KANUNGO FINANCIERS LIMITED

CIN:- L65100GJ1982PLC086450

Date: 08/07/2026

To,
The Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai – 400001

Scrip Code: 540515
Scrip ID: KANUNGO

Subject: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Receipt of SEBI Order

Dear Sir/Madam,

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the Company has received a Final Order date **30th June, 2026** from the Securities and Exchange Board of India (SEBI) in the matter relating to Mauria Udyog Limited and four other scrips, wherein the Company has been named as one of the noticees.

The Company is reviewing the said Order with the assistance of its legal and professional advisors to understand its implications. The Company will take appropriate action, as advised, and shall make further disclosures, if required, in accordance with the applicable provisions of the SEBI (LODR) Regulations, 2015.

Kindly take the above information on record.

Thanking you.

Yours faithfully,

Kanungo Financiers Limited

Mahendra Kumar Jagdeesh Patel

Digitally signed by Mahendra Kumar Jagdeesh Patel
Date: 2026.07.08 17:40:16 +05'30'

Mr. Mahendra Kumar Jagdeesh Patel
Director
DIN: 10782956

WTM/AS/IVD-2/ID16/32460/2026-27

SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

UNDER SECTIONS 11(1), 11(4), 11(4A), 11B(1), 11B(2) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992

IN RESPECT OF:

Sl. No.	Name of the Entity	PAN
1.	Hanif Shekh	CBEPS9710A
2.	Kasambhai Shekh	AGRPS7734C
3.	Hasina Kasambhai Shekh	BFHPS4813N
4.	Robert Resources Ltd.	AAACR2073D
5.	Econo Trade India Ltd.	AAACE5451C
6.	Econo Broking Pvt. Ltd. (Erstwhile Bansal Finstock)	AADCB8817A
7.	Sai Metaltech LLP	ADXFS9004L
8.	Navneet Kumar Sureka	ANWPS5531K
9.	Deepa Sureka	ANTPS8310F
10.	Mauria Udyog Ltd.	AABCM9522F
11.	Vee Em Infocenter Ltd.	AACCV0425D
12.	Jagdish Chahar	ANNPC0228J
13.	Amit Kumar	AJCPK6114G
14.	Jagdish Singh	ARGPS3874H
15.	Mithun Singh	BVZPS9152G
16.	Santosh Raut	AZBPR5416K
17.	Raja Ram	CCIPR2093C
18.	Govind Ojha	AATPO0326J
19.	Rakesh Goel	AHQPG6997D
20.	Shiv Pal	AUGPP5794G
21.	Ramajor Ramajor	ATZPR1408H
22.	Mahavir Prasad	AKQPP6836M
23.	Haribansh Gupta	BDFPG5772A

Sl. No.	Name of the Entity	PAN
24.	Sunil Kumar Verma	ARGPV5585N
25.	Govind Singh	DHXPS0249Q
26.	Sukanta Kumar Pala	ABRPP1855G
27.	Madhu	EAAPS2972B
28.	Ravita Devi	BIGPD0615R
29.	Sukhilal Meena	BKZPM0621H
30.	Hare Ram	AEYPR6338C
31.	Arvind Kumar	AEHPK9032M
32.	Meera Devi	BIGPD0616N
33.	Roshan Kumar Jaiswal	AWMPJ9308E
34.	Kavita Devi	BASPD6735J
35.	Jeet Bahadur	AHVPB6604R
36.	Madan Prasad	BUZPP4215J
37.	Krishan Murari Sharma	BNJPS2163K
38.	Pappu Kumar Ram	BZQPR7716A
39.	Nand Lal Sharma	AXAPS1944E
40.	Leelu Singh	DCNPS6356F
41.	Amarjeet	AIEPA6834G
42.	Anand Bansal	AHYPB4902B
43.	Arun Kumar	CBNPK8919C
44.	Bhurey Singh	BFIPS7754D
45.	Binod Kumar Jha	AKWPJ0656R
46.	Dashrath Yadav	AEOPY5916K
47.	Devi Singh	BFVPS5988C
48.	Dharamwati Chauhan	AXZPC6279R
49.	Hariom Rathore	ALQPR2239F
50.	Hoshiyar Saini	BXEPS7837P
51.	Indranand Singh	FIIPS3787P
52.	Jitender Nagar	ANPPN2462B
53.	Kailash Chouhan	ADCPC4008R
54.	Kesh Ram	AGMPR1636B

Sl. No.	Name of the Entity	PAN
55.	Kuldeep Singh	BFIPS7755C
56.	Laxman Yadav	ABBPY2796D
57.	Mahender Singh	AWJPS8491E
58.	Mangal Singh	BRPPS6874R
59.	Mukesh Pandey	CXPPP6254H
60.	Narender	ADVPN2232P
61.	Parmanand	ALBPP6249E
62.	Pramod Ram	AYUPR9406M
63.	Prem Chand	AGSPC0271B
64.	Rajendra Kumar	BWHPK5104R
65.	Rajesh Giri	AXGPG5852K
66.	Rajesh Kumar	BPUPK5369G
67.	Raju Devi	CAQPD3563B
68.	Ratindra Nath	AMCPN9622R
69.	Saroj Yadav	AFPPY4880A
70.	Seeta Ram	AGMPR7725F
71.	Shiv Shanker	COKPS1441D
72.	Sunil Nagar	AMCPN9604P
73.	Susheel Kumar Arora	AISPA5466E
74.	Davinder Kumar Gupta	AONPG0703M
75.	Deepak Kumar Garg	AIDPG7889A
76.	Linkwise Marketing Private Limited	AABCL8513H
77.	Durgeshwari Pradipbhai Chiripal	AHWPC2289G
78.	Manuj Ashokkumar Chiripal	AUCPC1621M
79.	Rushp Trading LLP	AAMFR3523K
80.	Satrama Trading LLP	ABUFS0540C
81.	Shivhari Trading LLP	ACSFS3095B
82.	Trisha Vikash Bajaj	AEGPA7779E
83.	Bajaj Sonali Ateet	APCPC1264M
84.	Ravi Kannadasan Adidravid	AVSPA1063A
85.	Pritiben Popatbhai Parmar	AXGPP6927Q

Sl. No.	Name of the Entity	PAN
86.	Manishkumar Rajput	CGPPR9641K
87.	Shahrukhkhan Pathan	DOJPP7089N
88.	Sahilkumar Amrutbhai Vaghela	ATLPV1359B
89.	Lilaben Popatbhai Parmar	DBYPP5174G
90.	Popatbhai Ramjibhai Parmar	DGFPP6706L
91.	Dipika Popatbhai Parmar	DKMPP5973A
92.	Fuldeep Popatbhai Sehgal	GIOPS7160B
93.	Keval Savant	HYAPS6005L
94.	Chiragkumar Makwana	CTXPM2544K
95.	Makwana Madhuben	CUHPM8134L
96.	Krusha Birjukumar Sanghvi	FXCPS0434J
97.	Karan Birjubhai Sanghvi	ESJPS8192E
98.	Hina Barot	DGUPB9477B
99.	Prakash Kantilal Vaghela	AGEPV6889L
100.	Highgrowth Vincom Private Limited	AACCH1789A
101.	Sumit Laha	AXJPL4908J
102.	Dibakar Laha	AJVPL4026B
103.	Glorious Vincom Pvt. Ltd.	AADCG3846Q
104.	Arpan Das	CEZPD7390K
105.	Sanjay Dey	BWHPD4063L
106.	Linkup Financial Consultants Private Limited	AACCL0347G
107.	Suprabhat Laha	APXPL1814M
108.	Ujjal Laha	ATSPL2483R
109.	Buddhadeb Laha	AQBPL5563C
110.	Sourav Das	CEJPD9809M
111.	Minu Mallick	DGTPM2047B
112.	Arun Dutta	AIYPD5217E
113.	Debashish Dutta	CVMPD9641P
114.	Uma Dutta	COXPD8400E
115.	Subrata Laha	APWPL5386H
116.	Priyankar Laha	AKLPL2832L

Sl. No.	Name of the Entity	PAN
117.	Tapas Laha	ANCPL7138F
118.	Arun Laha	APWPL5441F
119.	Tejal Amitkumar Khatri	ERFPK5538F
120.	Nitesh P Pavskar	BJQPP0910G
121.	Chintukumar Vasudevbhai Pandya	BBGPP8915H
122.	Naginbhai Jeshingbhai Maheriya	AZRPM0004E
123.	Chandrikaben Maheshbhai Chauhan	BWSPC8594A
124.	Kamleshkumar G Solanki	BFLPS7554C
125.	Vijay Rajeshbhai Vasita	AXQPV0383G
126.	Jitendra Harjivanbhai Gohil	AJMPG6403E
127.	Govindbhai Natvarlal Chauhan	BFMPC4964H
128.	Natvarbhai Patlia	DDYPP0586C
129.	Ravindra Nanalal Raval	AETPR3110B
130.	Dixit Nareshbhai Borisa	BNDPB5397L
131.	Sushma Jasmin Barot	CEYPB7305B
132.	Manoharprasad Ghanshyambhai Vaishnav	AKDPV8381N
133.	Maheshkumar Nareshkumar Purabia	APJPP8572N
134.	Piyush Agarwal	APBPA7314M
135.	Juscorp Enterprises Private Limited	AADCJ9182A
136.	A1 Solutions- Prop-Ajju Kumar	EJKPK0864F
137.	Corredor Services Private Limited	AAGCC9495E
138.	Sapan Kumar Agarwal	BBHPK0862R
139.	Vepar Solutions Private Limited	AAFCV8797B
140.	Shyam Kumar Singh	BLVPS0924A
141.	Kamal Gupta HUF	AALHK4127K
142.	Chinnu	BGQPC3096K
143.	Gyanendra Gharti Chhetri	AVBPC2116P
144.	Aayush Tanwar	ATPPT4346L
145.	Goenka Business Finance Limited	AAACG9648P
146.	Kalpesh Dantani	CRCPD9488E
147.	Shivam Kumar	HQAPK6082B

Sl. No.	Name of the Entity	PAN
148.	Sanjaybhai Babubhai Solanki	DYOPS5202R
149.	Chetanbhai Mahendrabhai Dantani	FQGPD8779G
150.	Suresh Deshaljibhai Vaghela	AATPV7474Q
151.	Amrutji Gokaji Thakor	AZIPT0131G
152.	Malay Bhow	AEJPB9509C
153.	Aakash Dilip Doshi	AILPD8283D
154.	Rajvi Naresh Shah	BJAPS6060A
155.	Ramnaresh Dashadeen Nirmal	ADGPN1274J
156.	Arvind Shantilal Shah	AAPPS5253A
157.	Yash Manish Mehta	CGGPM6543Q
158.	Rupal Bhavin Shah	AUWPS1058E
159.	Bharati Arvind Shah	ANDPS3927Q
160.	Dhavani Jayantkumar Shah	AIWPS7376P
161.	Kruti Kevin Kapadia	BCRPK1909C
162.	Shashikant C Kapadia	AARPK2091E
163.	Ankur Suresh Mehta	AJGPM2288K
164.	Bhashit Deepak Shah	BLOPS8366M
165.	Mehul Hasmukh Shah	AKMPS7735C
166.	Vidhi Mehul Shah	APFPS2795N
167.	Himanshu Shah	ACSPS6353A
168.	Shalini Sushil Jain	AFOPJ1106R
169.	Devarshi J Shah	AYKPS9042E
170.	Sayar S Bhandari	AKLPB9574B
171.	Vimala Anandraj Ostwal Bhandari	AAIPV1564A
172.	Rekha Ravi Bhandari	AAHPR8129A
173.	Shrenik Jitendrabhai Gohil	BRCPG1140D
174.	Amit Bechu Yadav	AJYPY3967H
175.	Hardik Parmar	DJFPP1628L
176.	Akshay Jitendrakumar Brahambhatt	CDXPB7730C
177.	Dakshaben Maheshkumar Purabiya	DGQPP3613D
178.	Neeta Ganpatbhai Dabhi	BTLPD3342P

Sl. No.	Name of the Entity	PAN
179.	Binal Naginbhai Patel	CTQPP5758M
180.	Prabhavatiben Natvarbhai Patliya	DBRPP5531G
181.	Maunesh Hargovinddas Devara	AVSPD3674L
182.	Ramu Jomdar Jsoneya	AWJPJ7193E
183.	Patiram Ramkishan	CCEPK8853M
184.	Rahul Rameshbhai Mehta	ARCPM5961D
185.	Harishkumar Sakariya	AXFPS3805D
186.	Preyash Sathvara	BWPPS8357E
187.	Mukeshkumar Mavjibhai	DMKPP1977E
188.	Praveen Kumar	DRRPK7321D
189.	Ankit Jagdishbhai Pithava	BXVPP0489B
190.	Dipak Ganpatbhai Sakariya	DYXPS5815K
191.	Rekhaben Harishbhai	DZEPS8946B
192.	Naresh Mavjibhai Parmar	DMKPP1979L
193.	Sushila Ashokbhai Chiripal	AHWPC2333D
194.	Anil Dhanuka	AAPPD9931Q
195.	Chirpal Suryansh Hari	BHWPC6616A
196.	Vedprakash Devkinandan Chiripal	AAHPC2102Q
197.	Yash R Bajaj	AJCPB9461D
198.	Raaj Ravindrakumar Bajaj	AVYPB4290Q
199.	Yogeshkumar Anandpal Goyal	ABKPG1172A
200.	Savitridevi V Chiripal	AAQPA0515Q
201.	Bhavin Shah	AAKPS2177G
202.	Kevin Kapadia	AGIPK9817H
203.	Manish Shah (Proprietor of Aneel A & Co)	BFOPS3849R
204.	Vishal Jitendrakumar Barot (Proprietor of Samukh Trade)	BHLPB2441M
205.	Amrish Nagindas Shah (Proprietor of Shakti Enterprise)	BFOPS4241B
206.	Sharad Enterprise	APOPP1463R
207.	Amitkumar Govindbhai Parmar (Proprietor of Ambika Traders)	BIGPP7877P
208.	Midpoint Commodeal	AAICM0631L
209.	Dk Jain Properties	AACCD3821F

Sl. No.	Name of the Entity	PAN
210.	Mr Merchants Pvt Ltd	AAICM3686R
211.	Armeva Dealers Pvt Ltd	AAQCA6476M
212.	Amuly Suppliers	AAKCA3466B
213.	Frexon Supppliers Pvt Ltd	AADCF4723H
214.	Rightview Dealers Pvt Ltd	AAICR7968M
215.	Mackny Trexim Pvt Ltd	AALCM9241K
216.	Urki Sales Pvt Ltd	AACCU2118C
217.	Nxstar Dealcom Pvt Ltd	AAGCN1597E
218.	Impalio Distributors Pvt Ltd	AAECI9546E
219.	Cradon Traders Pvt Ltd	AAHCC6973A
220.	Nilratan Suppliers Private Limited	AADCN5209L
221.	Briya Enterprise Ltd	AABCA7879D
222.	Kanungo Financiers Ltd	AABCK1251B
223.	Purple Entertainment Ltd	AAACH5273P
224.	Lagan Barter Pvt Ltd	AABCL5159M
225.	Jignesh Sudhirbhai Shah	BBNPS1083E
226.	Chandraprakash Valchand Parekh (Proprietor of Sambhavanath Traders)	ASAPP9100C

*(The aforesaid entities are hereinafter referred to by their respective names /Noticee numbers and collectively as the "**Noticees**").*

IN THE MATTER OF MAURIA UDYOG LTD. AND 4 OTHER SCRIPS

TABLE OF CONTENTS

CONTEXT AND BACKGROUND 11

Mastermind and beneficiary of the scheme 14

Summary of the trading pattern in the relevant scrips and the allegations levelled against the Noticees 16

Appeals filed by various Noticees before Hon'ble SAT 31

Service of Interim Order, inspection of documents and cross-examination 32

Writ Petitions before Hon'ble Bombay High Court and opportunities of personal hearing granted to the Noticees 34

Summary of replies/ submissions made by the Noticees to the SCN 37

FINDINGS AND CONSIDERATION 176

PRELIMINARY ISSUES 177

Lack of urgency for passing an Interim Order and issuance of harsh directions 177

Issuance of impounding / disgorgement directions without adjudging guilt 179

Direction of impounding not compliant with conditions of attachment before judgment 179

Non-compliance of Inquiry rules in the proceedings 180

Inordinate delay in issuance of SCN 181

Lack of clarity in the SCN on the allegations levelled 183

Non-supply of relevant documents 184

Labelling Mr. Hanif Shekh as the 'kingpin' in the Interim Order caused prejudice 186

CONSIDERATION OF ISSUES ON MERITS 187

Allegation regarding role of Hanif Shekh/ Noticee 1 w.r.t. circulation of buy recommendations 189

Allegations with respect to MUL scrip 212

Allegations with respect to VFL scrip 294

Allegations with respect to 7NR scrip 307

Allegations with respect to GBL scrip 320

Allegations with respect to DRCL scrip 323

ROLE AND LIABILITY OF ENTITIES 349

In The Scrip Of Mauria Udyog Ltd. 349

In the scrip of Vishal Fabrics Ltd. 354

In the scrip of 7NR Retail Limited 356
In the scrip of GBL Industries Ltd. 357
In the scrip of Darjeeling Ropeway Company Ltd. 358
DISGORGEMENT OF UNLAWFUL GAINS MADE BY ENTITIES 359
MONETARY PENALTY AND OTHER DIRECTIONS AGAINST THE NOTICEES 379
CONCLUSIONS 383
ORDER 386
Annexure – A (Disgorgement Amounts) 390

CONTEXT AND BACKGROUND

1. Securities and Exchange Board of India ("**SEBI**") passed an Interim Order-cum-Show Cause Notice (interchangeably referred to in this Order as "**Interim Order**" or "**the SCN**") dated June 19, 2023 against one Mr. Hanif Shekh and 225 other entities, for involvement in a scheme of price and volume manipulation of scrips of five companies, viz., Mauria Udyog Ltd.("**MUL**"), 7NR Retail Ltd. ("**7NR**"), Darjeeling Ropeway Company Ltd. ("**DRCL**") and GBL Industries Ltd. ("**GBL**") {listed on BSE Ltd. ("**BSE**")} and Vishal Fabrics Ltd. ("**VFL**") {listed both on BSE and National Stock Exchange of India Ltd. ("**NSE**")}.

2. As per SEBI's investigation, the said scrips did not have any noteworthy liquidity before the commencement of the scheme and the respective companies did not have either any major corporate announcements or any substantial improvement in operational performance during the investigation period, but witnessed abnormal price and volume fluctuations during the respective periods from 2017 to 2020 (discussed later in the Order). In the *first* phase of the scheme, artificial price and volume was created in the scrips, *inter alia*, through structured trades executed amongst groups of entities (referred to as **'PV Influencers'** in the Order) connected amongst themselves, to the Companies and/or to Mr. Hanif Shekh (Noticee 1). The price and volume contributed by the PV Influencers in the respective scrips is tabulated as under:

Table 1

	Volume Contribution				Price Contribution			
Scrip Name	**Buy Quantity by connected entities**	**%Buy to total Market Buy Volume**	**Sell Quantity by connected entities**	**%Sell to total Market Sell Volume**	**Net Buy_LTP by connected entities**	**Net Sell_LTP by connected entities**	**Total_ LTP**	**%contribution to net price rise**
Mauria Udyog Ltd (27.01.2017 to 20.09.2019)	2004898	39.9%	1769584	35.22%	832.4	343.44	1175.88	479.46%

7NR Retail Ltd (10.01.2019	3085303	44.83%	2939480	42.72%	62.77	124.34	187.36	120.62%
Darjeeling Ropeway Company Ltd (02.04.2018	3541302	32.00%	3972753	35.90%	124.36	-24.26	100.1	111.83%
GBL Industries Ltd 02.07.2018 to 14.01.2019)	1829089	20.10%	1808699	19.88%	43.4	23.85	67.25	108.12%
Vishal Fabrics Ltd – *BSE* (25.03.2020 to 04.09.2020)	594348	56.12%	413421	39.04%	5.30	71.05	76.35	55.33%
Vishal Fabrics Ltd – *NSE* (25.03.2020 to 04.09.2020)	223282	18.17%	392354	31.93%	47.90	-17.70	30.20	23.59%

3. In the *next* phase, Noticee 1 actively circulated 'buy recommendations' in these scrips through bulk SMSes and advertisements on websites. The scrip of MUL witnessed creation of artificial volume during this phase as well by another set of entities, viz., **'Collaborators'** trading amongst themselves in order to maintain and carry forward the trading momentum created by the PV Influencers. *Finally*, barring the DRCL scrip, the resultant inflated prices enabled groups of entities (referred to as **'Offloaders'** in the Order) connected to the companies' promoters or to Noticee 1, to offload shares and make unlawful gains. Allegedly, these gains to the tune of ₹ 143.79 crore were transferred, often through layers and conduit entities, ultimately to the promoters of the said companies and/or entities controlled by Noticee 1. Some of these conduit entities were also found to have funded the purchase of shares by some of the PV Influencers and Offloaders.

4. Thus, the SCN proceeded on the basis that the impugned scheme was executed through a structured sequence of activities involving different sets of entities at different stages and that these steps were not isolated, but were interconnected parts of a common design. The SCN also alleged that one Mr. Hanif Shekh was the central coordinating figure in the scheme and he was alleged to be responsible for circulation of buy recommendations in the subject scrips through the use of bulk SMSes/ websites and for also being the ultimate beneficiary of the impugned scheme. The detailed role of Mr. Hanif Shekh shall be discussed in the ensuing sections.

