitoring under KYC/AML norms, the concerned Regulated Entities (REs) failed to act, raising serious concerns about complicity or gross negligence. The circumvention of due diligence norms indicate a probable case of fraud and money laundering, necessitating urgent investigation by regulatory and enforcement agencies. The facts suggest systemic lapses and deliberate oversight, warranting accountability of both SCSL and the financial institutions involved.

CSL has emerged as the central conduit for unaccounted funds belonging to the Ghanshyam Sarda Group. Funds are first infused into declared shell companies operated through benami directors and shareholders, and are subsequently layered through a series of complex transactions, effectively obscuring their origin. These funds ultimately converge in SCSL, primarily in the form of unsecured loans and investments. This concentrated infusion has artificially bolstered SCSL's financial position, enabling it to become eligible to raise substantial capital from the public through an Initial Public Offering (IPO) - a process that is



currently underway. In light of these developments, it is imperative that proactive and decisive investigative action be initiated into the financial activities of SCSL, in order to safeguard public interest and uphold the integrity of the financial system.

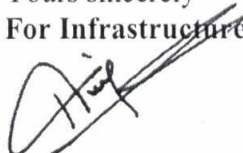
**Prayers in Public Interest**

In view of the above, it is important that necessary orders are issued in public interest to REs for due-diligence of SCSL to adequately protect their existing exposures, strictly in accordance with the above referred RBI Circular. This is important as the company has already filed DRHP with SEBI and larger public interest gets involved.

Thanking you

Yours sincerely

**For Infrastructure Watchdog**



Anil Kumar

Secretary

Mobile: 8130167111

Enclosed:

Annexure	Description	Page Nos.
Annexure-P1	Lending by REs to SCSL	1
Annexure-P2	I-T Report dated 05.09.2022	2-23
Annexure-P3	I-T Report dated 26.12.2024	24-32
Annexure-P4	Directorship	33
Annexure-P5	Chart	34

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