5. The Interim Order segregated certain Noticees into Groups based on their alleged roles and linkages with each other and the composition of these identified groups is tabulated as under for ease of reference:

Table 2

Noticees	**Group as per Interim Order**	**Alleged role in the scheme**
2 to 7	Sub-Group 5	Entities finally receiving sale proceeds of offloaders (alternatively characterised as entities controlled by Mr. Hanif Shekh in this Order)
12 to 73	Sub-Group 1	Offloaders in MUL scrip
77 to 83, 193 to 200	Chiripal Group	PV Influencers and/ or Offloaders in VFL scrip
84 to 99	Sub-Group 2	PV Influencers and/ or Offloaders in MUL, VFL and DRCL scrips
100 to 118	Sub-Group 3	PV Influencers and/ or Offloaders in all scrips
119 to 133, 168 to 181	Gohil Group	PV Influencers and/or Offloaders in 7NR and GBL scrips
145 to 151	Collaborators	Volume creators in the MUL scrip

153 to 167, 201 and 202	Darjeeling Group	PV Influencers in DRCL scrip
182 to 192	'11 Entities' Group	PV Influencers in GBL scrip
203 to 207	Sub-Group 2.A	Financiers for purchase of shares and conduits for transfer of sale proceeds by Sub-Group 2 entities
208 to 219	Sub-Group 3.A	Financiers for purchase of shares and conduits for transfer of sale proceeds by Sub-Group 3 entities
220 to 225	Sub-Group 5.A	Conduits for transfer of sale proceeds to Sub-Group 5 entities

6. Due to their involvement in the scheme, the Noticees were alleged to have violated the provisions of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act**") and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**").

Mastermind and beneficiary of the scheme

7. The Interim Order regarded Mr. Hanif Shekh as the mastermind and one of the ultimate beneficiaries of the allegedly fraudulent scheme and thus, it is relevant to make a brief reference to Mr. Hanif Shekh at this juncture, even though his detailed role will be explained while summarising the scrip-wise allegations levelled in the SCN in the next section.

8. It was alleged that during the SMS periods in the respective scrips, buy recommendations were circulated by Mr. Hanif Shekh through bulk SMSes, and through websites such as www.midcapgains.in, www.mbstocks.in (except in the case of Vishal Fabrics Limited). The bulk SMSes were found to have been sent from headers such as BT-ZROHDA, BT-ICISEC, which mimicked the names of various reputed brokers such as Zerodha Broking Ltd., ICICI Securities, etc. purportedly to create an impression of credibility.

9. The scrip-wise timeframe for investigation and SMS circulation were as tabulated below:

Table 3

Scrip	Investigation Period	SMS Circulation Period	SMS ID and website involved
Mauria Udyog Limited	27.01.2017 to 27.12.2019	21.09.2019 to 27.12.2019	www.midcapgains.in and SMS headers viz. BT-ZROHDA, BZ-MGAINS, BT-ICISEC and BH-MGAINS
7NR Retail Limited	10.01.2019 to 27.12.2019	11.11.2019 to 27.12.2019	
Darjeeling Ropeway Company Limited	02.04.2018 to 27.12.2019	23.12.2019 to 27.12.2019	
GBL Industries Ltd.	02.07.2018 to 01.02.2019	15.01.2019 to 31.01.2019	www.mbstocks.in and SMS headers MB-STOCK and MD-MULTIB
Vishal Fabrics Limited	25.03.2020 to 20.10.2020	07.09.2020 to 20.10.2020	QP-BGAINS

10. The Interim Order identified Noticee 1 as the owner of various mobile numbers, i.e., 9067584982, 9537570268, 8511591152 and 9157787756, and as the mastermind behind the scheme by cross-verifying the information received from independent sources such as Indigo, Yahoo, MakeMyTrip, Swiggy, telecom service providers, hotels and banks, with the information received from the SMS resellers, viz., Spark TG Pvt. Ltd. ("**Spark TG**"), Newrise Technosys Pvt. Ltd. ("**Newrise**"), Popular SoftTech and Marketing Pvt. Ltd. ("**Popular SoftTech**"), and Awadh Info Pvt. Ltd. ("**Awadh Info**") which allegedly dealt with Mr. Hanif Shekh on behalf of the telecom service providers for sending SMSes from these IDs. An analysis of the Call Detail Records ("CDRs") for Hanif Shekh's mobile phone numbers and screenshots of Whatsapp chats between his numbers and that of SMS resellers, viz., Awadh Info, Popular SoftTech and Spark TG also corroborated that Noticee 1 was responsible for sending the SMSes and operating the websites.

11. Similarly, information obtained from the owner of website *www. midcapgains.in* and from the domain registrar and web hosting provider of website *www.mbstocks.in*, led to mobile numbers and e-mail ids identified as belonging to Mr. Hanif Shekh.

12. Apart from his role in circulation of the buy recommendations, Mr. Hanif Shekh was also allegedly, *inter alia*, connected to the PV Influencers and/or the Offloaders in the respective scrips marking his presence across the wide spectrum and being the ultimate beneficiary of the allegedly fraudulent scheme.

Summary of the trading pattern in the relevant scrips and the allegations levelled against the Noticees

13. The scrip-wise brief facts of the matter are summarised in the subsequent paragraphs.

(A) Mauria Udyog Ltd. (MUL)

14. Despite MUL incurring a net loss of ₹12.65 crore and a QoQ drop in revenue by 35% in the September 2019 quarter, there was a marked increase in the price and volume of the scrip with a high of ₹ 412.10/- and an average volume of 1,63,738 shares during the period from September 2019 to December 2019 when buy recommendations were made in the scrip of MUL by bulk SMSs and websites.

15. In the Pre-SMS Period from January 27, 2017 to September 20, 2019, a set of 11 entities (Noticees 134 to 144 in this Order) were counterparties to each other's trades in the scrip of MUL and contributed to price and volume rise in the scrip of MUL as shown in Table No. 6 of the Interim Order. These Noticees were connected to each other through common partnerships, addresses, email IDs and mobile numbers, and multiple bank transactions *inter se,* as well as with a closely-linked firm which, in turn, had transactions with certain conduit entities alleged to be involved in funding share purchases of PV Influencers and layering of unlawful gains. One of these Noticees, Mr. Piyush Agarwal, allegedly also found mention in an email communication between two employees of MUL as a transferee of the sale proceeds of MUL shares sold by other MUL employees.

16. The Noticees 134-144 were responsible for creation of 39.92% of the total buy volume and 35.22% of the total sell volume in the MUL scrip during the pre-SMS period, out of which 17.38% was contributed by trading amongst each other.

17. One of the instances of the peculiar trading pattern in MUL scrip cited in the Interim Order was the placement of 25 buy orders for 10 shares each by Mr. Sapan Kumar Agarwal (Noticee 138) on June 3, 2019 at ₹205 per share, which was more than ₹ 50/- below the LTP. However, within one second of placement of a sell order for 250 shares by Mr. Aayush Tanwar (Noticee 144) at ₹254.80 per share, Noticee 138 modified his buy order price upward by approx. ₹ 50/- to match that of Noticee 144's sell order, resulting in execution of the first 25 trades in the MUL scrip that day, generating artificial volume.

18. Subsequently, on the same day, Noticee 144 placed a buy order for 250 shares at ₹250.8 per share when LTP was ₹ 252.4 and this order matched with 25 different sell orders placed by Shyam Kumar Singh (Noticee 140) at ₹ 250.8, who, although had initially placed his sell orders at ₹ 300 per share but modified his orders downward by approx. ₹ 50/- at precisely the same time when Noticee 144 placed his buy order, resulting in execution of another 25 trades on that particular day. As per the interim order, a similar pattern of placing a buy order and then immediately modifying it quite heavily to match a sell order placed by a connected entity was noted between Noticees 140 and 144, and also between Noticees 138 and 144.

19. It was observed that Noticees 134-144 contributed ₹906.45 to the net positive LTP by trading amongst each other, i.e., approx. 3.69 times the net LTP in the scrip during the pre-SMS period. Further, the time difference between buy and sell orders in more than 75% of these *inter se* trades by these Noticees was less than 60 seconds and further, the time difference in more than 65% of those trades was less than 10 seconds, indicating the highly synchronised nature of trading by these Noticees.

20. The Interim Order noted that during the SMS stage, bulk SMSs with buy recommendations for MUL scrip were sent to more than 60,000 unique mobile numbers. On one of the days when bulk SMSes were circulated (October 29, 2019), 1,37,648 shares of MUL were traded compared to 31,219 shares traded on the

previous trading day. Further, the price of the scrip moved upwards by approx. 1.5% on that day. In total, the volume and price of the scrip increased by 1638% and 61.32%, respectively, during the SMS Period as compared to the pre-SMS period.

21. The SMS period also witnessed concerted trading activity by another group of seven entities (i.e., Noticees 145-151 in this Order, referred to as "**Collaborators**" in the Interim Order) connected with each other by fund transfers and common mobile numbers, and one of the these entities, Mr. Malay Bhow being connected with Mr. Hanif Shekh through frequent calls and finding mention in an email communication between two employees of MUL as a transferee of the sale proceeds of MUL shares sold by other MUL employees.

22. The Noticees 145 to 151 dealt in the scrip of MUL during the first half of the SMS period by forming small sub-groups and taking turns on different trading days to ensure that there was sustained trading activity in the scrip. The trading pattern of the Collaborators did not appear genuine since, despite continuously suffering trading losses in a scrip with weak fundamentals, they kept executing intraday trades. Cumulatively, these Noticees incurred losses of around ₹52.17 lakh by trading in the scrip of MUL during the SMS period.

23. It was also observed from the trade log of MUL that these Noticees majorly placed orders for miniscule amount of shares since the traded quantity was less than 20 shares in approx. 50% of their buy trades and 73% of their sell trades. These Noticees created artificial volume in the MUL scrip to the tune of approx. 22.71% during this period and only 0.37% of their traded volume resulted in actual change of beneficial ownership.

24. Taking advantage of the manipulated price and volume in the MUL scrip, 62 entities connected to MUL (referred to as "**Sub-Group 1**" in the Interim Order and comprising Noticees 12 to 73), 16 Ahmedabad-based entities (referred to as "**Sub-Group 2**" in the Interim Order and comprising Noticees 84 to 99), 19 Kolkata-based entities (referred to as "**Sub-Group 3**" in the Interim Order and comprising Noticees 100 to

118) offloaded MUL shares to make unlawful profits. They were collectively referred to as "**Offloaders**" in the Interim Order.

25. Sub-Group 1 consisted of entities who were employees (either permanent or contractual) of MUL as per data submitted by MUL. The Interim Order detailed the connection of these employees with MUL, such as mention of the address of MUL in bank and demat accounts as well as ITR of certain employees, a common mobile number and email ID belonging to the CFO of MUL in the ITR forms of these employees, an email ID associated with the promoters of MUL used as a common recovery email ID for certain employees as well as for promoter related companies, viz., Linkwise Marketing Private Limited and Vee-Em Infocentre Pvt. Ltd. (Noticees 11 and 76), and recommendation by MUL to Karnataka Bank for opening the employees' bank accounts. There were also other commonalities between these employees such as common mobile numbers and common IP addresses while logging into their email accounts. Further, the names of these employees of MUL also appeared in an email communication dated May 13, 2020 between two other employees of MUL, viz., Mr. Deepak Garg and Mr. Davinder Gupta, wherein details of the employees' trades such as no. of shares bought/sold, dates of trade, payout dates, etc. along with details of beneficiaries to whom these 62 entities transferred their sale proceeds with Bank Account No., UTR number, Date of transfer, amount transferred, etc. were mentioned.

26. It was observed that there were virtually no transactions and negligible balances in the bank accounts of many of these employees, except during the brief period of SMS circulation from September to December 2019, and majority of the transactions during this period pertained to fund transfers either with the companies connected to the promoters or the various conduit entities as was detailed in the Interim Order. The trading accounts of these employees were also found to be active only during the SMS period.

27. The Sub-Group 2 entities or the Ahmedabad-based entities were connected through frequent transactions, either with each other or with another set of companies related

to Mr. Hanif Shekh (referred to as '**Sub-Group 2.A.**' in the Interim Order). Majority of these entities had bank accounts in the Sabarmati Branch of Canara Bank. As per the Interim Order, the entities were connected with each other through common email IDs or mobile numbers in the ITRs or their UCC data and one of these entities had the same email ID as that of a Sub-Group 2.A. entity, Mr. Vishal Jitendrakumar Barot, Proprietor of Samukh Trade.

28. The Sub-Group 3 entities or the Kolkata-based entities either had common addresses or address similar to Econo Trade India Ltd. (i.e., Noticee 5, which was a company in which Hanif Shekh's parents were major shareholders), or used a common IP address to login or open their bank/trading/email accounts, or were shareholders in Noticee 5, or in Noticee 222 (Kanungo Financiers Ltd.), which was identified in the Interim Order as a 'Hanif Connected' entity.
29. It was observed that the trading activities of these Offloaders were not commensurate with their respective declared annual incomes. Further, most of these employee Offloaders had received their MUL shares through off-market transactions prior to listing of MUL and since the shares of a Company before listing are mainly held by its Promoters, there was a high probability that these entities received MUL shares through off-market mode from the promoters and the investigation also did not reveal payment of any consideration for receipt of such off-market shares. Since the employees of MUL transferred funds out of the proceeds of sale of MUL shares, *inter alia,* to the Promoter related companies, the preponderance of probabilities (as per the Interim Order) suggested that the Off Loaders were not the genuine owners of those shares and were merely the front entities for promoters of MUL.

30. The Interim Order also alleged that the purchase of shares by Sub-Groups 2 and 3 entities were funded by entities of Sub-Groups 2.A (Noticees 203 to 207) and **Sub-Group 3.A** (Noticees 208 to 219) which were allegedly connected to each other (by frequent two-way transactions, common directors, etc.) and also with Hanif Shekh. Further, the sale proceeds after offloading the said shares by Sub-Groups 2 and 3 entities were transferred back to Sub-Groups 2.A and 3.A entities.

31. There was another set of entities identified as **Sub-Group 5.A** (Noticees 220 to 225) in the Interim Order which were connected to each other and with Mr. Hanif Shekh on account of having same email IDs and android IDs, having frequent transactions amongst each other and with some other entities where Hanif Shekh/his family members were directors/shareholders (identified in the Interim Order as part of Sub-Group 5), and one of the Sub-Group 5.A entities having frequent calls with Mr. Hanif Shekh.

32. The Interim Order observed that there was an attempt to conceal the identity of the ultimate beneficiaries of the sale proceeds as the Offloaders transferred the sale proceeds either to companies (Noticees 11 and 76) related to promoters of MUL (on account of, *inter alia*, common recovery email with MUL promoters, significant holding of Sureka group in Noticee 11 and Noticee 11 identified as a related party by MUL in a BSE corporate filing), or to entities related to Mr. Hanif Shekh (Sub-Groups 2.A, 3.A or 5.A), or to certain forex companies (identified as Sub-Group 6) which later converted it into cash and admittedly did not maintain bills for the said conversions. It was also observed that the same set of conduit companies, including the Forex companies were used for transferring sale proceeds across all the scrips covered in the present proceedings.

33. Sub-Groups 2.A and 3.A, as defined at para 5 of this Order, were found to be connected with Mr. Hanif Shekh, thereby showing proximity of Mr. Hanif Shekh with these conduit companies, rather than with multiple Offloaders across all the scrips. It was *prima facie* concluded that the conversion of sale proceeds to forex cash was done on behalf of, and for the benefit of, Mr. Hanif Shekh.

34. In view of the aforesaid, the Interim Order alleged that the PV Influencers, Collaborators, the promoters and their connected entities, Offloaders, Mr. Hanif Shekh and his aforementioned connected entities violated the various provisions of SEBI Act and PFUTP Regulations. The Interim Order also directed impounding of unlawful gains generated in the MUL scrip jointly and severally from Mr. Hanif Shekh

and his connected entities, the promoters and their connected entities and also the PV Influencers.

(B) Vishal Fabrics Ltd. (VFL)

35. The pre-SMS period for VFL was from March 25, 2020 to September 4, 2020 and SMS period was from September 7, 2020 to October 20, 2020 when the scrip witnessed noteworthy increase in both its price and volume without any major corporate announcements made by VFL.

36. The Interim Order observed that 15 entities (which were referred to as the "Chiripal Group"), i.e., Noticees Nos. 77 to 83 and 193 to 200, which were connected connected to each other and to the thirteen promoter/promoter group entities of VFL, acted as counterparties not only to each other's trades but also traded with Sub-Groups 2 and 3 during the pre-SMS period and thus, were the PV Influencers in the VFL scrip. These entities were alleged to have disproportionately contributed to the total market traded volume and price rise in the VFL scrip, including but not limited to carrying out multiple consecutive trades in miniscule number of shares. Further, a significant portion of *inter se* trading of these entities were synchronised trades, i.e., the time period between buy and sell orders was less than 60 seconds and it was observed in some instances that even the order modification by parties was within a few seconds of each other.

37. It was also observed that Goenka Business Finance Limited ("**GBFL**") (Noticee 145), *which was identified in the Interim Order as a 'Collaborator' in respect of the MUL scrip*, was *prima facie* also found to be manipulating the price of the VFL scrip during the pre-SMS period and contributed 38.04% of the net market LTP on BSE and 14.65% on NSE. Noticee 145 traded through Sunflower Broking Pvt. Ltd., whose owner Mr. Malay Bhow was in frequent communication with Mr. Hanif Shekh during the relevant period. Further, even though GBFL's net buy LTP contribution was only ₹19.95/-, its gross positive buy LTP contribution was ₹ 114.8/-.

38. In this regard, it was also observed that in 9 of GBFL's 28 buy trades wherein it contributed positive LTP, the counterparties (Mr. Chetanbhai Mahendrabhai Dantani, Mr. Shivam Kumar Patel and Mr. Suresh Deshaljibhai Vaghela) were entiites connected to GBFL as recorded in the Interim Order. GBFL was also found to be executing multiple trades for small quantities to match one big counter party order within a short span of time.

39. One peculiar instance of trading behaviour of GBFL which was highlighted in the Interim Order was GBFL's buy order of 5 shares at ₹250/- getting executed as the first trade on June 16, 2020 and matching with the sell order for 2500 shares by a Chiripal Group entity, which was placed just 14 seconds before GBFL's order. However, the next two trades on that day were executed between unconnected entities at ₹234.2/- wherein the sell order had been pending for more than 55 minutes and the LTP got set to ₹ 234.2/-. Thereafter, GBFL, which did not make any attempt for 55 minutes to match its buy order with the lower priced sell order of ₹234.2/- (akin to a prudent investor), started placing buy orders in small quantities at a higher price of ₹ 250/- again, just to match the pending sell order of the Chiripal group entity and all the other trades of that day were executed between GBFL and the said Chiripal group entity.

40. During the SMS Period, there was a 779% increase on BSE and 627% increase on NSE in the volume of the scrip vis-à-vis pre-SMS period and the price also increased by 35% on BSE.

41. The Offloaders in the scrip of VFL during the SMS Period were entities of the Chiripal Group, Sub-Group 2 and Sub-Group 3 and some of them were also the PV Influencers in the scrip. The *prima facie* inference of collusion between the entities connected to the Promoter/ Promoter Group of the Company (Chiripal Group) and Mr. Hanif Shekh in the entire scheme was further reinforced by the fact that there was no action or clarification from the promoters when bulk SMSs regarding VFL were circulating.

42. The ultimate beneficiaries of the scheme in the case of VFL were, *prima facie,* those who acted as PV Influencers as well as Offloaders in the scrip, namely, Ms. Durgeshwari Pradipbhai Chiripal, Mr. Manuj Ashokkumar Chiripal, Rushp Trading LLP, Satrama Trading LLP, Shivhari Trading LLP, Ms. Trisha Vikash Bajaj and Mr. Bajaj Sonali Ateet (Noticees 77 to 83). Further, since entities of Sub-Groups 2 and 3 were *prima facie* fronts of Hanif Shekh (Noticee 1), he was also the ultimate beneficiary of the scheme in case of VFL.

43. In view of the aforesaid, the Interim Order alleged that the PV Influencers mentioned at Table No. 32, GBFL, Offloaders of Chiripal Group and sub-groups 2 and 3 (mentioned at Table Nos. 39 to 41), Mr. Hanif Shekh and his aforementioned connected entities violated the various provisions of SEBI Act and PFUTP Regulations. The Interim Order also directed impounding of unlawful gains generated in the VFL scrip jointly and severally from Mr. Hanif Shekh and his connected entities and the Offloader entities from Chiripal group and sub-groups 2 and 3.

(C) 7NR Retail Ltd (7NR)

44. The Interim Order noted that during the pre-SMS period in the 7NR scrip (January 10, 2019 to November 8, 2019), the scrip opened at ₹16.80 and closed at ₹169, registering a high of ₹173 where the average daily traded volume during this period was 47,458 shares. Further, during the SMS period (November 11, 2019 to December 27, 2019), the scrip opened at ₹169 and closed at ₹193.05, reaching a high of ₹239.50, with the average daily volume increasing significantly to 5,05,847 shares. Thus, within a span of less than twelve months, the price of the scrip rose by approximately 11.5 times, accompanied by a sharp increase in trading volume in the absence of any significant corporate announcements or positive developments in the Company's financial performance.

45. It was noted at Table No. 44 of the Interim Order that during the Pre-SMS period, two groups – Sub-Group 3 (Kolkata based entities) and Gohil Group (comprising 30 entities *prima facie* interconnected through shared personal details such as

addresses and phone numbers, financial transactions, and corporate affiliations such as common directorships) were active in the scrip. It was also observed that one of the Noticees, Mr. Jitendra Gohil (Noticee 126) was a Director of Novex Commercial and he, his son (Noticee 173) and certain other Gohil group entities had two-way fund transfers with various Gohil group entities. Noticees 125, 132, 173 and 178 also received funds from Novex Commercial and transferred funds to various sub-group 3.A entities.

46. It was noted in the Interim Order that entities of the Gohil Group and Sub-Group 3, collectively accounted for 44.83% of the total market-buy volume and 42.72% of the total market-sell volume in the scrip of 7NR during the pre-SMS period and by engaging in trades among themselves in a coordinated manner, these entities accounted for 20.61% of the overall market traded volume. It was also alleged that only 2.11% of their total trades resulted in actual change of ownership. Further, as alleged, these entities collectively contributed to a net price increase of ₹187.36/-, which represents 120.62% of the total price rise recorded in the scrip during the pre-SMS period, i.e., their intention was to raise the price higher than what it actually rose since it was balanced by other market forces.

47. The Interim Order noted that the Gohil group and Kolkata group entities were regularly trading with each other by placing orders of identical quantity and price (usually at prices higher than the LTP) within a few seconds of each other and by breaking one transaction into multiple smaller transactions, leading to artificial inflation in number of trades and setting momentum for trading. Interestingly, on majority of days when these connected entities accessed the market, there were no trades by other market players and on many days, these entities executed the first trade of the day at prices higher than LTP. The interim Order noted that bulk SMSes were sent in respect of 7NR scrip between November 11, 2019 and December 27, 2019 to more than 60,000 unique mobile phone numbers.

48. Once there was a jump in the price and volumes in the scrip, the entities of Gohil group and Sub-Group 3 as mentioned at Table Nos. 46 and 47 of the SCN offloaded

their shares and made profits. The Interim Order noted that a similar pattern as in the scrip of MUL of transfer of sale proceeds was found even in the scrip of 7NR where Mr. Hanif Shekh received the sale proceeds from sub-group 3 entities through multiple layers of conduit entities including sub-group 3.A entities, and from the Gohil group entities, through the aforementioned Forex companies. This was because not one but all these entities, contrary to the behaviour of a prudent investor, were found to be transferring funds to the same set of conduit entities, indicating that they were mere fronts for Mr. Hanif Shekh.

49. In view of the aforesaid, the Interim Order alleged violation of various provisions of SEBI Act and PFUTP Regulations by the PV Influencers, Offloaders, and Mr. Hanif Shekh and his aforementioned connected entities. The Interim Order also directed impounding of unlawful gains generated in the 7NR scrip jointly and severally from Mr. Hanif Shekh and his connected entities and the Offloader entities from Gohil group and sub-group 3.

(D) Darjeeling Ropeway Company Ltd. (DRCL)

50. Despite DRCL witnessing only a marginal increase in its net profit (₹ 0.02 crore) and revenue (₹ 0.04 crore) in QE September 2019 as compared to the QE June 2019, and there being no major corporate announcements by DRCL during its Investigation Period (April 02, 2018 to December 27, 2019), there was a marked increase in the price and volume of the scrip with its high price being ₹ 112.40/- (as compared to the opening price of ₹11.9/- on April 02, 2018) and the average daily trading volume being 3,68,210 shares, during the period from December 23, 2019 to December 27, 2019 (as compared to average volume of 26,098 shares during the period from April 02, 2018 to December 22, 2019). Notably, from December 23, 2019 onwards, bulk SMSes were sent, and the website www.midcapgains.in was used for making buy recommendations in the scrip of DRCL.

51. During the pre-SMS Period from April 02, 2018 to December 22, 2019, a set of 15 connected entities (referred to as the "Darjeeling Group" in the Interim Order, and Noticees 153 to 167 in this Order) along with entities of Sub-Groups 2 and 3

(mentioned at Table No. 59 of the SCN) traded frequently in the scrip. The connection between the Darjeeling Group entities was identified through *inter se* relationships like common addresses, having multiple fund transactions amongst themselves, having email communications, being part of the same family, having off-market transfers of shares or being related to DRCL.

52. The entities of Darjeeling Group and Sub-Groups 2 and 3 collectively contributed 32% of the market buy volume and 35.90% of the market sell volume during the pre-SMS period and by trading with each other as a group, contributed to 12.95% of total market traded volume. These entities also contributed 111.83% to the net price rise in the DRCL scrip during this period.

53. The peculiarity of the trading activity of Darjeeling Group entities was illustrated at Paras 147 and 148 of the Interim Order. It was noted that Darjeeling Group entities placed buy and sell orders with identical price and quantity and in close proximity of each other since the time difference between buy and sell orders in 178 trades out of a total 570 trades executed between them was less than 60 seconds and for 98 trades, it was less than 10 seconds. These entities, through such synchronised trades, attempted to artificially inflate the volume in the scrip on particular trading days to set the momentum for trading. They also indulged in executing first trades of many days at prices higher than LTP.

54. In addition to the Darjeeling Group of entities, the Interim Order also noted that entities belonging to Sub-Group 2 and Sub-Group 3 were also trying to influence the volume and price in the scrip during the pre-SMS period so as to give a misleading presentation of the scrip to other investors.

55. The Interim Order noted that entities of sub-groups 2 and 3 were placing buy and sell orders within a few seconds of each other and thus, executing matching trades which created artificial volume and led to rise in the LTP. Further, these entities were regularly taking turns by placing orders within a few seconds of each other to ensure matching with the sell orders of Mr. Himanshu Ramniklal Shah (promoter of DRCL)

and there were a total of 118 such matching trades as a result of which, Mr. Himanshu Shah offloaded 2,17,335 shares onto the entities from Sub-Group 2 and 3 and was provided an exit from his own company.

56. Thereafter, once momentum was generated in the DRCL scrip by the PV Influencers, bulk SMSs were sent during the period from December 23, 2019 to December 27, 2019 which led to a 1310% increase in the volume of the scrip during the SMS period vis-à-vis pre-SMS period. The bulk SMS circulation period in respect of DRCL scrip was limited only to 4 days (December 23, 2019 to December 27, 2019), as due to timely regulatory intervention, the scrip was brought under SMS framework surveillance of Stock Exchange for dealing with unsolicited messages on December 27, 2019 and due to this red flag, the price of the scrip started falling. Consequently, the *prima facie* scheme employed in the scrip by Mr. Hanif Shekh apparently could not yield the expected increase in the price and volume (though there was still a spurt in the volume of the scrip) in the scrip and as a result, the Offloaders had to exit the scrip at prices lower than expected.

57. Thus, it was observed that although one set of Offloaders, viz., Sub-Group 2 (Ahmedabad based entities mentioned at Table No. 64) did make a profit by exiting the scrip (to the tune of ₹ 2,68,397/-), the other set of Off Loaders, viz., Sub-Group 3 (Kolkata based entities mentioned at Table No. 65) suffered losses while exiting the scrip during the SMS period.

58. Further, by following similar *modus operandi* as followed in respect of other scrips, the Sub-Group 2 entities who had made a profit by offloading the shares transferred funds to Hanif Shekh and / or his connected entities through multiple layers of conduit channels.

59. As detailed above, there were striking similarities in the way the scheme of the fraudulent trade practices unfolded in the scrip of DRCL as well as the other four scrips, viz., generating momentum and positive sentiment about the scrip by the trading activity of PV Influencers (some of whom were common across other scrips

in this Order), sending out bulk SMSs with buy recommendations by Mr. Hanif Shekh, the Offloader entities connected either to the Company or Mr. Hanif Shekh exiting the scrip by making profits, and finally these Offloaders transferring the sale proceeds Mr. Hanif Shekh and / or his connected entities through a series of layered transactions so that the real identities of the ultimate recipients of those sale proceeds would remain hidden behind those layered transactions.

60. In view of the aforesaid, the Interim Order alleged violation of various provisions of SEBI Act and PFUTP Regulations by the PV Influencers, Offloaders, and Mr. Hanif Shekh and his aforementioned connected entities. The Interim Order also directed impounding of unlawful gains generated in the DRCL scrip jointly and severally from Mr. Hanif Shekh and his connected entities, the promoter of DRCL and the Offloader entities from sub-groups 2 and 3. The Darjeeling group PV Influencers were also directed to impound the unlawful gains garnered by them during the pre-SMS period.

(E) GBL Industries Limited (GBL)

61. The Interim Order noted that two groups consisting of a total of 22 entities [comprising '11 Entities Group' (Noticees 182 to 192) and 11 entities of Gohil Group (Noticees 120, 122, 124,125, 126, 130, 132, 133, 173, 176, 180)] were involved in price and volume manipulation in the GBL scrip during the pre-SMS period from July 02, 2018 to January 14, 2019 when the Company neither witnessed any major change in its financials nor came out with any major corproate announcements. It was observed that these connected entities (the entities of the '11 Entities Group' were connected with each other through common mobile phone numbers and with the Gohil Group entities through *inter se* fund transfers as well as through fund transfers to the same set of Forex Companies), were trading amongst themselves in a concerted manner by acting as counterparties to each other's trades.

62. These 22 entities contributed a substantial 20.10% to market buy volume, 19.88% to market sell volume, and 8.20% to total market volume by trading with each other as group members. Only 0.22% of their traded volume resulted in effective change in beneficial ownership. Further, these entities contributed 108.12% of Net market

LTP as buyers and sellers, where 45.50% was contributed merely by trading with each other. While individual LTP contribution of some of the group members was negative, these entities created trading volumes and helped to maintain price against selling pressure.

63. It was striking to note that in 7,288 trades out of a total of 9,788 trades (approx. 74%) carried out by these entities amongst each other in the GBL scrip, only a single share was dealt, even though counterparty orders with significant quantities were available in the system. Further, in 94% of these single share trades, the time difference between buy and sell orders was not more than 10 seconds and in 98% of the overall 9,788 *inter se* trades, the time difference between buy and sell orders was not more than 60 seconds, thereby indicating a *prima facie* structured trading pattern.

64. Another trading strategy, which was observed by these PV Influencer entities, was placement of multiple orders of miniscule quantities to match with the pending counterparty orders of the connected entities itself to generate artificial volume and momentum in the scrip.

65. It was also observed that entities in the 11 Entities Group carried out circular trading amongst themselves where the shares bought/sold by an entity came back/ were sold to the same entity later in the day and the volume generated by circular trading constituted 66.97% of the total trade volume of 11 Entities Group as sellers in the scrip of GBL during the pre-SMS period.

66. Upon generation of positive momentum in the scrip as noted above, it was noted that approx. 2.10 crore bulk SMSes giving buy recommendations for the GBL scrip were sent during the period between January 05, 2019 to January 31, 2019. As a result of the same, a 867% increase in volume and 20% increase in the scrip price during the SMS period was observed vis-à-vis the pre-SMS period, which provided an opportunity to the entities connected to the SMS sender, Hanif Shekh, viz., 9 entities of Sub-Group 3 (mentioned at Table No. 55 of the SCN) and 9 Gohil Group entities (mentioned at Table No. 56 of the SCN), to exit the scrip by offloading their

shares and making substantial profits. The sale proceeds were transferred by these Offloaders to Hanif Shekh/ his connected entities through multiple layers, including the Forex Companies.

67. In view of the aforesaid, the Interim Order alleged violation of various provisions of SEBI Act and PFUTP Regulations by the PV Influencers, Offloaders, and Mr. Hanif Shekh and his aforementioned connected entities. The Interim Order also directed impounding of unlawful gains generated in the GBL scrip jointly and severally from Mr. Hanif Shekh and his connected entities, and the Offloader entities from sub-group 3 and Gohil group.

Appeals filed by various Noticees before Hon'ble SAT

68. Noticee 6 (Econo Broking Pvt. Ltd.) and Noticee 10 (Mauria Udyog Ltd.) filed Appeal Nos. 568 and 577 of 2023 before Hon'ble SAT against the Interim Order dated June 19, 2023. Vide order dated August 18, 2023, the appeals were dismissed by the Hon'ble SAT while, *inter alia,* observing that the charges levelled against the appellants were serious and SEBI was justified in passing the Interim Order. The appellants were directed to file a reply to the Interim Order as well as an application for vacation/modification of the Interim Order, if so desired, and it was directed that in case such application was filed, the WTM shall pass appropriate orders on the said application after hearing the appellants. Further, Noticees 3, 4, 5 and 7 also filed appeals against the Interim Order before the Hon'ble SAT (Appeal Nos.761 of 2023, 686 of 2023, 729 of 2023 and 748 of 2023) which were also disposed of along similar lines.

69. Accordingly, Noticees 4, 5, 6 and 10 filed applications before SEBI for vacation/modification of the Interim Order and pursuant to hearings granted to these Noticees, Miscellaneous Orders dated October 12, 2023, October 13, 2023, October 31, 2023 and November 7, 2023 under sections 11(1), 11(4) and 11B of the SEBI Act were issued by my predecessor Competent Authority granting partial relief to Noticees 10 by unfreezing two of its overdraft accounts and to Noticee 6 by

unfreezing a few of its client bank accounts and allowing debits in certain other demat accounts meant for the purpose of holding client securities.

70. Subsequently, Noticees 8, 9 and 10 filed another appeal (Appeal No. 396 of 2025) against the Interim Order before the Hon'ble SAT, *inter alia*, seeking directions to SEBI to permit MUL to operate its Exchange Earners' Foreign Currency (EEFC) account. This appeal was disposed of by the Hon'ble SAT with a direction to the appellants to file an appropriate application before SEBI which was directed to be disposed by SEBI within a period of three weeks from its receipt. Even though a limited relief, viz., unfreezing MUL's employees' gratuity savings account and the inadvertently attached bank accounts of a relative of Noticee 8 and 9, was granted vide order dated September 11, 2025 in response to the appellants' application filed before SEBI, the freeze on MUL's EEFC account was not lifted on account of non-compliance by MUL of the directions of the Interim Order, including deposit of the alleged unlawful gains in an escrow account, till that date.

71. It is noted that Mauria Udyog Ltd. (Noticee 8) filed an appeal before the Hon'ble SAT (Appeal No. 537 of 2025) challenging the aforesaid order of SEBI dated September 11, 2025 and seeking relief in respect of certain accounts. However, the said appeal was dismissed by the Hon'ble SAT vide its order dated January 9, 2026.

Service of Interim Order, inspection of documents and cross-examination

72. The Interim Order cum SCN was served on all Noticees and in response thereto, replies were filed by various Noticees. The Noticees were also granted multiple opportunites of filing their additional written submissions or post-hearing submissions. Such submissions received from the Noticees during the course of the present proceedings are summarised in the next section and have been duly considered for passing of this Order, along with the material available on record. However, the allegations in respect of Noticees which neither filed their written replies at any stage nor appeared before me or my predecessor Competent Authority have been dealt based only on the material on record.

73. Noticee 1, Mr. Hanif Shekh, vide letter dated February 22, 2024 sought inspection of documents, which was granted on February 28, 2024. Noticee 1 made another request dated May 24, 2024 for re-inspection of certain records. In view of concerns expressed by Noticee 1 regarding corrupted files, a second inspection opportunity was granted to him on August 5, 2024 and vide e-mail dated August 28, 2024, all remaining concerns of Noticee 1 were addressed.

74. Vide hearing notice dated September 10, 2024, Noticee 1 was then granted an opportunity of personal hearing on September 20, 2024. In response, Noticee 1 sought adjournment on the ground that his mother (Noticee 3) was unwell. The request for adjournment was acceded to and vide e-mail dated October 11, 2024, he was granted another opportunity of personal hearing on October 22, 2024.

75. However, Noticee 1 did not avail this opportunity of hearing either, and instead submitted letter dated October 21, 2024 seeking cross-examination of 7 entities. Vide letters dated December 17, 2024 and January 8, 2025, Noticee 1 was advised to first file his response to the Interim Order on merits, informing him about the Criminal Writ Petitions [in Criminal WP (L) No. 7851 /2020- *Subhash Bhimrao Bhopi & Anr. vs UOI & Ors*, Criminal WP (L) No. 7627/2020 - *Sonali Sachin Patil & Ors. vs UOI & Ors.,* Criminal WP (L) No.4375 of 2020 - *Siddhav Mohan Nachane & Anr. vs UOI & Ors*.] filed before the Hon'ble Bombay High Court directing completion of proceedings.

76. However, no reply to the SCN was received from the Noticee. Vide letter dated January 27, 2025, Noticee 1 was informed that his cross-examination request in respect of four entities had been acceded to and was scheduled for February 4, 2025 and February 11, 2025.

77. Accordingly, cross-examination in respect of Newrise was conducted on February 4, 2025, and in respect of Spark TG was conducted on February 11, 2025. Cross examination in respect of Awadh Info was conducted on February 11, 2025 by videoconferencing through WebEx as per request of the witness. The fourth witness,

First Economy Pvt. Ltd., did not respond to SEBI's letter regarding cross-examination and the same was informed to Noticee 1.

78. Thereafter, vide e-mail dated February 18, 2025, Noticee 1 also sought cross-examination of Popular SoftTech, GoDaddy and one Saurav Tyagi whose name was mentioned during the cross-examination of Rehaan Mohsin of Awadh Info.

79. Vide e-mail dated February 20, 2025, Noticee 1 was informed that his request to cross-examine Saurav Tyagi stood rejected as the latter's submissions were not part of the Interim Order. Noticee 1 was also informed that as a final opportunity in the interest of natural justice, his request to cross-examine Popular SoftTech and GoDaddy was acceded to and once again, he was advised to submit his response on merits. Cross-examination in respect of Popular SoftTech was conducted on March 13, 2025. However, vide email dated March 28, 2025, Noticee 1 was informed that GoDaddy had expressed inability to participate in cross-examination proceedings, and accordingly, the Noticee's requests for inspection and cross-examination stood addressed. The Noticee was again advised to submit his response to the Interim Order by April 7, 2025.

Writ Petitions before Hon'ble Bombay High Court and opportunities of personal hearing granted to the Noticees

80. Post-issuance of the Interim Order on June 19, 2023, the present matter was allocated to my predecessor Competent Authority, Shri Ashwani Bhatia, WTM for passing the final order. Pursuant to receipt of replies of the Noticees, personal hearings of all the Noticees were scheduled and concluded before my predecessor Competent Authority over a period of several months. However, owing to the sheer volume and complexity of the matter, which involved manipulation across five different scrips by disparate sets of 226 entities over a period of three years, coupled with the fact that the final order in the matter could only be passed after affording an opportunity of personal hearing to all the concerned Noticees and consideration of their voluminous oral and written submissions, the final order in this matter could not be issued till the completion of the tenure of Shri Ashwani Bhatia, WTM on May 31,

2025. I deem it relevant to reiterate at this stage that even after being repeatedly advised during the proceedings before Shri Ashwani Bhatia, WTM, to file his reply to the SCN on merits, Mr. Hanif Shekh, the alleged mastermind of the subject fraudulent scheme, had not filed any of his written submissions till mid-April 2025, and thereafter, kept filing several sets of written submissions almost till the end of the tenure of Shri Ashwani Bhatia.

81. Post the completion of tenure of Shri Ashwani Bhatia, WTM, the matter was allocated to the undersigned for passing the final order. Even though the personal hearings of all the Noticees before Shri Ashwani Bhatia stood concluded, in the interest of natural justice, another opportunity of hearing was granted to all the Noticees during the months of September and October 2025.

82. In the context of the present proceedings before me, it is also noted that the Hon'ble Bombay High Court is seized of the instant matter vide several Criminal Writ Petitions, viz., *Subhash Bhimrao Bhopi & Anr. vs UOI & Ors* (Crl. WP No. 1561 of 2021), *Sonali Sachin Patil & Ors. vs UOI & Ors.* (Crl. WP No. 1344 of 2021), and *Siddhav Mohan Nachane & Anr. vs UOI & Ors*. (Crl. WP No. 1489 of 2021) [hereinafter collectively referred to as the "**Mauria Writ Petitions**"], filed by certain investors, *inter alia*, seeking an investigation into this matter. Further, the Hon'ble Bombay High Court has been actively monitoring the progress in the present enforcement proceedings and vide its order dated August 14, 2025, *inter alia*, directed that the hearings in the present matter be expedited with no adjournments to be granted to any of the Noticees and that the final order be passed on or before July 1, 2026.

83. Accordingly, the personal hearings of all the Noticees were held as per the decided schedule and the details of the Noticees who entered appearance before me personally or through their authorised representatives are tabulated below:

Table 4

Date of hearing	Hearing scheduled for Noticees *	Noticees appeared for hearing
22.09.2025	1-7, 220-226	1, 3-7, 224, 225
23.9.2025	8-11, 76, 12-21	17. Noticees 221-223 whose hearings were scheduled for another day were also heard on this day.
24.9.2025	22-37	None appeared
25.9.2025	38-53	50
26.9.2025	54-68	None appeared
29.9.2025	69-75, 77-83	74 and 75. Vide letter/email dated September 22, 2025, Noticees 77 to 83 waived their opportunity of hearing and requested that their submissions already on record may be considered.
30.9.2025	145-152, 193-200	145 and 152. Vide letter/email dated September 22, 2025, Noticees 193 to 198 and 200 waived their opportunity of hearing and requested that their submissions already on record may be considered.
3.10.2025	84-99, 201-202	None appeared
10.10.2025	100-118	100-118
14.10.2025	119-133	119, 125, 126, 128, 133. Noticees 173, 180 whose hearings were scheduled on other days were also heard on this day.
15.10.2025	134-144, 203-207	None appeared
16.10.2025	153-167	153-163, 165-167.

		Noticees 124, 130, 201 and 202 whose hearings were scheduled on other days were also heard on this day
17.10.2025	168-181	168, 170-172, 176, 179. Noticee 122 whose hearing was scheduled on another day was also heard on this day.
27.10.2025	182-192	None appeared
28.10.2025	208-219	208, 210 and 212. Noticees 129 and 132 whose hearings were scheduled on other days were also heard on this day.

** Some of the Noticees appeared for personal hearing on dates other than their originally scheduled hearing dates and their appearance is recorded on those dates*

84. It is noted that the Hon'ble Bombay High Court vide its aforesaid order dated August 14, 2025 in the Mauria Writ Petitions had specifically directed that since pleadings in the matter were complete and written submissions were already on record, no further pleadings, applications or submissions shall be permitted, unless specifically required by WTM. However, in the interest of natural justice, the Noticees were given another opportunity to file any additional post-hearing written submissions in their defence. These oral and written submissions made by various Noticees before me and before my predecessor Competent Authority are summarised in the ensuing section.

Summary of replies/ submissions made by the Noticees to the SCN

85. As already recorded, the Noticees were provided opportunities of hearing to present their case in the matter, and the said opportunity was availed by several Noticees mentioned in the Table above. Few of the key arguments put forth by the Noticees during their hearing are noted as under:

(1) There was no urgency for passing interim directions in the matter and that the directions issued were excessive and disproportionate.

(2) The SCN was vague and silent as to how the provisions of PFUTP Regulations were violated in this matter, thereby violating the principles of natural justice.

(3) Noticee 1 argued that SEBI had labelled him as a kingpin and mastermind, clearly reflecting that the matter was proceeded with a predetermined mind.

(4) SEBI erroneously identified certain mobile numbers as belonging to Noticee 1.

(5) Noticee 1 had no connection with the SMS resellers as was proved during their cross-examination.

(6) The calculation by SEBI of net amounts transferred amongst entities alleged to be controlled by Mr. Hanif Shekh was erroneous.

(7) An excel sheet sent in May 2020, i.e., 6 months after the SMS period by Mr. Deepak Kumar Garg to Mr. D K Gupta (who became an employee of MUL only in February 2021 and only used to file taxes of employees earlier) regarding transfer of profits could not be the basis of the charge, especially when there were factual inaccuracies in the excel sheet.

(8) Sub-Group 1 Noticees argued that they not only sold but also bought shares of MUL during the investigation period at the prevailing high price in the normal course and most of the shares were held by them much before the company got listed on the BSE.

(9) Sub-Group 3 entities have argued that the SCN had merely added their trading volume over a period of several months to allege manipulation rather than comparing their trading volumes with the total volume on particular days.

(10) No collusion between Noticees was brought out in the Interim Order and the alleged contribution to LTP and total market volume was miniscule.

(11) The Gohil Group Noticees were enticed by one Mr. Paresh Shah to lend their accounts in return for earning small commissions and the said person misused their accounts.

(12) The facts and circumstances around DRCL scrip were different from the other four scrips and no charges could be levelled in respect of the DRCL scrip.

(13) The charge of price manipulation could not be sustained in the absence of a finding of collusion between the buyer and seller.

(14) Serious allegations of fraud made against a Noticee needed a high level of proof and that fraud, even in civil proceedings, must be established beyond reasonable doubt.

(15) Without prejudice to other arguments, once the unlawful gains made by each entity had been quantified in the SCN and no connection between the entities had been proved, there could be no joint and several liabilities for disgorgement.

86. Further, in their replies and written submissions filed in the present matter, the Noticees have made extensive and voluminous submissions. For the sake of brevity, the same are not being reproduced in their entirety in this Order. However, it is clarified that mere non-advertence to any submission should not be construed as non-traverse of the same. The submissions of the Noticees are being appropriately summarised hereunder.

Submissions of Noticee 1 (Mr. Hanif Shekh)

87. Post a series of inspections and cross-examinations by Noticee 1, he filed his replies and post-hearing submissions dated April 14, 2025, April 24, 2025, May 12, 2025, May 21, 2025, March 27, 2026, March 30, 2026 and April 16, 2026 which are summarised as under:

(1) There was no evidence that Hanif Shekh was the 'kingpin' or ultimate beneficiary of the alleged fraud. The Interim Order only proceeded on the basis of commonality of circulation of bulk SMSes with buy recommendations in four out of the five scrips by alleging that the Noticee was the sender of bulk SMSes on the basis of certain mobile numbers.

(2) The Interim Order suffered from an inordinate delay and was passed without any urgency, 5-8 years after the alleged trades. The Noticee, given such inordinate delay, was no longer in a position to effectively defend himself in the said proceedings, thereby causing grave prejudice to him.

(3) No hearing was provided to the Noticee prior to issuance of Interim Order. The requirement of dispensing with pre-decisional hearing was not satisfied with SEBI.

(4) The Order was passed merely on the basis of an apprehension that the Noticee would allegedly continue to fraudulently deal in the securities market, and that the wrongful gains would be siphoned off beyond the regulatory jurisdiction of SEBI, even when there was no shred of evidence to suggest that the Noticee was in receipt of the alleged unlawful gains. The direction to disgorge the alleged unlawful gains was *ex facie* illegal.

(5) The charge rested on the flimsy assumption that Noticee 1, as an individual, was single handedly controlling 225 noticees, being individuals and even listed entities located in different parts of the country, to perpetrate the alleged fraudulent scheme. The Interim Order did not establish how the trail of supposed unlawful gains went back to the Noticee.

(6) The Interim Order conclusively determined guilt of Noticee 1 and post-decisional hearing, if any, would be nothing but a mere eye wash, as held by Hon'ble SAT in the case of *Zenith Infotech Limited v. Securities and Exchange Board of India* [Appeal No. 59 of 2013]. SEBI had also labelled the Noticee as a kingpin and mastermind, clearly reflecting that the matter was proceeded with a predetermined mind. Reliance was placed on the judgments of Hon'ble Supreme Court in the matter of *Oryx Fisheries Private Limited v. Union of India* and *Siemens Ltd. v. State of Maharashtra* in this regard.

(7) The Noticee was denied the opportunity to cross examine some of the entities, viz., First Economy Private Limited, GoDaddy and Mr. Saurav Tyagi and this was in gross derogation of the sacrosanct principles of natural justice. Decisions of Hon'ble Supreme Court in the matter of *Uttar Pradesh vs. Saroj Kumar Sinha* and of Hon'ble SAT in *Bharat Jayantilal vs. SEBI* was cited to emphasise the Noticee's right of cross-examination of a person whose statement was relied upon.

(8) Noticee had filed several complaints with SEBI to highlight potential market malpractices which came to the Noticee's knowledge including against certain other noticees to the present Interim Order and as a result, he had been facing several threats over the years from such errant market participants.

(9) Noticee 1 was associated in the business of ship breaking with his late father Mr. Kasambhai Shekh, who passed away on July 31, 2020 due to COVID-19.

The Noticee was currently managing several businesses with the aid and assistance of a work force employed by him, which also assists him in his day-to-day requirements, such as hotel bookings, food orders, travel bookings, banking operations, etc.

(10) SEBI erroneously identified phone numbers such as [+91 9157787756], [+91 9537570268] and [+91 8511591152] which did not even belong to the Noticee to allege fraud. The Noticee on multiple occasions had submitted that the only mobile number which was registered in his name was [+91 9067584982]. The authenticity of such fact could be verified by placing reliance on the Noticee's bank account, income tax filings, PAN, Aadhaar and other such KYC linked registrations. All correspondence with SEBI was also from the same mobile number.

(11) If SEBI would have brought this to the attention of the Noticee, he could have taken measures such as filing of FIR at the relevant time to ascertain who was using his name to perpetrate the alleged fraud. Once the Noticee became aware of this during SEBI's investigation, he formally lodged a police complaint highlighting the unauthorized use of the mobile numbers [+91 9537570268] and [+91 9157787756] in his name. Pursuant to filing of the police complaint and further inquiry, one Mr. Inayat Deriya, who used to work as an assistant to the Noticee's father, Mr. Kasambhai Shekh, accepted that such numbers were used by him and were utilized for bank account documentation formalities for Sai Metaltech LLP, where he worked in a clerical capacity at the time and independently handled routine tasks such as travel bookings, documentation follow-ups, etc.

(12) Whenever the Noticee needed to make personal bookings or place orders online, he would delegate such tasks to members from his secretarial staff whereas he would use his own number exclusively when personally checking into hotels or opening bank accounts himself. For instance, while checking into DoubleTree hotel as referred in Interim Order, Noticee used his own number, however, the number of Mr. Inayat Deriya [+91 9157787756], who handled the booking was used at the time of making the reservation. This was a clear and documented example where SEBI's own findings supported Noticee's

consistent position. Further, in a flight ticket with PNR ZYH89G, the booking was made by a staff member named Darshan Vasani, who entered his own email ID (darshan.vasani@gmail.com) and contact number (9172899710). Likewise, for PNR OLHSVO, the booking was done by another employee, Vora Darshan, who entered mobile number [+91 8369222694] and email ID voradarshan195@gmail.com. The presence of other numbers in these records does not imply ownership or usage by the Noticee, but simply reflects the contact information of the person managing the booking.

(13) It is a common practice in Gujarat that clients or partners sign the KYC forms first, and the remaining details in bank account formalities, including contact information, are subsequently filled in by bank representatives or support staff like Inayat, to ensure smooth and immediate access to banking functions, without having to contact the firm's director or partner for each transaction, which is exactly what happened in the case of Sai Metaltech. While the Noticee may have signed certain blank KYC forms or routine firm documents in good faith, the mobile numbers [+91 9537570268] and [+91 9157787756] were added later as alternate contact numbers, not primary ones, and without Noticee's consent or knowledge. Thus, the allegation that the mobile numbers [+91 9537570268] and [+91 9157787756] belonged to the Noticee, based on certain bank opening forms of Sai Metaltech LLP, was unsubstantiated. A review of Sai Metaltech LLP's other bank accounts, including those maintained with HDFC Bank, Bank of India, and others, would reveal that multiple mobile numbers belonging to different employees and support staff were listed in the KYC records. It was vital to consider that such bank accounts, though opened in 2020, were linked to the addresses which no longer belonged to the Noticee since the same were sold sometime in 2019. In contrast, the Noticee's personal savings account mentions only his own mobile number [+91 9067584982].

(14) The handwriting in the KYC forms was clearly not of the Noticee**,** and the Noticee was ready and willing to cooperate with any forensic analysis or handwriting verification to establish that fact. Moreover, the police complaint dated December 29, 2022 was filed by Sai Metaltech, well before SEBI's Interim Order, clearly stating that two bank accounts had been opened using

mobile numbers and addresses not associated with the firm or with the Noticee personally. During investigation into this complaint, bank responses confirmed that these accounts were in fact opened by Mr. Deriya himself, and not by the Noticee. Upon the Noticee becoming aware of this, Mr. Deriya was removed from all responsibilities, not just within the firm, but also from any personal or family-related roles. A written affidavit was also secured from Mr. Deriya where he clearly admitted to using the disputed numbers and acting without the Noticee's knowledge. It is a settled principle that employers cannot be held vicariously liable for independent and unauthorised acts of employees particularly where such acts were committed for personal benefit, without knowledge, instruction, or ratification by the employer.

(15) It was SEBI's own finding that mobile number [+91 9537570268] had the same IMEI number as that of mobile number [+91 8511591152]. Given that it was already established above that mobile number [+91 9537570268] belonged to Mr. Inayat Deriya, the other mobile number [+91 8511591152] would also belong to him.

(16) A phone number being in the same cellular tower range as that of the Noticee would not imply that the same belonged to the Noticee, especially when there was only one tower in the entire locality. This merely went on to show geographical proximity and not personal ownership of any device / mobile number. There was no record of SIM registration, invoicing, recharge on mobile numbers [+91 9537570268] and [+91 8511591152] in the name of the Noticee.

(17) SEBI erroneously attributed certain email addresses such as [midcapgains@gmail.com] and [dgfinindia@gmail.com], and web domains such as [www.midcapgains.in] and [www.mbstocks.in] to the Noticee. The only email address of the Noticee was [hkshekh@yahoo.co.in].

(18) The entire basis for SEBI concluding that the aforementioned email IDs and domain names belonged to the Noticee was the fact that [midcapgains@gmail.com] was allegedly connected with mobile number [+91 9537570268] and [dgfinindia@gmail.com] was connected with mobile number [+91 8511591152]. Since the Noticee had no involvement with the use of such

mobile numbers, any association with the aforementioned email IDs and web domains on the basis of such mobile numbers was also erroneous.

(19) Mr. Jigar Zatakia of FEPL had expressly admitted that the website www.midcapgains.in belonged to him. Therefore, SEBI erred in holding that the buy recommendation published in the said website was by the Noticee.

(20) No witness from GoDaddy was made available for cross-examination and thus, SEBI could not rely upon any information provided by GoDaddy. Regardless of the same, as per the documents furnished by GoDaddy, the email ID dgfinindia@gmail.com belonged to a person with mobile no. [+91 09638527410], which as per TrueCaller was being used by one Mr. Dinesh Muthe.

(21) No witness from FEPL was made available for cross-examination and thus, SEBI could not rely upon any information provided by FEPL. However, FEPL had confirmed that they were not connected to the Noticee and the person who approached FEPL for the creation of the website www.midcapgains.in was one Mr. Rohit Jain. Hence, there was a clear doubt as to the identity of the person.

(22) SEBI erroneously alleged that the Noticee was the ultimate beneficiary of the proceeds of the market manipulation by placing reliance on the false and inconsistent statements of Mr. Rehan Mohsin, though bank statements did not show inflow of monies or sale proceeds into the Noticee's account. Further, the entities named in Table No. 20 of the Interim Order who were alleged to have ultimately received the sale proceeds included natural and legal persons who were distinct from the Noticee.

(23) Mr. Rehan Mohsin submitted a declaration allegedly issued by Radhe Securities in Bhavnagar dated around 2014, while also referring to a certificate related to Multibagger Securities, which was a completely different entity with a Delhi-based address. The said declaration pertained to a proposed engagement by Radhe Securities (where the Noticee worked in 2014) of Awadh Info's services for sending trade updates to clients, which, however, was not taken further since Awadh Info was found to be misusing client data. Further, the cash deposit slips submitted as evidence by Mr. Rehan Mohsin were from 2017 and 2019, which again did not align either with the timeline of

the Radhe Securities declaration or with Multibagger's certificate. These disconnected locations indicate that disparate elements were clubbed together to support a narrative against the Noticee without a deeper verification of timelines, document authenticity, and relevance.

(24) Since the Noticee was reporting fraudulent SMS campaigns since 2016, various SMS providers including Awadh Info threatened the Noticee and started naming him as a defaulter before SEBI and other bodies. The Noticee was one of the first complainants to SEBI in the matter of *Leading Leasing Finance and Investment Company Limited* in 2020 and later he started receiving threatening messages from Mr. Rehan Mohsin and was also issued a summons in that matter by SEBI since he falsely named by Mr. Rehan Mohsin as the source of bulk SMS. A similar approach was adopted by him in the present matter.

(25) Further, the finding in the Interim Order that approx. 90 out of 150 Noticees to whom SEBI had issued summons did not respond to SEBI could not be the basis to allege that the Noticee was controlling such entities. The Noticee never communicated with, met, coordinated with, or conducted any financial, business, or trading transactions with any of these parties. The Interim Order failed to establish any connection of the Noticee with PV Influencers, Collaborators, Off Loaders, Mules and promoter connected entities.

(26) Mr. Malay Bhow, in his statement recorded before SEBI, categorically denied any connection or association or relationship with the Noticee. The Noticee had been reporting to SEBI about the manipulative activities of Mr. Malay Bhow and his associates since 2016. The phone number on which it was alleged that the Noticee had frequent calls with Mr. Malay Bhow, in fact, belonged to Mr. Inayat Deriya.

(27) SEBI failed to consider that if the Noticee had been repeatedly whistleblowing against the illicit actions of Mr. Malay Bhow, he would not be joining hands with Mr. Malay Bhow to give effect to the alleged fraud. Even the associates and colleagues of Mr. Malay Bhow, including Mr. Rehan Mohsin had threatened the Noticee.

(28) The inferences drawn by SEBI from the submissions of bulk SMSs providers and account aggregators were negated by the responses of these entities during the cross-examination.

(29) There were further discrepancies in the material submitted by Mr. Rehan Mohsin. For instance, as per the email dated January 29, 2014, the Noticee's registered user ID with Awadh Info was "HKSHEK", whereas the WhatsApp chats of 2019 submitted by Mr. Rehan Mohsin to SEBI reflected a completely different user ID – "sharetips1" being shared with a client, along with requests for ID proof, residence proof, PAN card, and a SEBI certificate, indicating onboarding of a new client, rather than someone with a long-standing account like the Noticee whose KYC would have been completed years earlier. Further, all the chat exchanges with Mr. Rehan Mohsin were done from the mobile numbers of Mr. Inayat Deraiya, and not of Noticee 1.

(30) In his response to SEBI, Mr. Rehan Mohsin himself stated that he did not know the SMS sender personally as he was contacted through google search. From Mr. Rehan's response, it was evident that Awadh Info had no ability to verify who sent which message so as to allege that the Noticee was the sender of bulk SMSes. Thus, SEBI's reliance on such an unregulated, undocumented entity to draw adverse inferences against the Noticee was factually and legally untenable.

(31) Pursuant to issuance of the Interim Order, the Noticee became aware of the malicious submissions made by Mr. Rehan Mohsin before SEBI regarding cash deposits in his account in 2019 for bulk SMS and the Noticee filed a formal police complaint with the Crime Branch, Bhavnagar against Mr. Rehaan Mohsin and Awadh Info for misusing his credentials for ulterior motives. The investigation by the Crime Branch revealed that the cash was deposited by Mr. Rehaan himself rather than any payments made by the Noticee.

(32) Awadh Info failed to provide KYC or onboarding forms, invoice or service agreements, payment confirmations, SMS content audit logs, DLT registration records, Emails / SMS / WhatsApp suggesting that the Noticee availed any such service.

(33) As per the submissions of Mr. Rehan Mohsin during his cross-examination, Mr. Rehan never met the Noticee physically or virtually, neither received any cash personally from the Noticee, and did not witness the Noticee ever signing any document. So, there was no personal / professional relationship of Mr. Rehan with the Noticee.

(34) As regards the submissions of Mr. Rakesh Dwivedi, the Noticee had received coercive messages from Mr. Rakesh Dwivedi to dissuade him from complaining against pump and dump schemes. During his cross-examination, Mr. Rakesh Dwivedi denied ever meeting the Noticee personally or receiving any cash. He also submitted that none of the SMS chats furnished by him to SEBI contained any order placed in relation to bulk SMS service or any SMS service for the 5 scrips forming the subject matter of the present proceedings and that he had not maintained any client-wise bifurcation of bulk SMS services vis-à-vis specific scrips or campaigns from inception to date. SMS activity logs are unverifiable, non-attributable, and speculative and without client-wise usage segregation or login-level authentication, the claims made by Newrise could not meet the evidentiary threshold required for regulatory proceedings to implicate him in the SMS activity.

(35) Similar submissions were made by Ms. Manjari of Spark TG during her cross-examination indicating that there was no personal / professional relationship of Ms. Manjari with the Noticee. Further, she admitted that Spark TG was not in the business of bulk SMS services and that they received payments in cash and did not perform proper KYC verification of the users allegedly operating under certain login IDs.

(36) Similarly, Mr. Wahab Khan of Popular SoftTech also denied any personal / professional relationship with the Noticee. Mr. Wahab also denied receiving any cash from the Noticee and stated that the alleged cash was received from one Mr. Vishal Shah, who had actually purchased the SMS credits from Popular SoftTech. He also submitted the identity proof of Mr. Vishal Shah which established that the Noticee was not the same person as Vishal Shah as was alleged in the SCN.

(37) The Noticee in his written submissions dated March 30, 2026 and April 16, 2026, *inter alia*, submitted that the witnesses who were cross-examined by him considerably altered their statements and even disowned them, which has materially altered the circumstances, however, no revised show cause notice was received by the Noticee and SEBI had not issued a confirmation that the witness statements had been expunged from the SCN. The Noticee requested that in case the allegation of him being involved in sending the bulk SMSes was not expunged, an opportunity be granted to him to cross-examine the Investigating Officer in the matter. He also requested that a fresh personal hearing be granted to him owing to efflux of time since the last personal hearing in September 2025.

(38) The Interim Order failed to meet the preponderance of probabilities standard in bringing a charge of fraud by relying merely upon the statement made by Mr. Rehan Mohsin since there was no proof that the Noticee was allegedly the recipient of the illegal profits. Reliance was placed in this regard on the judgments of the Hon'ble Supreme Court in the matters of *Dr. N.G. Dastane vs. Mrs. S. Dastane* and *Maya Gopinath v. Anoop SB* to assert that SEBI failed to produce any direct evidence that the disputed mobile numbers belonged to the Noticee. Even otherwise, the submissions of the Noticee created substantial doubt in relation to the identity of the SMS sender and any violation of law by the Noticee.

(39) The Noticee placed reliance on the doctrine of doubtful penalization referred to in the judgment of the Hon'ble Supreme Court in *SEBI vs. Sunil Krishna Khaitan* to contend that if two views and reasonable construction can be put on a provision, the court must lean in favour of the construction which exempts the subject from penalty rather than one which imposes penalty.

(40) Econo Broking Pvt. Ltd. (Noticee 6) was acquired by Noticee 1's family only in 2020. SEBI had placed undue reliance on unconnected financial transactions occurring as early as 2018 to draw links with the alleged fraudulent activity which could have generated the alleged gains only after circulation of SMSs during 2019-20. No timeline of money flow was set out to support the conclusions of Interim Order.

(41) These relied upon transactions were unrelated, involved different parties, and were pursuant to legitimate business purposes and SEBI had done a speculative interpretation of financial flows to allege a connection that lacked factual and legal basis.

(42) The transactions of 2018, 2019 and 2020 were combined to suggest a single scheme, however, these transactions had no chronological order and no correlation between parties. SEBI collated large volumes of data from different periods with different entities and reverse engineered unproven facts in a convenient manner to establish the charge against the Noticee.

(43) In cases involving allegations of market manipulation or fraudulent offloading, it is imperative and fundamental that the investigation demonstrate a clear, proximate, and linear money trail in a traceable and sequential manner, closely aligned in time and purpose.

(44) The Investigation Report suggested that sale proceeds were layered and routed to Forex companies, which withdrew the same as Forex cash. However, neither was any link between the Noticee and the promoters/owners/directors of these Forex companies outlined nor any evidence provided that Mr. Hanif Shekh or his entities personally received such withdrawn cash. Further, the entire narrative of SCN revolves around a convoluted chain of allegedly linked entities, which are distinct from the Noticee and not in his control, to say that the Noticee was the ultimate beneficiary when not even a single rupee had reached the Noticee and no money trail was established.

(45) In respect of the fund transactions alleged in the SCN between Sub-Group 5 entities such as Robert Resources Ltd., Econo Broking, Econo Trade, etc., the Noticee claimed that these entities provided him their respective replies to the SCN and the Noticee reiterated the contents of these replies as part of his own submissions.

(46) The investigation did not bring out any evidence that the Notice pocketed any gains and disgorgement can only be directed against a party who allegedly has the possession of unlawful gains. Reliance was placed on the judgment of the Hon'ble SAT in the matter of *National Securities Depository Ltd. v. Securities and Exchange Board of India* to contend that absent determination of the guilt

of the Noticee, SEBI could not have proceeded with to issue the stringent directions contained in the Interim Order.

Submissions of entities identified as Sub-Group 5 in the Interim Order (Noticees 2 to 7)

88. No replies were received on behalf of Kasambhai Shekh, the father of Mr. Hanif Shekh and Noticee 2 herein, who has since deceased as per the copy of death certificate submitted by his wife, Hasina Kasambhai Shekh (Noticee 3 herein) as part of her reply to the SCN.

89. Vide undated reply received by e-mails dated January 18, 2024 and September 17, 2025 and post-hearing written submissions dated September 22, 2025, Noticee 3 (Hasina Kasambhai Shekh) contended the following:

(1) No urgency was established before passing interim directions. There were no alleged wrongful gains in the custody of the Noticee. SEBI did not discharge its burden of proof.

(2) Unlawful gains of various entities were to be calculated separately and could not have been clubbed together, nor could direction have been issued to impound amounts jointly and severally.

(3) The Interim Order has alleged that a singular transaction with Purple Entertainment Limited (Noticee 223) arose from the alleged scheme. No fund flows to the Noticee or from the Noticee to Hanif Shekh as attributable to any alleged scheme were established in the Interim Order.

(4) The transaction with Noticee 223 was an unsecured business advance pursuant to a business advance cum loan agreement executed by the Noticee's late husband (Noticee 2) in her name for the purpose of an upcoming project in the Gujarati entertainment industry in 2018. The Noticee believed that her late husband around such time wanted to make a film in which Purple Entertainment Limited wanted to invest, and the transaction was in relation to such film. The project was stalled after the demise of Noticee 2. Noticee 3 was not herself involved and therefore did not have any details/particulars of the project.

(5) After her husband's demise, Noticee 3 was saddled with various responsibilities and her accounts were frozen and so the aforesaid loan remained outstanding. The tenure of the loan as per agreement is 10 years.

(6) Noticee 3 was *inter alia a* partner at Sai Metaltech LLP, Director at Robert Resources Limited and Econo Trade India Limited (both of which were professionally-run companies). Noticee was also a shareholder of Econo Broking Private Limited.

(7) The Interim Order did not contain any evidence as to how the funds received from Noticee 223 arose from the alleged fraud or were unlawful gains generated by offloaders or manipulators, apart from alleging vague and nebulous connections with some other entities. In fact, the transaction with Noticee 223 was in 2018 and no funds were received by Noticee 3 during the period that SEBI alleged that the fund transfer pursuant to the scheme took place i.e. January 1, 2019 to December 31, 2020. Therefore, the evidence did not meet the threshold of high degree of preponderance of probability required to establish the charge of fraud.

90. Vide representation dated October 17, 2023 along with the addendum thereto, reply dated January 9, 2024, and post-hearing written submissions dated September 22, 2025, Noticee 4 (Robert Resources Ltd.) submitted that:

(1) There was no urgency to issue an *ex parte* interim order. Judgments of Hon'ble SAT were also quoted in support of this submission.

(2) The directions in the Interim Order amount to an attachment before judgment without satisfying the requirements / criteria for the same.

(3) Noticee 4 was a public limited company listed on MSEI and CSE, and its 233 public shareholders held 89.65% of its total equity share capital.

(4) Mr. Hanif Shekh was appointed as an Additional Director in April 2016 and was thereafter appointed as a Managing Director on March 31, 2017. He resigned from the position of director on the board of the Company with effect from July 13, 2023, pursuant to which Mr. Hanif Shekh ceased to be associated with the Company in its day-to-day business. Although the Interim Order implied that the Company was a 'conduit' to receive and pass on unlawful gains to Hanif Shekh,

apart from remuneration, no monies were paid to Mr. Hanif Shekh by the Company. Noticee 4 also did not have any fund transfers with any of the other entities mentioned in the Interim Order.

(5) The only case against the Noticee is that it was a 'conduit' to enable Mr. Hanif Shekh to 'encash the benefit' of the alleged fraud. SEBI proceeded in the matter against the Noticee only because Mr. Hanif Shekh and his mother were promoters and directors of the Company, without actually investigating the reason for the said fund transactions between the Noticee 4 and Noticee 6, Econo Broking Pvt. Ltd.

(6) Noticee was a duly registered client of Econo Broking and all its trades in the market were linked to its UCC, and could be accessed by SEBI also.

(7) Noticee 4 was a separate legal entity and not a Hanif Shekh entity. Common address or one of the companies being promoter of another were not in themselves sufficient to prove fraud, which required proof of connivance. Further, Noticee 4 was not a promoter of Noticee 5 (Econo Trade India Ltd.) as alleged, but disclosed as 'promoter group' of Noticee 5 as per shareholding pattern of Noticee 5.

(8) The impugned fund transfer of ₹12.22 crores from Econo Broking to Noticee 4 during 01.01.2019 to 31.12.2020 as alleged in Table 62 of the Investigation Report was due to legitimate trading activities. Noticee 4 had purchased certain mutual fund units to the tune of around ₹10,00,00,000 directly from various Asset Management Companies in and around 2016 and these mutual fund units were later redeemed through its broker, Econo Broking during 2019 for approx. ₹12,35,91,702/- for which proof was annexed to the reply.

(9) The Interim Order did not contain particulars of who passed on unlawful gains to Noticee 4, when these gains were passed, to whom and how much gains were made.

(10) The Interim Order failed to meet the preponderance of probability standard for establishing a charge of fraud.

(11) There could be no question of impounding anything from the Noticee since the interim Order itself alleged that the Noticee was merely a conduit. The series of

tables in the Interim Order identifying the entities which made unlawful gains do not even mention the Noticee.

(12) In case SEBI decides to levy penalty on the Noticee, it must take into account factors specified in section 15J of the SEBI Act. No disproportionate gain or repetitive default by the Noticee was brought out in the Interim Order.

91. The submissions of Noticee 5 vide its replies dated October 18, 2023, November 2, 2023 and January 2, 2024 and post-hearing written submissions dated September 22, 2025, are summarised as under:

(1) The Interim Order did not bring out the Noticee's role in synchronised trades or in SMS circulation or offloading shares and the Noticee was not an ultimate beneficiary.

(2) The allegation of Noticee 5 being a 'conduit' was devoid of any particulars or evidence about who transferred such money to Noticee 5, date of transfer, amount, to whom Noticee 5 transferred the same, date or amount thereof, etc.

(3) The payments received and made by Noticee 5 were genuine and in the ordinary course of business as an RBI-regulated NBFC.

(4) The figures/amounts in Table 62 (net amounts transferred between entities) of the Investigation Report qua Noticee 5 and some of the entities did not tally with the bank account statements or ledger account statements maintained by Noticee 5 for each of such entities. SEBI officials stated during inspection that part of the bank account statements was analysed manually and partly through a software, and it appeared that SEBI's investigation was flawed. SEBI should explain how it arrived at the amounts referred to in the said Table 62 in relation to Noticee 5.

(5) Noticee 5 compiled data of fund transactions during the period 01.01.2019 to 31.12.2020 with the parties referred to in Table 62 of the Investigation Report, viz., (a) Nilratan Suppliers Pvt. Ltd. (Noticee 220) (b) Kanungo Financiers (Noticee 222) (c) Purple Entertainment Ltd. (Noticee 223) (d) Jignesh Shah (Noticee 225) (e) Econo Broking Pvt. Ltd. (Noticee 6), and (f) Sai Metaltech LLP (Noticee 7).

(6) The Noticee 5 sought to justify the fund transactions with these Noticees as loan transactions which were availed and paid back in tranches with interest after deducting TDS and that these loans were also reflected in the income tax filings of Noticee 5. However, the Interim Order and Investigation Report only stated amounts transferred between Noticee 5 and Noticees 7, 220, 222, 223, 224 and 225, without stating particulars of the transactions and the details in the Interim Order did not tally with the bank account statements of Noticee 5. Further, the Statutory Auditor had issued a certificate for the GST, income tax returns and annual returns for the period 01.01.2019 to 31.12.2020

(7) Specifically, with respect to fund transactions with Econo Broking (Noticee 6), it was also submitted that the net amount allegedly transferred between Noticees 5 and 6 during the relevant period was ₹67,01,19,254/-. However, bank account statements of Noticee 5 and ledger statement of Noticee 5 in respect of Noticee 6 show that the transactions were on account of trading activity, where actual pay-in was ₹36.57 crore and pay-out by Noticee 6 was ₹40.05 crore.

(8) The Interim Order alleged that Lagan Barter Pvt. Ltd. had frequent transactions with Noticee 5, but no details were provided and Noticee 5 actually had no transactions with Noticee 224.

(9) Noticee 5 being a listed company and RBI-registered NBFC could not be penalised because an alleged wrongdoer's parents were its shareholders. The allegation of common address of Noticees 5, 106, 209 was not correct because all were on different floors in a commercial building. Further, no directions were passed against Noticee 209. It was not even alleged in the Interim Order that Noticee 5 was involved in, or aware of, the alleged sale of shares and profits earned by its shareholders, viz., Noticees 101, 104, 105, 108, 111, 114, 118. Profits earned by shareholders could not amount to an allegation against Noticee 5.

(10) The allegation that Mr. Sanjay Kotak, CEO of Econo Broking (Noticee 6) was earlier Director in Noticee 5, was irrelevant. He was appointed as director in both Noticees 5 and 6 from 03.07.2014. He used to be independent director on the board of Noticee 5 but had resigned. There were no allegations against Mr.

Sanjay Kotak in the Interim Order. Moreover, having a common director did not per se establish any 'connection'.

(11) Noticee 5 was a regulated entity with a professional and qualified board of directors and its financial statements were under RBI scrutiny. It was not SEBI's case that Noticee 1 was involved in the day-to-day affairs of the management of Noticee 5. No authority had ever raised any concern regarding financials or fund transactions of Noticee 5.

(12) Merely because there were fund transactions and Noticee 5 had some connection with some of the other parties to the Interim Order, it could not lead to a conclusion that Noticee 5 was guilty of any violation.

(13) Noticee 5 did not receive any money or any of the so-called profit from any of the 62 entities in table 29 of the Interim Order.

92. The remaining submissions of Noticee 5 regarding absence of evidence for the allegation, no trades or inducement by Noticee 5, unwarranted and drastic interim directions, and inapplicability of joint and several liability for gains clearly identified against other Noticees were identical to those of Noticee 6, which are mentioned in the next paragraph.

93. Pursuant to Hon'ble SAT order dated August 18, 2023 in the respective appeal, Noticee 6 (Econo Broking) made the following submissions vide reply dated September 21, 2023 and October 7, 2023 and post-hearing written submissions dated September 22, 2025:

(1) Noticee 6 was a duly registered stock broker of BSE, NSE and MCX, and depository participant with CDSL.

(2) Noticee 6 did not have any role in the synchronised trades, buy recommendations, offloading of shares in the scrips or even the ultimate beneficiaries or Hanif Shekh mentioned in the Interim Order.

(3) The only allegation against Noticee 6 was that it acted as a conduit – receiving and passing on profits of parties which sold shares at manipulated prices – without mentioning details regarding such transfer to Noticee 6 like who transferred the money, on what date etc. It was incorrect to state that fund

transactions of Noticee 6 with its clients amounted to facilitating Mr. Hanif Shekh in taking benefits of any fraudulent scheme as alleged in the SCN. The Interim Order did not establish that the alleged profits of the alleged fraud were received by Noticee 6 or passed on to Noticee 1 or any forex companies or any promoters of the five companies mentioned in the Interim Order.

(4) The payments received and made by Noticee 6 were in the ordinary course of business as a registered stock broker.

(5) The figures/amounts in Table 62 (net amounts transferred between entities) of the Investigation Report qua Noticee 5 and some of the entities did not tally with the bank account statements or ledger account statements maintained by Noticee 6 for each of such entities. SEBI officials stated during inspection that part of the bank account statements was analysed manually and partly through a software, and it appeared that SEBI's investigation was flawed and the allegation of Noticee 6 acting as a conduit was misconceived.

(6) Noticees 4, 5, 220, 222 and 224 were duly registered trading clients of Noticee 6, and the money transactions with them were consequent to trading activities and their pay-in and pay-out obligations. The exchanges undertook several inspections of Noticee 6 for the period between 01.01.2019 and 31.12.2020. No concerns were raised regarding the Noticee's fund transactions. Noticee 6 had also entered into loan transactions with some of these Noticees for running stock broking business and had repaid them with interest after deducting TDS. The loans were reflected in the financial records and income tax filings of the Noticee 6 and there was a certificate by the Statutory Auditor in this regard.

(7) The Noticee 6 also disputed the quantum of fund transfers as alleged in the Interim Order and provided details of the actual transfers with these Noticees with whom it had running accounts.

(8) The allegation that Noticee 6 was connected to Noticee 1 based on certain factors like ownership of Noticee 6 by Hanif Shekh's parents, bank transactions with parties connected to Hanif Shekh, fund transactions between Noticee 5 and Noticee 7 (Sai Metaltech LLP – Hanif Shekh's partnership firm), and due to Mr. Sanjay Kotak being CEO of Noticee 6 as well as director in Noticee 5, was unfounded.

(9) Noticee 1 was a duly registered client of Bansal Finstock Ltd. and Bansal Comtrade Ltd., which were erstwhile brokers owned by one Mr. Vijaykumar Bansal and his related entities. When Kasambhai Shekh (Noticee 2) became promoter of Bansal Finstock and Bansal Comtrade after acquiring them from the Bansal family, he instructed that email ID hanif@bansalonline.com be created, but it was never in operation and it was not alleged that this email ID was used to perpetrate the alleged fraud.

(10) The name of the company was changed to Econo Broking Pvt. Ltd and the change in shareholding was approved by SEBI vide letter dated 30.04.2021, much after the alleged fund transactions took place during 01.01.2019 and 31.12.2020.

(11) Noticee 3, Ms. Hasina Shekh, become a substantial equity shareholder (55%) in Noticee 6 only after April 2021, became a director on 04.03.2022 and resigned w.e.f. 24.07.2023. She was never an authorised signatory to any of the bank accounts of Noticee 6. Therefore, during 01.01.2019 to 31.12.2020 when the alleged fund transfers took place, Noticees 1 and 3 were not shareholders or directors of Noticee 6. Further, it was not even alleged that Noticees 1 or 3 were involved in the day to day management of affairs of Noticee 6.

(12) Mr. Sanjay Kotak who joined Bansal Finstock in 2011 as Head of Business was appointed Director from 03.07.2014 in Bansal Finstock and Bansal Comtrade. He used to be independent director in Noticee 5, but resigned from the same. There were no allegations against him, so common directorship could not establish any connection.

(13) There were no transactions of Noticee 6 with Noticee 7 and the Interim Order did not contain particulars of alleged transactions between them.

(14) Mere connections could not justify the drastic directions in the Interim Order. A charge of fraud could not be sustained on inconsequential connections. Noticee 6 did not trade or induce anyone to trade in any securities.

(15) Noticee 6 had wrongly been directed to disgorge about ₹136.40 crore jointly and severally with others, though it made no unlawful gains, and did not possess other parties' wrongful gains. The Interim Order clearly quantified the unlawful gains made by each entity and in those quantifications, it was not even alleged

that Noticee 6 made unlawful gains. The imposition of joint and several liability in this regard was contrary to Hon'ble SAT decisions in Mahavir Singh N Chauhan v. SEBI, and National Stock Exchange of India Ltd. v. SEBI.

(16) No monetary penalty was attracted against Noticee 6 because SEBI did not calculate any disproportionate gain, loss to investors, or repetitive default.

(17) No sale proceeds were transferred by alleged "Offloaders" to Noticee 6. Investigation Report only alleged fund transfers from Noticees 4, 5, 220, 222 and 224 to Noticee 6, not from Mauria connected entities, or Sub-Groups 2 or 3.

(18) Noticee 6 had also not facilitated any transfer of funds enabling Mr. Hanif Shekh to encash the benefits of fraud in the scrip of VFL, 7NR, GBL and DRCL and his name was not mentioned in any of the Tables listing the unlawful gains in those scrips.

94. Noticee 7 (Sai Metaltech LLP) vide undated reply received by e-mail dated January 18, 2024 and post-hearing written submissions dated September 22, 2025, made submissions nearly identical to that of Noticee 3, and *inter alia* stated that:

(1) Noticee 7 was established on May 15, 2019 and was engaged in the business of ship breaking, ship recycling, metal scrap and allied services at Alang, Bhavnagar. The ship breaking business, being capital intensive in nature, necessitated larger sums of monies which were ordinarily obtained via loans and repaid in tranches from time to time as and when revenue was realised.

(2) Mr. Hanif Shekh and his father, Mr. Kasambhai Shekh were the Partners of the Noticee since 2019. Following the demise of Mr. Kasambhai Shekh in 2020 due to COVID-19, his partnership interest in the Noticee came to be transferred to Mrs. Hasina Shekh, who then became a Partner of Noticee 7.

(3) The impugned trades in the scrips were executed by certain third parties somewhere between 2017-2020 and the Noticee had no relation with securities market.

(4) No fund flows either to the Noticee or from the Noticee to Hanif Shekh that are attributable to any alleged scheme had been established in the Interim Order. The Interim Order had merely theorised that certain inter-se fund transfers

between the Noticee and some entities were arising from, and pursuant to the alleged scheme. The fact, however, remains that all transactions executed by the Noticee were in the ordinary course of its ship breaking business.

(5) The three transactions with Econo Trade India Limited, Nilratan Suppliers, and Kanungo Financiers outlined in the Investigation Report were inter-corporate deposits/commercial transactions which were a routine occurrence in the capital-intensive ship breaking business. The loans taken by the Noticee were in furtherance of capital expenditure towards acquisition of two ships namely (1) Savannah Pearl and (2) Ocean 700 acquired from Ace Exim PTE Limited and Last Voyage DMCC respectively for which the Noticee produced relevant bank entries and customs bill of entry as proof.

(6) The amounts outstanding against Nilratan Suppliers and Kanungo Financiers as appearing in Table 62 of the Investigation Report were repaid in the next quarter which the Investigation Report failed to capture and the amount shown against Econo Trade appeared to be incorrect since the Noticee had repaid the entire loan amount during the Investigation Period.

Submissions of MUL, its promoters and their connected entities (Noticee Nos. 8 to 11, 74 to 76)

95. The submissions made by Noticees 8 to 11, i.e., MUL, its promoters, Navneet Kumar Sureka and Deepa Sureka, and their related company, Vee Em Infocenter Ltd. vide replies dated July 22, 2023, April 22, 2024, December 24, 2024, January 15, 2025, January 15, 2026 and April 15, 2026 are summarised as under:

(1) The Interim Order was premature, and passed without urgency as the alleged transactions were of 2019.

(2) Noticees 8 and 9 did not purchase or sell even a single share of any of the five companies during the investigation period, were not involved in abnormal price or volume rise in the scrips and never profited directly or indirectly from the same. Noticee 10 was a 42-year-old profit-making, tax-paying listed company with an impeccable record and being an artificial person, could not be part of a scam itself.

(3) The price and volume of MUL shares was rising even after the Interim Order. Price rose from ₹4.03 to ₹14.25 within two months of the Interim Order and the volume of shares also rose from 40,121 to 7,18,714 during this period. Thus, promoters could not have anything to do with the price and volume movement since they were debarred.

(4) Noticees 8, 9 and 10 did not have acquaintance with any entities involved in the alleged fraudulent scheme except the Noticees 12 to 73. The liability of PV Influencers, sub-groups 2, 3 and 5 were clubbed with the Noticees although they did not have any acquaintance or any sort of privity with these Noticees.

(5) No connection of Noticees 8 to 11 with Hanif Shekh was shown. As per the CDR, there were no calls between Noticees 8 to 11 with any of the entities connected with Hanif Shekh, offloaders or PV Influencers and it was difficult to imagine that MUL was coordinating with so many other entities for over 2 years without any regular communication through phone, email.

(6) There was no evidence against Noticees 8, 9 and 10 in the investigation report. The allegations in the investigation report were based on assumptions, surmises and conjectures without proving any agreement or understanding or planning between 8, 9 and 10, and other alleged entities. Reliance was placed on the judgment of the Hon'ble Supreme Court in the matter of *Messrs. Lalchand Bhagat Ambica Ram vs. The Commissioner of Income-Tax, Bihar & Ors.*, judgment of the Hon'ble Allahabad High Court in the matter of *HL Saini vs Union of India*, and judgment of the Hon'ble SAT in *Mumbai SEZ Ltd. vs. SEBI* in this regard.

(7) The mere fact that some of the MUL employees were alleged offloaders did not ipso facto mean that the Noticees were also party to the fraud. Noticees did not have any transaction at any point of time with the alleged offloaders. The employees of MUL providing factory address of MUL instead of their residential address in account opening forms and ITRs was a common practice because employees were expected to be present at work place during entire day time when the letters were delivered. Therefore, from this fact alone, it could not be concluded that the employees were front accounts for the Company.

(8) The Hon'ble SAT vide its judgment dated December 4, 2023 in the matter of *Mukesh Ambani vs. SEBI* had held that it was bad in law to implicate a person without any evidence and only because the person had a fiduciary relationship with certain parties who dealt in scrips where price fluctuation was observed. In the instant matter also, Noticees 8 to 11 were implicated only on the accusation of having fiduciary relationship with certain labour contractors who took advances from MUL.

(9) MUL was implicated only on the basis of an email alleged to be sent by a clerical staff, Mr. Deepak Kumar Garg to Mr. D.K. Gupta in May 2020 almost six months after the transactions. The email inter alia contained a statement of affairs of the MUL employees e-mailed and sent to their tax filer, Mr. D.K. Gupta, who joined MUL only on February 1, 2021 as per the MCA DIR-12 form, and was not employed at the time of sending the email but was in private practice of filing ITRs. Mr. Deepak Garg also compiled the list in his personal capacity after office hours and the same was sent through his personal e-mail address and thus, there was no connection with MUL or promoters.

(10) Furthermore, it was contended that the excel sheet which was shared in the email between Mr. DK Gupta and Deepak Garg was itself factually incorrect and two incorrect fund transfers by Mr. Sushil Kumar Arora and Mr. Hare Ram to MUL on November 6 and 7, 2019, respectively, were pointed out, which were not matching with the bank statement of MUL (which was annexed with the reply) for those 2 dates. Further, the alleged transfer of ₹20,00,000 by Mr. Hare Ram to Noticee 11 was also factually incorrect as no transfer occurred between them as per Noticee 11's bank statements. Thus, the very foundation of the allegations was unreliable.

(11) Noticee 8 could not be connected to one Mr. Raja Ram merely due to a common address since Mr. Raja Ram, one of the contractors of MUL was temporarily residing at a premises that was rented by MUL for its management personnel/ Directors. Living in proximity could not be linked to connivance in a scam.

(12) Out of 62 offloaders, 37 were labour contractors who were shareholders of MUL since 2004-05. Majority of employees had acquired shares of MUL in 2012 or

even prior to that and were also awarded bonus shares in 2012, and there could not have been any prediction of an abnormal rise in the price later.

(13) The particulars of transactions by which sale proceeds of offloaders were transferred to MUL were not provided and all transactions were for legitimate purposes. The Table No. 29 of the Interim Order recorded that all except 17 employees transferred funds to MUL whereas it was clear from the bank statements of these 62 employees that 40 of them did not transfer any funds to MUL and the fund transfers by the remaining 22 employees were for the legitimate purpose of repayment of loans advanced to them in 2019 during a labour strike and the quantum of such fund transfers was only ₹3,22,17,475/-. MUL could not be held liable for giving advance payment to its employees. Further, the promoters never received any amount from the sale proceeds in their accounts.

(14) There was inconsistency in the figures for profits made by Noticees 12 to 73 between Table Nos. 12 and 29 of the Interim Order.

(15) The email relied upon by SEBI was factually incorrect as regards the amounts alleged to have been transferred. For instance, the allegations of transfer by Mr. Hare Ram on 7.11.2019 of ₹7.25 lakh to MUL and by Mr. Sushil Arora on 6.11.2019 of ₹7.33 lakh to MUL were not supported by the figures in bank statements.

(16) Investigation Report grossly undervalued the MUL shares at ₹10 for calculating profits. Fair value of MUL shares should have been taken either as ₹106.18 or ₹204.45 per share depending on which of the book value method (as per balance sheet) or assets appropriation method (as per valuation conducted by Karnataka Bank in October 2018) was considered for valuation and thereafter, unjustified gains, if any, should have been calculated. Even the average price of the scrip during the period of two years after the Interim Order was ₹120.

(17) The funds received by Noticee 11 from 6 entities, viz., Amit Kapoor, Anant Bansal, Hari Om, Jagdish, Nand Lal and Raja Ram were for legitimate sale of shares of two companies, viz., Bliss Solitaire and Modgen Fashions by Noticee 11 and the same was supported by share transfer deeds and annual reports of

these companies reflecting sale/transfer of shares which were annexed to the reply of Noticee 11.

(18) SEBI had perversely applied the principle of 'related party' in alleging that signing by an MUL employee as witness on a rent agreement of another company (Linkwise), would make MUL and Linkwise as related parties. Even otherwise, related parties are not jointly and severally liable for their individual liabilities. There was no common shareholding or common directors between Linkwise and MUL and MUL had even initiated IBC proceedings against Linkwise. Linkwise, Vee Em and MUL were distinct corporate personalities.

(19) MUL, vide its written submission dated April 15, 2026, made a request for a limited relaxation of the Interim Order dated June 19, 2023, viz., allowing a preferential issue of equity shares, purportedly for the purpose of meeting MUL's immediate working capital requirements and arrest further deterioration of its financial position.

96. Apart from the replies and submissions of Noticees 8, 9 and 10 as summarised hereinbefore, it is noted that MUL (Noticee 10) filed another reply to the SCN on May 27, 2026 and the MUL promoters (Noticees 8 and 9) filed another reply on June 11, 2026. In this regard, I am constrained to refer to the order of the Hon'ble Bombay High Court dated August 14, 2025 in the Mauria Writ Petitions, wherein it was categorically directed that no further pleadings, applications or submissions shall be permitted in this matter, unless specifically required by WTM, since written submissions were already on record. I note that despite there being no obligation on to grant the Noticees any opportunity of filing additional submissions in terms of this order of the Hon'ble Bombay High Court, in the interest of natural justice, all the Noticees were permitted to file their additional submissions, if any, post availing the opportunity of personal hearing before me. It is a matter of record that post completion of personal hearings in this matter (which were held in the months of September and October 2025), MUL and its promoters have already filed two sets of additional submissions dated January 15, 2026 and April 15, 2026 which are already on record. In this context, it is quite evident that the instant written submissions of MUL and its promoters dated May 27, 2026 and June 11, 2026 have

been filed at a highly belated stage of the proceedings (in light of the July 1, 2026 deadline set by the Hon'ble Bombay High Court for passing the Final Order in this matter) and by no means, do any of the principles of natural justice accord MUL, or any of the Noticees, an endless and unqualified right to keep filing their submissions at any stage of the proceedings. Therefore, I deem it fit not to deal with each of the arguments contained in these written submissions of MUL, which on a substantial level are reiterations of their previous replies / written submissions on record.

97. Be that as it may, for the sake of thoroughness, I note that MUL and its promoters, vide these submissions, *inter alia*, prayed that the present proceedings initiated against them be dropped, the interim directions operating against them be vacated with a direction to banks/depositories/other intermediaries to give effect to such vacation, and the earlier representation of MUL promoters dated April 15, 2026 seeking permission for MUL to raise fresh capital through a private placement be considered. In the alternative, MUL has prayed that no joint and several liability be imposed upon it in the absence of proof of actual wrongful gain made by it and any monetary consequence must be confined strictly to the gain specifically proved to have been made and retained by MUL.

98. Further, I also note that MUL and its promoters, in these latest replies, have also requested for a fresh opportunity of hearing. However, I reiterate that the Hon'ble Bombay High Court in its aforementioned order dated August 14, 2026 has categorically directed that hearings in the present matter be expedited with no adjournments to be granted to any of the Noticees. Accordingly, I am of the view that no further hearing to MUL and its promoters is warranted in the present case.

99. Vide reply dated April 16, 2024, Noticee 76 (Linkwise Marketing Pvt. Ltd.) made the following submissions:

    (1) Noticee did not purchase even a single share of the five scrips mentioned in the Interim Order.

    (2) Regarding the allegation that Noticee 76 entered into certain transactions with Noticee 10, i.e., Mauria Udyog Ltd., the said transactions were legitimate

business transactions supported by GST payment and other mandatory compliances, and had been taking place since 2010. Both Noticees were in the business of trading cattle feed and Soya D oiled cakes and had been trading with each other for these two commodities regularly during 2010-2020.

(3) Documents directed to be submitted by the Noticee during the hearing conducted on April 12, 2024 viz. details of GST report downloaded from GST website alongwith filed GSTR 3B form w.e.f. April 2018 till August 2019, were enclosed.

(4) After August 2019, business transactions were stopped between the two Noticees companies in view of a case filed by MUL under IBC before Hon'ble NCLT, Kolkata for recovery of an amount of ₹93 crores.

100. The submissions made by Noticees 74 (Davinder Kumar Gupta) and 75 (Deepak Kumar Garg) vide their reply dated October 3, 2025 are summarised as under:

(1) None of these Noticees ever traded in any of the five scrips mentioned in the SCN.

(2) Noticee 75 was a freelance professional accountant at that time engaged in filing Income Tax returns. Noticee 74 was an accounts clerk working with MUL. Both the Noticees knew each other since a long time.

(3) Noticee 74 was acquainted with contractors and employees of MUL and with this view, Noticee 75 requested him to arrange for some extra work of filing IT returns and accordingly, Noticee 74 requested the contractors/employees of MUL to have their ITRs filled by Noticee 75.

(4) Noticee 75 collected relevant details of these contractors/employees and after calculation of the taxes, sent the file containing information (in Column Nos. 7 and 8 thereof) regarding taxable amounts to Noticee 74 vide email. Subsequently, ITR of these contractors/employees were filed by Noticee 74 in December 2020.

(5) The Noticees were roped in this matter for an arbitrary reason that six months after the investigation period, Noticee No. 75 wrote an email to Noticee No. 74 on May 13, 2020 which was alleged to have enabled the promoters of MUL to execute the scheme and managed dealings of offloaders. However, the

Noticees could not be penalised for the legitimate act of compiling data from bank statements and filing ITRs especially when the Noticees did not earn even a single penny from the alleged scam.

Submissions of Sub-Group 1 entities (Noticees 12 to 73)

101. Noticees 12 to 73 were the Offloaders in the scrip of MUL, categorised as Sub-Group 1. Their replies are summarised in the ensuing paragraphs.

102. The submissions made by Noticee 12, Jagdish Chahar (vide reply dated July 26, 2023), Noticee 13, Amit Kumar (vide reply dated July 26, 2023) and Noticee 14, Jagdish Singh (vide reply dated July 25, 2023) are summarised as under:
   (1) They were not associated with PV influencers, kingpin, SMS senders, manipulators or any of their associates.
   (2) They not only sold but also bought shares of MUL during the investigation period at the prevailing high price in the market in the normal course. Most of the shares were held by them since almost five years prior to the company getting listed on the BSE in 2015.
   (3) They sold off the MUL shares to pay off liabilities.

103. Noticees 16, 18, 34, 42, 43, 45, 48 and 73 vide replies dated July 22, 2023, Noticees 33, 37, 38, 41, 46, 54, 55, 56 and 69 vide reply July 24, 2023, Noticee 36 vide reply dated July 21, 2023, Noticee 53 vide reply dated July 26, 2023 claimed that there was a discrepancy in the alleged profits recorded in Tables 12 and 29 of the Interim Order and sought an explanation of how the profits were calculated.

104. Vide reply dated July 24, 2023, Noticee 17 (Mr. Raja Ram), submitted that he did not know any of the PV Influencers and their associates, or Mr. Hanif Shekh and his associates. He not only sold but also bought shares of MUL during the investigation period at the prevailing high price in the market in the normal course. Most of the shares were held by him since almost 11 years prior to the company getting listed on the BSE in 2015.

105. The submissions of Noticees 19, 24 and 51 on July 24, 2023, of Noticee 30, 35 and 52 on July 25, 2023, and of Noticees 20, 21, 22, 23, 25, 26, 27, 28, 29, 31, 32, 40, 47, 49, 58, 59, 60 and 63 on July 26, 2023 were similar to that of Noticee 17.

106. In addition to his submissions regarding discrepancy in the alleged profits recorded in the Interim Order, Noticee 43 (Mr. Arun Kumar), vide additional reply received by SEBI on September 4, 2023, also stated that since he was new to the securities market, he traded in some of the shares as per the messages circulated by the fraudsters and incurred huge loss, making him a victim of the fraud. He also submitted that he had e-mailed SEBI regarding this fraud on December 27, 2019.

107. Noticee 50 (Mr. Hoshiyar Saini) appeared before me during his personal hearing scheduled on September 25, 2025 and submitted that he was not involved in respect of any of the allegations levelled in the SCN and that the company (MUL) had arranged for opening of his demat account. Even though he undertook to file his written submissions in the matter, no submissions were received from him post the hearing.

Replies of PV Influencers in MUL scrip (Noticees 134-144)

108. The submissions of Noticee 134 (Mr. Piyush Agarwal) filed vide his replies dated March 16, 2024 and April 1, 2026 are summarised as under:

(1) The inordinate and unexplained delay in initiation of proceedings in this matter caused serious prejudice to the Noticee. Several judgments, as were cited by other Noticees, were relied by Mr. Piyush Agarwal in support of this argument.

(2) There was no evidence linking the Noticee to either the mastermind of the pump and dump scheme, Mr. Hanif Shekh, or the promoters of MUL. The only connection drawn with Mr. Hanif Shekh is through indirect, layered chain of entities where the Noticee is alleged to be linked to one K M Enterprise (which is a proprietary concern of a friend of the Noticee) and which is further alleged to be connected to one Samukh Trade, alleged to be linked to Mr. Hanif Shekh. However, Samukh Trade is not an entity belonging to or controlled by Mr. Hanif Shekh and only had certain transactions with persons who may be connected

to Mr. Hanif Shekh. Liability could not be imposed based on such remote links. There was no suggestion in the SCN that the trading activity was funded by any third party.

(3) There was no urgency for issuing interim directions as the impugned trades were of 2016-17, hence the Interim Order was excessive and did not follow principles of natural justice. The SEBI Order eroded the goodwill of the Noticee causing him grave prejudice. Several judgments of the Hon'ble SAT such as *North End Foods Marketing Pvt. Ltd. vs. SEBI*, *Dr. Udayant Malhoutra vs. SEBI* and *Cameo Corporate Services Ltd. vs. SEBI* were cited in support of this argument.

(4) Noticee made regular buy and sell trades in the scrip with the express intention of profiting from his personal investing strategy and market movement. The Noticee's reasoning for trading in the scrip is evident from the fact that there was a consistent price fluctuation in the scrip throughout the investment period.

(5) The alleged ties between the Noticee and the other 'PV Influencers' are remote in character and do not imply a meeting of minds or concert between them. SEBI must establish more than simply remote constructive facts to prove that the entities' minds met. These connections between the entities predate the investigation period and have continued thereafter, without any linkage to the alleged activities. The Hon'ble SAT in the matter of *Ketan Parekh vs. SEBI* has held that charges of manipulation could not rest merely on circumstantial associations. There was complete absence of evidence such as telephonic records, electronic correspondence, etc. Mere financial dealings cannot establish collusion unless supported by additional material demonstrating common design.

(6) The bank transactions mentioned as basis of connection in Table no. 5 of the Interim Order were carried out in the regular course of business. Not a single inquiry was made by SEBI regarding the said transactions. Moreover, bank transactions do not establish prior meeting of minds amongst the parties. Financial transactions could not be used to determine whether or not there was concert between the entities. SEBI itself in its order dated February 10, 2015 in Crazy Infotech Limited has held that "*connection amongst certain Noticees alone cannot be a decisive factor to determine collusion amongst all the 823*

connected entities…". The Hon'ble SAT in its judgment in Arshad Hussain Warsi (Appeal No. 284 of 2023) also held that fund transfers between two entities was not enough to indicate that one entity was involved with the other in making Youtube videos concerned in that case. There was no suggestion in the SCN that such fund transfers were linked to the trading activity of the Noticee and the fund transactions did not even correspond to the period of trading.

(7) To prove the allegation that the Noticee dealt with other PV Influencers through matching trades, created artificial volumes in the scrip and caused artificial price rise, it needed to be established that all parties to the transaction – clients and brokers – had a common understanding, and that there was co-ordination between them. However, the Interim Order contained no evidence of this. Interim Order did not attribute any motive to the parties for engaging in synchronised trades. The broker of the Noticee and the counterparty were never the same entity.

(8) A charge of synchronised trading barring any actionable material other than the trades executed cannot be sustained, as held by the Hon'ble SAT in S.P.J. Stockbrokers Private Limited v. SEBI (SAT Appeal No. 52 of 2013). Such trades become questionable only when executed pursuant to a prior understanding intended for market manipulation as held in *SEBI vs. Rakhi Trading Pvt. Ltd*.

(9) The Hon'ble SAT in *Jatin Manubhai Shah vs. SEBI* (Appeal No. 679 of 2023), inter alia, held that liability could not be imposed in absence of evidence showing coordination, inducement or participation in a fraudulent scheme. Further, in the H.B. Stockholdings Ltd. vs SEBI case, the Hon'ble SAT held that similarity in trade parameters or timing cannot by itself lead to an inference of collusion unless supported by cogent material evidencing coordinated action.

(10) The Interim Order contained no analysis of the Noticees' trading pattern and documentation to support the allegation that the Noticee manipulated scrip price, other than Noticee's contribution to LTP and purported membership in a group of entities known as PV Influencers and their collective contribution. There was no analysis of the timing of placing buy and sell orders by the Noticee and other PV Influencers and in the absence of complete analysis of trading pattern, the

allegation of scrip price manipulation could not be made. The Interim Order indulged in cherry-picking.

(11) The test of preponderance of probability laid down by the Supreme Court in the case of Kishore Ajmera v. SEBI was not met in this case so as to allege fraud.

(12) The Interim Order did not describe as to how the Noticee dealt with securities in a fraudulent manner or induced any entity to deal in the scrip in question. Allegations could not be based on surmises and conjectures, and erroneous interpretation of data. The serious allegations of fraud made against the Noticee needed a high level of proof, and establishment of mens rea. Fraud even in civil proceedings must be established beyond reasonable doubt, as held by the Hon'ble Supreme Court in UOI v. Chaturbhai M. Patel. The judgment of Hon'ble Supreme Court in Razikram v. J.S. Chauhan was relied upon to contend that general rules of evidence do not draw a distinction between civil and criminal cases. As per decision of the Hon'ble SAT in Parsoli Corporation v. SEBI (Appeal No. 146 of 2011), a serious charge like fraud needs a higher degree of preponderance of probability to be established. Further, the Hon'ble Supreme Court decision in Seth Gulabchand v. Seth Kudilal was cited to state that while striking a balance of probability, courts keep in mind the presumption of honesty or innocence and the nature of the crime or fraud charged.

(13) The stock market had safeguards to make sure a deal was genuine. The Noticee's trades were within the exchange's permissible trading range. Therefore, the transfer of shares by the Noticee should be accepted as genuine, and their illegality could not be determined by merely comparing trades and circumstantial evidence.

(14) Interim Order erroneously concluded that there was no change in beneficial ownership because ownership was transferred within PV Influencers. However, there was an actual transfer of beneficial ownership because these were delivery-based transactions.

(15) The traded volume of the Noticee as compared to the total traded volume in the scrip was too minuscule to have any material impact on the price and/or volume of the scrip.

(16) On an analysis of the Noticee's buy trades, it was seen that out of a total of 513 trades executed by the Noticee with 44 distinct counterparties, 155 trades relating to 62,762 shares (i.e. around 0.39% of the total market buy quantity) matched with 7 out of 10 entities named as PV Influencers. Further, only 96 of such trades were matched within a minute of the buy and sell orders being placed, out of which 15 trades had a positive impact on the LTP, 5 trades had a negative impact while 76 trades failed to have any material impact on the scrip. Any trades other than those with PV Influencer entities could not be considered tainted because they were not collusive. In any case, synchronised trades were only 0.001% of all buy trades executed in that period.

(17) Similarly, an analysis of the Noticee's sell trades showed that out of a total of 1269 trades done with 27 distinct counterparties in respect of 3,39,724 shares, 174 trades in respect of 1,09,221 shares matched with 7 out of 10 entities named as PV Influencers (i.e. around 0.002% of the total market buy quantity). Further, from such trades, only 131 instances involved matching within a minute of the buy and sell orders being placed. 86 trades failed to have any material impact on the scrip, while 19 trades ended up having a negative impact and 26 trades had a positive impact on the Last Traded Price of the scrip.

(18) Only 270 instances out of a total 329 matched trades with other PV Influencer entities were synchronised. This contrasted with the allegation that the Noticee engaged in synchronised trades in collusion with the PV Influencers' group, to positively affect the LTP of the scrip.

(19) As per the method used in the Interim Order to calculate contribution to LTP, positive contribution by a Noticee would lead to double incidence since the same would be counted both on buyer as well as seller side.

(20) The computation logic used to arrive at the alleged profit figures in Table no. 15 of the Interim Order were not provided. PV Influencers were not classified as Offloaders in the Interim Order, and profit in Table no. 15 was determined based on trades within the group. However, in such a case, benefit to one Noticee was a loss to another and thus, the calculation was not accurate.

(21) SEBI Act does not empower SEBI to levy interest on the disgorgement amount. SEBI appears to seek recourse to the Interest Act, 1978 for this purpose but

such a power under that Act is vested exclusively in 'courts', whereas SEBI is not a court within the meaning of 'court' under the Interest Act. The Noticee also made a 'without prejudice' argument that rate of interest levied had to be reasonable and commensurate with prevailing economic conditions. There could also be no imposition of interest during the period of pendency of the instant proceedings since the delay is not attributable to the Noticee.

(22) There could be no imposition of joint and several liability of disgorgement in the facts of the case. Reliance was placed on the judgment of the Hon'ble SAT in the matter of *Mahavirsingh N. Chauhan vs. SEBI* in support of this argument.

(23) The case did not warrant imposition of any penalty on the Noticee. The findings did not lead to the conclusion that there was disproportionate gain or unfair advantage to the Noticee.

(24) There were no investor complaints against the Noticee's trades.

(25) Noticee had no repetitive default and carried out their job in a dignified manner, based on research and trading psychology.

109. Noticee 135 (Juscorp Enterprises Pvt. Ltd.) vide replies dated March 16, 2024 and April 1, 2026 made submissions on similar lines as Noticee 134, including that its contribution to LTP and total market volume was miniscule and only 354 out of 437 trades which matched with entities from the PV Influencers group, were synchronised.

110. Further, the submissions of Noticee 136, A1 Solutions (vide replies dated March 15, 2024 and April 1, 2026), Noticee 137, Corredor Services Pvt. Ltd. (vide replies dated March 16, 2024 and April 1, 2026), Noticee 138, Mr. Sapan Kumar Agarwal (vide replies dated March 16, 2024 and April 1, 2026), and Noticee 139, Vepar Solutions Pvt. Ltd. (vide replies dated March 15, 2024 and April 2, 2026) were also on similar lines as Noticee 134.

111. Noticee 140 (Mr. Shyam Kumar Singh) made similar submissions vide replies dated March 18, 2024 and April 30, 2024, viz., that no collusion between Noticees was brought out in the Interim Order, that its contribution to LTP and total market volume was miniscule, and only 3278 out of 4522 trades which matched with entities from

the PV Influencers group, were synchronised. It was also contended that during the investigation period, there was cumulative positive effect on LTP of ₹3133.57 and a cumulative negative impact on LTP of ₹2881.12, leaving a price increment of ₹252.45 and therefore, there were other market forces involved in the price rise in the scrip and price manipulation could not be presumed. Noticee admitted that he was a business associate of MKSKA & Co. and was acquainted with its partners, viz., Noticees 134 and 138, and any fund transactions were mere friendly advances.

112. Noticee 141 (Kamal Gupta HUF) vide replies dated January 18, 2024, March 30, 2024 and April 2, 2026, and submissions made during the hearing on March 20, 2024, *inter alia*, submitted that majority of the banking transactions impugned in Annexure-20 of the Investigation Report were either friendly advances or not related to other Noticees. The transaction with A1 Solutions (Noticee 136) on September 24, 2019 was repayment of a loan extended by proprietor of A1 Solutions on February 21, 2018 for liquidity requirements. The credit transaction of ₹11,940 on November 23, 2020 with MKSKA & Co., the partnership firm of Noticees 134 and 138, was related to repayment of certain expenses incurred by Kamal Gupta for Mr. Piyush Agarwal during his trip to Mumbai, and this transaction was carried out more than a year after the conclusion of the Investigation Period. Further, only 49 out of 242 trades which matched with entities from the PV Influencers group, were synchronised. Reliance was placed on the judgments in the matters of *Gorkha Security Services vs. Government* and *Oryx Fisheries Pvt. Ltd. v. Union of India* to contend that the SCN should detail the charges and not conclusively adjudge guilt. Other submissions of the Noticee were on similar lines as Noticee 134.

113. Noticee 142 (Ms. Chinnu) also made similar submissions vide replies dated March 18, 2024 and March 31, 2026, *inter alia*, contending that the impugned trades were carried out using a personal investment strategy based on market movement with express motive of turning a profit and no fault was found in the Interim Order with the Noticee's trades except contribution to LTP, without any analysis of the price prevailing at the time of the placement of order. It was also argued that the bank transactions impugned in the Interim Order occurred in the regular course of

business, and do not indicate a consensus or show communication between the Noticee and other co-Noticees. Noticee also contended that her contribution to LTP and total market volume was miniscule and very few of the trades were synchronised.

114. Finally, Noticee 143, Mr. Gyanendra Gharti Chhetri (vide his replies dated March 17, 2024 and March 31, 2026) and Noticee 144, Mr. Aayush Tanwar (vide his replies dated April 10, 2024 and April 1, 2026) also made submissions on similar lines as the other PV Influencers.

Replies filed by Collaborators in MUL scrip (Noticees 145 to 151)

115. Noticees 145 to 151, the collaborators who allegedly artificially influenced volumes in the scrips of MUL during the SMS Period, made submissions which are summarized in the following paragraphs.

116. Vide replies dated April 10, 2024 and September 30, 2025, Noticee 145 (Goenka Business Finance Limited) made the following submissions: -

(1) There was an inordinate delay of 3.5 years in issuance of SCN from the end of investigation period. It was impossible to remember the circumstances under which the Noticee had executed trades at that time.

(2) Noticee was a public listed company registered with the RBI as a Non-Banking Financial Company. It had over 8500 shareholders, and majority shareholding was with the public.

(3) The main business activity of the Noticee was providing secured or unsecured loans and advances to borrowers, and acquisition of securities etc. The Noticee mainly dealt in the derivatives segment. The main income of the Noticee was from interest on loan, dividend and profit from sale of securities and buying or selling in any scrip in large quantity is normal in day-to-day business.

(4) No connection of the Noticee with promoters of company or Mr. Hanif Shekh was established or alleged in the SCN. The so-called connection of Mr. Malay Bhow (who was a client of GBFL) with Mr. Hanif Shekh was of no consequence. In this regard, reliance was placed on the judgment of Hon'ble SAT in the matter of *Baldevsinh Zala vs. SEBI*.

(5) Regarding alleged fund transfers between Kalpesh Dantani (Noticee 146), Shivam Kumar (Noticee 147), Sanjaybhai Solanki (Noticee 148), Amrutji Gokaji Thakor (Noticee 151), the Noticee 145 and Yasin Abdul Sattar Ghori (a director of Noticee 145), and between Sanjaybhai Solanki (Noticee 148), Suresh Vaghela and Noticee 145, it was submitted that Noticee 145 provided loan facilities to its clients, viz., Kalpesh Dantani, Sanjaybhai Babubhai Solanki and Suresh Vaghela due to which there were fund transfers between Noticee and these parties. The Noticee 145 did not know Shivam Kumar Patel and Amrutji Gokaji Thakor and did not recollect having any fund transactions with them.

(6) Loan Agreements dated September 11, 2019, September 3, 2020, June 8, 2022, were entered into with other Noticees, viz., Kalpesh Dantani, Sanjaybhai Solanki and Suresh Vaghela, respectively, and ledger account statements also made it evident that the frequent bank transactions with these Noticees were pursuant to these Loan Agreements.

(7) Regarding the allegation that GBFL and Sanjaybhai Solanki traded in MUL through Sunflower Broking, the Noticee was not aware of the trades of Sanjaybhai Solanki, who was just another client of Sunflower Broking.

(8) The fund transfers of GBFL with Mr. Yasin Ghori were on account of Mr. Yasin's salary as a director of GBFL, reimbursement for the TDS paid by Mr. Yasin on behalf of GBFL, and two loans of ₹1,92,000/- each extended by GBFL to him in his capacity as an employee during 2019 and 2020.

(9) Regarding the allegation that GBFL and Kalpesh Dantani (Noticee 146) shared the same mobile number, GBFL was not aware of the UCC details of Kalpesh Dantani and why it showed same mobile number as GBFL. GBFL had a demat account with Sunflower Broking since 2017 and it must have been an inadvertent error on the part of the dealer/broker. There was nothing in the Interim Order to show that this error was intentional to violate securities laws.

(10) Regarding GBFL's transaction with Malay Bhow (Noticee 152) and his wife Viral Bhow, it was contended that GBFL provided loan facilities, repayable on demand, of ₹15 crore each to Malay Bhow and his wife in due course of business vide agreements dated June 1, 2020. Loans were provided against security, and

both pledged shares for availing the loan facility. Copies of loan agreements and ledger account statements were annexed to the reply.

(11) Regarding the charge that entities mentioned at Table No. 10 of Interim Order were taking turns to trade in MUL scrip during first 1.5 months of SMS period (21.09.2019 to 27.12.2019) to sustain trading activity, it could be observed that Mr. Kalpesh Dantani and Mr. Chetanbhai Dantani did not trade on even a single day during the period. Further, Mr. Shivam Kumar and Suresh Vaghela traded only on one day during the period. Even GBFL did not trade even once till October 14, 2019. Similar instances were quoted to contend that the entities mentioned at Table no. 10 were not taking turns as alleged.

(12) Regarding the allegation that the Noticee tried to manipulate the price of MUL and VFL, it was argued that the Noticee was an NBFC dealing in securities market as part of its day-to-day business. Noticee purchased the scrips based on fundamental and technical analysis of the scrip, financials, P/E ratio, competitor analysis, information available on websites, public domain like www.screener.in.

(13) Regarding the Noticee's trades in the scrip of MUL, the Noticee had seen that the scrip was in an uptrend zone. On October 4, 2019 the resistance above closed out due to which the Notice gained confidence and started investing on October 15, 2019. The scrip reached the support zone when the Noticee started purchasing it on the said date. On December 24, 2019 the scrip reached the resistance level and then the Noticee squared off the position. There was an all-time high breakout on October 30, 2019 before which a breakout had happened on March 19, 2019.

(14) Regarding its trades in the scrip of VFL, based on the support price of April 2017 of ₹138, the Noticee decided to purchase the scrip on March 27, 2020. When the Noticee was at buying zone, the scrip provided recovery support and a price of almost ₹250 was reached. The prevailing price of the scrip on May 27, 2020, May 29, 2020, June 11, 2020 and June 15, 2020 was ₹250. Even during January 23, 2020 to February 14, 2020 the price of the scrip was same or near to ₹250, based on which Noticee purchased the scrip at ₹250 on June 16, 2020. From June 9, 2020 to September 16, 2020 the price was in a consolidation zone. ₹₹On

September 15, 2020, breakout zone shares were kept on hold. On October 21, 2020, highest resistance level was when the Noticee squared off its position. The Noticee incurred a loss of ₹3,66,08,168/- on an overall basis in VFL scrip, thereby proving that he was not part of the alleged scheme.

(15) Regarding the charge of synchronised trades by the Noticee in VFL scrip during the pre-SMS period, the Noticee did not just trade during pre-SMS period in VFL but also during SMS period and post investigation period, across a period of 15 months and SEBI selected the investigation period to suit its case.

(16) Regarding the charge of LTP contribution in the VFL scrip, it was submitted that out of 28 positive LTP trades, the counterparty orders were first in time in 25 trades and thus, the Noticee was a price taker rather than LTP contributor. Further, in both the instances quoted in the Interim Order of July 29, 2020 and August 20, 2020, there was an upper circuit in the market making it a seller driven price and buyer had no choice but to purchase at that rate.

(17) No connection was established between the Noticee either with Chetan Dantani or Shivam Patel.

(18) There could be no charge of LTP contribution in sell trades as any seller will always scout for higher price.

(19) SEBI did not provide details of the alleged synchronised/structured trades, 1st trades or multiple small trades of the Noticee.

(20) Noticee traded MUL and VFL based on its own analysis, financials of the companies and expectation of rise in price of the scrip. Noticee constantly monitored the scrips it was interested in, and reviewed them periodically to take advantage of the prevailing market trends.

(21) Regarding the charge that the Noticee executed considerable volumes of intraday trades inspite of continuously suffering losses, it could be seen that trades of the Noticee were only partially intraday and not of considerable quantity. Further, the Noticee had actually made a profit of ₹1,88,613/- on an overall basis in MUL scrip.

(22) In the scrips of MUL and VFL, the Noticee had no connection with the SMSs circulated. The trading pattern followed by the Noticee in MUL and VFL was no

different from the day-to-day trading pattern followed by the Noticee in any other scrip where it had traded.

117. Noticees 146 to 151 did not submit a reply to the Interim Order.

118. Noticee 152 (Mr. Malay Bhow) vide replies dated October 23, 2023, April 2, 2025, April 5, 2025, April 17, 2025, and October 6, 2025 made the following submissions:

(1) The issuance of SCN suffered from inordinate delays.

(2) The Noticee did not trade in any of the five scrips mentioned in the Interim Order and was not involved in circulation of the allegedly false news/SMS regarding MUL or any other scrips. The Noticee did not know any of the entities identified in the SCN except GBFL.

(3) Hanif Shekh was a friend of Noticee 152 as they belonged to the same broking industry and had communication with each other even before the investigation period for discussing the market outlook.

However, upon perusing the call records provided by SEBI pursuant to a hearing dated April 2, 2025, the Noticee submitted vide his reply dated April 17, 2025 that as per the SCN, Mr. Hanif Shekh used four different mobile numbers and the Noticee had only a few calls on one of those numbers, that too not for speaking with Mr. Hanif Shekh but with Mr. Kasambhai Shekh (Noticee 2) and his office staff members relating to his shipbreaking business and the same was communicated to SEBI during the investigation.

(4) Further, vide his reply dated October 6, 2025, the Noticee submitted that he used to visit Bhavnagar and Alang Ship Recycling Yard and at that time he came in contact with Mr. Inayat, who had a reasonable understanding of the different categories of metals obtained from ship recycling. The discussions with Mr. Inayat used to be strictly professional, limited to information on specific metals could be profitably processed into finished products.

(5) GBFL (Noticee 145) was an NBFC registered with RBI from which Noticee 152 and his wife had availed a loan facility for personal trading through M/s. Sunflower Broking Pvt. Ltd. (“Sunflower”) in which Noticee 152 was a Director. All entries pertaining to GBFL in the Noticee’s bank statements were towards the loan and

its repayment. GBFL was also a client of Sunflower. SEBI had not clarified which of the financial transactions of Noticee 152 with GBFL were objectionable, so as to allege a connection with Noticee 145 in relation to the alleged scheme. The element of 'intent' was necessary to establish the charge under PFUTP Regulations as laid down in the judgment of Hon'ble SAT in the matter of *Jaypee Capital Services Ltd. vs. SEBI*.

(6) There were 18000 clients of Sunflower, including GBFL and Sanjaybhai Solanki, who had traded in MUL. However, Noticee 152 as the Director of Sunflower had no role in day to day transactions of the clients.

(7) Regarding the reference in the SCN to the excel file titled "Contractor Shares-1.xlsx" exchanged via email between Mr. DK Gupta and Mr. Deepak Kumar Garg (regarding shares sold by the employees of MUL and payment to be made to two entities, viz., Piyush and Malay during the period when SMS were being circulated), the Noticee 152 argued that as per the SCN, the email was sent almost five months after end of Investigation Period and SEBI did not record the statement of the sender of the email, Mr. DK Gupta. SEBI had not provided a copy of this email to the Noticee despite a specific request made in this regard. Further, Noticee 152 did not know Mr. DK Gupta and Mr. Deepak Kumar Garg or any of the 56 entities mentioned in the sheet titled 'Malay' in the said excel file and neither received or made any payments to any of the entities mentioned in the aforesaid excel file, nor was there any money trail with any of the entities and had not even sold any shares of MUL on the dates on which entries in 'Sheet 2' and 'Sheet 4' of the excel file were recorded in his name. The Noticee was implicated based on the name "Malay" appearing against some random entries in the excel file which was meaningless and could not be considered as conclusive proof or a corroborative evidence to establish any fraud played on the market by the Noticee.

(8) There was no evidence of any connivance or collusion by the Noticee in respect of trades of other Noticees and the judgment of the Hon'ble Supreme Court in the matter of *SEBI vs. Rakhi Trading* was relied upon in this regard.

(9) Incidentally, Noticee 152 had filed another reply dated April 11, 2024 in which, he had, inter alia, submitted that he and his wife had taken a loan from GBFL in June

2020 for ₹15 crore each against pledged shares and that his wife had no transactions with GBFL during the investigation period, whereas in his reply dated April 2, 2025, he submitted that the loan taken by him and his wife was obtained from GBFL in 2018 and it was observed from the ledger statement submitted by him that his wife did have transactions with GBFL during the investigation period. However, this reply of the Noticee was withdrawn by him vide his reply dated April 5, 2025 and he requested that no cognisance be taken of the same.

Submissions of Chiripal Group entities (Noticees 77 to 83, 193-200)

119. Fourteen Chiripal Group entities, i.e., Noticees 77-83 (Durgeshwari Pradipbhai Chiripal, Manuj Ashokkumar Chiripal, Rushp Trading LLP, Satrama Trading LLP, Shivhari Trading LLP, Trisha Vikash Bajaj and Bajaj Sonali Ateet), Noticees 193-198 (Sushila Ashokbhai Chiripal, Anil Dhanuka, Chirpal Suryansh Hari, Vedprakash Devkinandan Chiripal, Yash R Bajaj, Raaj Ravindrakumar Bajaj) and Noticee 200 (Savitridevi V Chiripal), submitted common replies dated March 18, 2024, April 14, 2024 and September 22, 2025, which are summarised as under:

(1) There was no urgency to issue the Interim Order.

(2) Noticee 196 is a promoter of VFL holding 3.74% of its equity shares, and his spouse, Noticee 200 is part of the promoter group of VFL, holding 2.06% of its equity shares. None of the other Noticees are the promoters or part of promoter group of VFL.

(3) Noticee 77 is the wife of cousin of Noticee 196 and Noticee 78 is the son of another cousin of Noticee 196.

(4) The connection alleged for some of the Noticees based on common email and phone numbers could not lead to an inference of manipulation and reliance was placed on the judgment of the Hon'ble SAT in the matter of Manjulaben Bhaveshkumar Rangee v. Securities and Exchange Board of India in this regard.

(5) VFL had good performance and track record with consistently improving profits during 2017-2023. Between 2017-2022, VFL issued bonus shares and rights shares, and paid interim dividends.

(6) Certain documents such as the order appointing the Investigating Authority, the approval of Whole Time Member for initiation of enforcement proceedings and other file notings were sought for inspection but were not provided, which constituted a violation of the principles of natural justice, against the ruling in T. Takano and anr. v. SEBI.

(7) SEBI had not provided any opportunity to the Noticees for cross examination to ascertain veracity of allegations such as passing of funds to Hanif Shekh or his connected entities.

(8) The Noticees were charged only because some of the counterparties to their trades in the scrip of VFL were allegedly connected to Hanif Shekh. These counterparties traded heavily in the scrip, resulting in them being counterparties to some of the Noticees' trades. It could not be assumed that just because some third parties try to manipulate a scrip, the promoters and all persons connected to them who traded in the scrip were party to a manipulative scheme. Merely being counterparty to trades on exchange platform could not be alleged to be a "connection". There was no intentional matching of trades by any of the Noticees nor was there any prior meeting of minds to execute trades only with some specific counter parties.

(9) Since SEBI itself had alleged that all the Noticees were connected to each other and to the promoters of VFL, it was normal and natural for them to trade in the scrip. VFL was not a shell company but a company with strong fundamentals, so Noticees could not be faulted for trading in the scrip, which they were regularly doing before, during and after investigation period. There was no allegation of any circular trading.

(10) No connection or fund transfer was alleged between the Noticees, and Hanif Shekh, the entities connected to him, Kolkata entities or Ahmedabad entities. Hanif Shekh had also denied any connection with the Chiripal Group entities in his statement to SEBI. No profits of trading were transferred to VFL promoters or Hanif Shekh or his entities. The insinuation of connection with Hanif Shekh in the Investigation Report based on the facts that Noticee 78 was a resident of Dubai and Hanif Shekh had visited Dubai on multiple occasions, was patently absurd.

(11) No rationale was provided in the SCN for aggregating LTP contribution of the Noticees with sub-groups 2 and 3.

(12) The trade of 18115 shares between Noticees 196 and 200 on March 26, 2020 was a simple case of inter se promoter transfer duly disclosed to the stock exchange, yet it was impugned as having created artificial volume. Further, another trade of 34500 shares between both these Noticees on March 19, 2020 was not impugned in the SCN.

(13) As per the Interim Order, the LTP contribution of the Noticees on BSE was net ₹54.4 and on NSE was net negative ₹96. Therefore, net LTP contribution of the Noticees across both exchanges was negative ₹41.60.

(14) The alleged trades between Notices 78 and 199 noted at Para 60.1 of the Interim Order matched because they were the only orders/trades of the day. Regarding placement of 11 separate sell orders by the seller, it was a well-recognised and recommended strategy to tranche out orders into smaller parts to get better prices. Trading system permits placing large orders with smaller disclosed quantities so that market would not get to see the large order. No communication was alleged between the counterparties so as to coordinate the said trades. If there was any spurious intention, the parties would have ramped up the prices with each of the smaller trades.

(15) Consecutive placement of buy orders by Sub-Group 3 entities to match pending sell order of Noticee 78 on July 3, 2020 was because no other parties were trading at that time and this could not lead to an inference of fraud. It was a well recognised strategy to break up orders into smaller parts for getting better prices. Trading system permits placing large quantity orders with smaller disclosed quantities with the intention that the market would not get to see the larger order and such orders result in trades in the time-price order matching mechanism of the exchange.

(16) In the trade described in Para 60.3 of the Interim Order, the buy order remained unexecuted for 40 minutes which itself demolished any assumption of intentional matching of trades to rig price or volume. The trading pattern alleged in the said para was normal.

(17) In a trade of March 27, 2020 described in Para. 63.3 of the Interim Order, it was alleged that a buyer from Sub-Group 2 placed a buy order at a price higher than LTP, which was matched by Noticee 77 as seller, after 9 minutes, and set the closing price for the day. The said trade was completely normal, as buyer who wants shares offers a higher price, and seller accepts it once it is seen on the trading screen of the exchange.

(18) The trade of March 27, 2020 where LTP was alleged to be contributed by matching trades between Noticee 77 and Noticee 193 was not a preplanned trade since the trade matched only after prices were modified by both parties. ₹

(19) In the case of the trade described in Para 63.4 of the Interim Order, it was not specified whether higher price was accepted by the buyer even though lower price sell offers were available. All sellers naturally seek a higher price and buyers seek a lower price.

(20) The Interim Order, by alleging at para 69.1 that GBFL accepted the Noticees' orders at ₹250 even though there were some trades in between at ₹234, is silent on the question as to whether there were any pending offers at ₹234.2 when GBFL accepted the Noticees' offer at ₹250. It is totally normal for buyers to accept higher prices when lower prices are not available.

(21) Comparing Chiripal group trades to the market trading would have proved that they were not involved in fraud. Some Noticees like Sushiladevi Chiripal (Noticee 193) had only traded 200 shares in the investigation period.

(22) Yogeshkumar Goyal was not connected to the Chiripal Group in any manner. The Bajaj Group was only alleged to be connected because they were relatives of Ravindrakumar Bajaj, a director in VFL.

(23) Foundational facts required to be established for preponderance of probability had not been established in the Interim Order.

(24) Regarding the allegation that no action or clarification was issued by persons at the helm of affairs of VFL regarding misleading information in the bulk SMS, it was not identified who was at the helm of affairs of VFL, or whether they had received the bulk SMS recommendations. Stock exchange had sought clarification on price movement from VFL on October 27, 2020, and VFL had duly

responded that there was no information which could have had a bearing on price/volume in the said scrip.

(25) There was no allegation of websites being used to disseminate recommendations regarding VFL scrip.

(26) There was no allegation that Noticees 193 to 200 even made any profits and yet they were made parties to the Interim Order.

(27) SEBI's allegation that lack of action or clarification by the VFL leadership reinforced the inference of collusion between the promoter group and Hanif Shekh was not just legally unfounded but also factually erroneous since immediately upon BSE seeking clarification from VFL regarding the scrip price fluctuation, VFL promptly responded with a corporate disclosure that there was no information which could have a bearing on the scrip price.

(28) Summons issued to Noticees 77 to 83 were duly responded to, so the said Noticees cooperated with SEBI's investigation.

(29) A 'without prejudice' argument was raised that the profits earned by the Noticees were incorrectly calculated since several Noticees were holding shares of VFL since many years.

120. The submissions made by Mr. Yogeshkumar Anandpal Goyal (Noticee 199) vide reply dated May 16, 2024 and September 19, 2025 are summarised as follows:

(1) Noticee was a regular investor in the securities market, and possessed financial capability to engage in independent trading endeavour.

(2) Noticee was not associated with any "Chiripal Group", or any promoters/promoter group of VFL. There was no connection between the Noticee and Hanif Shekh or the sub-groups 2 and 3. Noticee did not know about any SMS recommendations. The connections in the Interim Order were fabricated, grounded on speculation.

(3) Noticee engaged in trading in VFL scrip for only one day during the entire investigation period of 209 days. Given the limited availabiltiy of counterparties, it was inevitable that his trades would match with the only available party. SEBI did now show any nexus of Noticee with the counterparty or any motive or benefit from partaking in the solitary transaction. SEBI could not classify him as volume

creator based on a single transaction. SEBI did not consider the possibility that he innocently traded at an inopportune moment.

(4) Regarding allegations of financial transactions between the Noticee and Satrama Trading LLP (Noticee 80) and Shivhari Trading LLP (Noticee 81), the Noticee's bank statements clearly indicated that he had no financial transactions with Shivhari Trading LLP during the investigation period. Regarding the financial transactions of the Noticee with Satrama Trading LLP, the Interim Order did not allege that any such transaction was connected to the Noticee's impugned trades on March 25, 2020. There was no allegation that the Noticee's trading was financed by any external party and it was a fact that the Noticee was an active trader.

(5) Noticee's contribution to LTP was zero, so he could not have contributed to a surge in price and volume in VFL. Shares sold by Noticee were part of his existing holdings, dating back to July 2019. Noticee's sale represented mere 1.73% of total market sell volume. Noticee's trade was at market price. Noticee sold his shares anticipating adverse effects of Covid-19 on his travel business.

(6) Noticee had no connection with Manuj Chiripal (Noticee 78). Any individual trading on the stock exchange platform had access to the order book, displaying pending orders within the system. Noticee hoped to realise a higher return on the shares by placing them for sale in parts, anticipating that other traders might place buy orders at prices higher than ₹134 per share. This strategy did not yield the desired outcome, resulting in sale of shares at the same price. Noticee also incurred a loss from the sale transaction. He had originally purchased the shares in July 2019 for ₹62,40,020/- but had to sell them after the scrip's price declined. The shares were all sold at ₹25,58,364/-, resulting in a loss of ₹37,81,656/-.

Submissions of Gohil Group entities (Noticees 119 to 133, 168 to 181)

121. The Interim Order categorised 30 allegedly inter-connected entities, i.e., Noticees 119 to 133 and Noticees 168 to 181 as the "Gohil group". All of them were alleged to be PV Influencers in the scrip of 7NR, and 15 of them offloaded 7NR shares for profit during the SMS circulation period. Similarly, 11 Gohil Group entities allegedly

were PV Influencers in the scrip of GBL, and 9 of them offloaded GBL shares during the SMS circulation period.

122. The submissions of Noticee 119 (Ms. Tejal Amitkumar Khatri) vide replies dated March 28, 2024 and November 3, 2025 are summarised as follows:

(1) The Interim Order suffered from inordinate delay and laches.

(2) Noticee was not connected to the so-called Gohil Group entities or the Offloaders, and did not make the profit as alleged. Noticee did not know Hanif Shekh, his connected entities or the Sub-Group 3 entities. Noticee had no role in sending SMS or the alleged scheme.

(3) Noticee was a housewife and earned meagre amount by taking school tuitions at home, was not aware of and did not do any business in the share market.

(4) A person who used to stay in her Society told her he could help her earn extra income from share market and would handle her accounts, making her believe it was a common practice to do this. He insisted that the Noticee give her account details and that he will do trading on her behalf. He also took the Noticee's bank account details and in return, the Noticee got small amounts of money as extra income. Noticee stated that the money transferred from her bank account had gone but she did not know who the money belonged to. The Noticee was made a scapegoat by the person who misused her demat and bank account keeping the Noticee in the dark about the illegal trading activities taking place in her account, if any.

(5) Noticee had submitted her income tax returns which proved that she did not make such huge income and profits as alleged in the Interim Order.

(6) Noticee did not know Govindbhai Natvarlal Chauhan and was not aware of any funds transferred to or from her account to any of the entities as alleged at Table no. 43 of the Interim Order.

(7) The connection of Noticee sought to be established with other Gohil Group entities was vague and erroneous. SAT decision in Baldevsinh Zala v. SEBI was cited in support of this.

(8) Noticee was unaware of the transactions appearing in the trade logs provided by SEBI and details of trading mentioned at Table no. 44 in the Interim Order and had never received any profits.

(9) The Noticee's alleged contribution of ₹21.70 to the total LTP during the 7NR investigation period was only 13.98% of the contribution to net price rise, so it could not have impacted the price of the scrip. The Noticee's trades during the period were tabulated with LTP and volume contribution, which showed that out of 127 trades of the Noticee, 94 resulted in zero LTP, 17 into negative LTP and 16 into positive LTP.

(10) Disgorgement could not be made from the Noticee. The Noticee did not pocket any of the unlawful gains, as the Interim Order itself mentioned in Table no. 48 that ₹2,61,50,000 was transferred to forex companies which received the unlawful gains.

(11) While calculating unlawful gains, SEBI ought to have taken the rate of shares already held on previous day of start of SMS period since only the selling during SMS period was considered to be tainted and thus, calculating profit based on buy value of pre-investigation period was incorrect.

(12) Further, since there was no connection between the Noticee and other Noticees, the direction in the Interim Order against the Noticee to impound ₹26,60,46,866 jointly and severally was erroneous. SAT decision in Jigna Vipul Vora v. SEBI was cited.

123. Noticee 120 (Mr. Nitesh Pavskar) vide reply dated July 16, 2024 submitted that:

(1) Noticee did not know of or have commercial dealings with any of the names mentioned in the Interim Order, including other Gohil group entities.

(2) Noticee was a salesman working in a readymade garments store, had no other source of income and did not know much about the stock market. He was lured by a regular customer at the garments store to give his account details and blank cheques for earning extra income from the stock market. The said person told him he was an expert and helped small people earn extra income, and that he would trade on his behalf.

(3) Noticee was not aware of the fund transfers made to various entities using his bank account, including transfers to forex companies. The amount transferred away from his account could not be disgorged from him.

(4) Noticee could not have made such huge income and profits as alleged, as per his income tax returns. He was himself a victim in this case.

(5) Noticee's contribution to market LTP was only 3.96% in the scrip of 7 NR, which could not have impacted price. Many trades of the Noticee resulted in nil or negative LTP also. In the scrip of GBL also, his alleged LTP contribution was only negative ₹0.01. Therefore, the Noticee's trades were not responsible for any price rise.

124. Noticee 122 (Mr. Naginbhai Jeshingbhai Maheriya) made submissions vide replies dated January 2, 2025 and November 4, 2025, which were largely similar to the reply filed by Noticee 119, and also stated that-

(1) The Noticee in his reply to summons issued by SEBI during investigation had submitted that someone else had opened and misused the Noticee's bank and trading account. As per the trade logs, trades were placed in the Noticee's accounts by Authorised Persons, viz., Mr. Vipin Desai or Mr. Jignesh Shah, from the terminal of the broker, ACML Capital Markets Ltd. and in a few trades, both buy and sell orders in a trade were placed by these APs from the same terminal. However, these persons were not even questioned by SEBI.

(2) As regards the query raised during the personal hearing by the Hon'ble WTM as to the identity of the person who misused the Noticee's accounts, the Noticee tried to the best of his capability but was not able to trace that person.

(3) Noticee was a resident of Ahmedabad, Gujarat running a small business in real estate. He did not know much about the share market. He did not know any of the other entities mentioned in the Interim Order and had not made the alleged profit.

(4) Noticee vide reply dated 12.02.2023 to SEBI's summons submitted that 4-5 years ago, a person named Rahul informed him about significant investments in the stock market, portraying himself as broker akin to real estate brokers. The Noticee entrusted Rahul with handling his investments and provided him his

account details. Subsequently, Rahul stopped doing that job and paid the Noticee ₹35000 for his services. Upon discovering about the investigation, the Noticee learnt of large sums which Rahul claimed would be transferred to Noticee's account. However, these sums were transferred to someone else and Noticee did not know the sender or receiver. No suspicious notifications were received from the bank or the IT Department.

(5) Regarding connections alleged in Table no. 43 of the Interim Order, Noticee is the father of Binal Naginbhai Patel (Noticee 179) and so shared a common address. Noticee did not know the entities with whom fund transfers were alleged, viz., Novex Commercial, Dixit Borisa, Vijay Vasita, Jitendra Gohil, Maheshbhai N. Purabia and Akshay Brahmbhatt.

(6) The alleged connection with the other entities in the 11 entities group and Gohil Group alleged to be PV Influencers in the scrip of GBL was not reflected in the trading pattern.

(7) Noticee was unaware of the huge number of transactions in his name and account appearing in the trade logs and in Table no. 51 of the Interim Order. Noticee's trades as buyer took place with 17 different entities and as seller with 64 different entities. Not all counterparties to the Noticee's trades were Noticees or alleged to be connected to the Noticee.

(8) 56 of the Noticee's trades had nil LTP contribution, 2 trades had negative LTP contribution, while 8 trades resulted in positive LTP contribution. The net LTP contribution was ₹2.4 which was only 3.86% of the net price rise. Therefore, Noticee had no role in price rise as seen from his trading pattern. Trading pattern and net profit of Noticee was consistent with legitimate market behaviour and emphasised absence of insider information or collaboration with the SMS sender.

(9) Noticee could not be asked to disgorge unlawful gains as Interim Order did not show that the Noticee received unlawful gains or that the Noticee was connected with the other Noticees with whom joint and several liability was alleged, and the only entities liable for the disgorgement were Hanif Shekh related entities.

125. Noticee 123 (Ms. Chandrikaben Maheshbhai Chauhan) vide reply dated April 1, 2025 made submissions, along the lines of the replies filed by Noticees 119 and 122, and also stated the following:

(1) Noticee was not connected to Hanif Shekh or Gohil Group or Kolkata based entities or Offloaders, and did not have a role in sending the bulk SMS or the scheme as alleged.

(2) Noticee was a housewife in Ahmedabad and did not deal in the share market. Her account was used by her brother-in-law, Late Mr. Govindbhai Chauhan (Noticee 127) and that trading in the scrip of 7NR was part of trading activity by him. Mr. Govindbhai Chauhan passed away on September 5, 2023, which was communicated to SEBI vide letter dated September 30, 2024.

(3) Common address with Late Govindbhai Chauhan as alleged in the Interim Order was because he was her brother-in-law. Further, Noticee did not know the entities with whom there were alleged fund transfers, viz., Manoharprasad Vaishnav, Nitesh Pavskar, Vijay Vasita, Prabhavatiben Patlia, Mahesh Purabia, Govind Natvarlal Chauhan and Jitendra Gohil.

(4) Regarding net profit of ₹2,63,67,618 made by the Noticee, the Interim Order itself alleged that the Noticee was a mere front of Hanif Shekh and transferred sale proceeds to him through multiple layers of forex companies. Noticee did not know specific details of the transactions highlighted in the Interim Order. The transactions indicated by her bank statements were carried out by her brother-in-law, and Noticee did not gain any advantage.

(5) Connections alleged between Noticee and other entities in the Interim Order were erroneously attributed, as there was no evidence of collusion between the buyer and seller, and SAT decision in Nishith M. Shah HUF v. SEBI was cited in support of this contention.

(6) As per the Interim Order, Noticee bought 16800 shares contributing to 0.33% of total market buy volume resulting into zero net LTP. Further, Noticees trades also resulted in creation of negative LTP. Therefore, Noticee could not have manipulated price or volume as alleged. Noticee could not be said to have induced anyone to trade in the market, therefore Noticee could not be said to have committed fraud or violated the PFUTP Regulations.

126. Noticee 124 (Mr. Kamlesh G. Solanki) vide reply dated February 20, 2025 and November 20, 2025 also made similar submissions as under:

(1) As per Rule 3 of the SEBI Inquiry Rules, SEBI is under a duty to form an opinion that there are grounds for adjudging under any of the provisions of Chapter VI-A of the SEBI Act. However, the present SCN did not reveal whether such opinion was formed by SEBI. Further, Rule 4(1) of the Inquiry Rules contemplates issuance of a notice to a person to show cause as to why an inquiry should not be held against him and only upon consideration of the response of that person to the said notice, a second notice under Rule 4(3) has to be issued in case an opinion is formed that an inquiry should be held. However, these steps were not followed in the present matter and the SCN summarily seeks to impose a penalty on the Noticees. It is a settled principle of law that when a statute prescribes the manner in which a power has to be exercised, it has to be exercised in that manner or not at all. Thus, the present SCN was in complete derogation to the mandatory procedure prescribed under the Inquiry Rules.

(2) The SCN and the investigation report placed heavy reliance on statements of various entities for levelling allegations against the Noticee. However, Noticee was not afforded the opportunity to test the veracity of these statements by cross-examination.

(3) Noticee was a salesman working in a ready-made garments store in Ahmedabad and earning his livelihood. Noticee was enticed by a person, who frequently visited his shop and told him that he could earn extra income by trading in the stock market. The person who approached the Noticee took his bank account details and blank cheques and said he will do trading on the Noticee's behalf. In return, the Noticee used to get small amounts of money as extra income. In response to summons, Noticee submitted his income tax returns which show that he did not make such huge income and profits as alleged.

(4) Noticee did not have any connection to any of the other entities. Noticee did not know the entities with whom fund transfers were alleged, viz., Jitendra H.

Gohil, Maunesh Devara, Vijay Vasita and Nitesh Pavskar, and did not know to whom the funds belonged.

(5) As per trade logs and data at Table no. 44 of the Interim Order, Noticee bought 45,220 shares and sold 70,877 shares of 7NR, and contributed ₹12.20 to total LTP, which was 7.86% of total market LTP during investigation period. ₹Noticee's alleged contribution could not be considered manipulation. Noticee's trades resulted in positive, negative and on a few days, zero LTP. Thus, Noticee did not try to increase the price of the scrip and there was no pattern of creating positive LTP. Trades were delivery-based, intra-day and in the normal course of business. Price at which trades got executed was within circuit limits of that particular day.

(6) As per Table no. 46 of the Interim Order, Noticee bought 1000 shares and sold 85,164 shares resulting in net profit of ₹1,51,84,994. Noticee was unaware about such huge amount of transactions happening in his name and account, and never received any profits. Interim Order clearly stated that other entities/forex companies received the unlawful gains and ₹1,28,58,744 was transferred to Forex companies from his account. Thus, disgorgement could not be levied on the Noticee. In SEBI's order dated August 10, 2025 in the matter of *Generic Engineering Constructions and Projects Limited*, it was categorically held that where Noticee did not retain any part of the wrongful gains and were mere pass-through channels, there could be no liability for disgorgement.

(7) The SCN had mentioned only a few trades which were alleged to be tainted or synchronised/structured trades. However, there was no bifurcation of tainted and genuine trades while calculating disgorgement which is wholly unsustainable. Disgorgement could only be directed for actual wrongful gain. Further, there was no case for a joint and several disgorgement with other entities.

(8) Regarding transactions in the scrip of GBL, the Noticee was totally unaware of the transactions in his name, was not connected with any of the entities as alleged, and the alleged LTP contribution of ₹2.9 could not be called manipulative as he had negative, nil and positive LTP trades. Trade logs

showed that the Noticee's trades had counterparties other than the alleged connected entities. Further, Noticee's name did not appear in the illustrations at page 180 of the Interim Order establishing artificial trades. Noticee denied all allegations of structured trades, prior meeting of minds, synchronized trades, trading in 1 share, etc.

(9) Reliance was placed on the judgment of Hon'ble SAT in the matter of *Sheetal Kadam vs. SEBI* to contend that individual from humble backgrounds whose KYC and account were misused by third parties, could not be held liable for trades executed without their knowledge. The Noticee was exploited as a mere name lender without understanding the consequences. Such inadvertent and uninformed misuse could not amount to fraud.

127. Noticee 125 (Mr. Vijay Rajeshbhai Vasita) vide replies dated July 19, 2024 and November 1, 2025 made submissions along the lines of the replies of the aforesaid Gohil Group noticees, and also submitted that:

(1) The Noticee was a salesman working in a saree showroom in Ahmedabad which was his only source of income. The quantum of trades and profits alleged in the SCN to have been made by the Noticee were entirely inconsistent with the Noticee's financial standing and he had submitted his ITR in response to SEBI's summons to prove that he did not make such huge profits.

(2) Noticee was enticed by one Mr. Paresh Shah, who frequently visited his shop and while portraying himself as a well-known trader in the share market told the Noticee that he could earn extra income by trading in the stock market. The Noticee handed over his bank and demat account details and signed black cheques to Mr. Paresh Shah. As per Noticee's knowledge, Mr. Paresh Shah's mobile number was 998780XXXX and he lived somewhere in Gulbai Tekra, Ahmedabad.

(3) The Noticee had no connection with the PV Influencers, Offloaders, Ultimate beneficiaries or with Mr. Hanif Shekh and his connected entities and did not indulge in any wrongdoing. He was not aware of the entities with whom his fund transfers were alleged.

(4) The Noticee relied upon the judgment of the Hon'ble SAT in the matter of *Sheetal Kadam & Ors. vs. SEBI* to contend that he had been made a scapegoat and that he did not know of the stock market transactions happening in his account and did not pocket any gains.

(5) As per the Interim Order, a portion of the gains were routed to forex companies. The remaining amounts were transferred to other parties as could be seen from the bank statements. Thus, a direction of disgorgement would be totally misplaced since disgorgement could only be possible from the person who ultimately received the illegal gains. Further, there could be no joint and several liability since there was no established connection between the Noticee and other entities.

(6) It was evident from the trade logs in respect of the GBL scrip that counterparties to the Noticee's trades were other than the entities belonging to 11 Entities Group or the Gohil Group.

128. Noticee 126 (Mr. Jitendra H. Gohil) vide replies dated March 15, 2024, March 28, 2024, April 15, 2024 and November 1, 2025 made similar submissions as made by other Gohil group Noticees and the same are summarised as under:

(1) He was a mechanical draftsman, a qualification below mechanical engineer, and on the basis of this qualification, he was appointed as Additional Independent Director (Non-executive) in Novex Commercial on February 15, 2016. Upon receiving SEBI summons dated January 24, 2023, the Noticee smelled foul play and resigned from Novex on April 27, 2023.

(2) Noticee vide response dated 08.02.2023 to SEBI summons had stated that he had no connection with the allegedly connected entities. The Noticee did not remember doing business with them or meeting them or if any financial transactions were done with them. He had no connection with Hanif Shekh or any of his connected entities.

(3) Noticee used to do his tailoring business in Ahmedabad in 2019 and 2020 and had many clients who helped him earn. Noticee had now stopped working due to ill health and his son Shrenik Gohil (Noticee 173) handled his tailoring business and also earned from it. No ledger entries or books of accounts of

the business were present. He did not make such huge income and profits as alleged.

(4) Noticee also submitted similar address and mobile number details as submitted by his son, Noticee 173 of one Mr. Paresh Shah who was alleged by many Noticees of the Gohil group (in their respective replies to the SCN) to have traded from their accounts by enticing them to handover their bank and trading account details. The Noticee also submitted that pursuant to the personal hearing dated October 14, 2025, he tried to contact the said Mr. Paresh Shah, however, was informed by Mr. Shah's family that he had passed away on November 26, 2024 (death certificate was attached along with the Noticee's reply).

(5) The Noticee did not know any of the entities with whom fund transfers were alleged, viz., Vijay Vasita, Nitesh Pavskar, Dixit Borisa, Mahesh Purabia, Naginbhai Jeshingbhai Maheriya, Akshay Brahmabhatt, Kamleshbhai Solanki and Manohar Prasad Ghanshyambhai Vaishnav. Directorship in Novex Commercial was taken up for extra income and the Noticee was not involved in the day-to-day business of the company. Noticee resigned from the company w.e.f. 27.04.2023.

(6) Connections attributed to Noticee with other entities were erroneous and did not involve collusion. Noticee was unaware of the transactions mentioned against his name in trade logs and Table no. 44 of the Interim Order, i.e., purchase of 3990 shares and sale of 83904 shares.

(7) Alleged LTP contribution attributed to Noticee was ₹ 9.55 which was only 6.15% of the net price rise, miniscule in comparison to the market.

(8) Noticee bought shares during the investigation period and sold shares after the investigation period. Noticee's trades were only on 30 days during the investigation period. Some of the Noticee's trades resulted in positive LTP, some in negative LTP and on a few days zero LTP. Also, Noticee's trades took place with several different entities, 3 counterparties as a buyer and 150 counterparties as a seller. Most of the trades of the Noticee took place with entities other than the alleged group entities. The meteoric rise in scrip price could have been due to external factors such as economic indicators and

industry trends. The trading pattern, quantities and net profit were consistent with legitimate market behaviour and did not show collusion with the SMS sender.

(9) Noticee also denied transferring funds upto ₹ 61,36,000 to Forex companies as alleged in Table no. 48 of the Interim Order, which required evidence to support the claim. The gains were taken away by persons who used his account.

(10) The calculation of profits made by Noticee was flawed since SEBI had taken quantity and value of shares for the complete investigation period whereas only the shares sold during SMS period could be considered tainted. Further, calculation of profits of unequal buy and sell quantity was also erroneous. The Noticee also furnished what he claimed to be a correct calculation of profits.

(11) Regarding his trades in the scrip of GBL, the Noticee stated that his trades contributed only ₹ 0.15 to LTP increase, which was 0.24% of the net price rise. Further, his trades resulted in positive, negative and nil LTP as well, with positive LTP on only 1 day. In this regard, he placed reliance on SEBI's order in the matter of *Nikki Global Finance Limited*.

129. On behalf of Noticee 127 (Mr. Govindbhai Natvarlal Chauhan), it was submitted by his sister-in-law vide letter dated September 30, 2024, that he had expired on September 5, 2023 and a copy of his death certificate was enclosed with the said letter.

130. The Noticee 128 (Mr. Natvarbhai Patlia) vide his undated reply received in January 2024 and another reply dated November 4, 2025 submitted that he worked in a garment shop in Ahmedabad and did not know either Hanif Shekh, any of the Gohil group entities or the Offloaders. The only connection drawn in the SCN with other Gohil group entities was a shared phone number with his wife. He was made a scapegoat by one Mr. Paresh Shah who misused the Noticee's bank and trading account and he was totally unaware of any transactions in his account. However, he also claimed that he used to take decisions in his wife's account. The Hon'ble SAT in the matter of *Sheetal Kadam vs SEBI* had quashed SEBI's order on the ground

that the entities were unaware of trades in their accounts. The LTP contribution by the Noticee was miniscule and his trading pattern was consistent with legitimate market behaviour. The alleged wrongful gains were not with the Noticee and were taken away by persons who misused his account, and thus, no disgorgement could be imposed.

131. Noticee 129 (Mr. Ravindra Raval) vide reply dated November 28, 2023 made submissions similar to the other Gohil Group Noticees mentioned above and the same are summarised as under:

(1) Noticee denied connection with Gohil Group entities or Offloaders, or having made profit as alleged.

(2) Noticee worked in a garments shop in Ahmedabad and that was his only source of income. Noticee was not aware of the share market and did not do any business in the share market. A person visited the Noticee's shop a few times and told him that he was a well-known trader in the share market and helped small people earn extra income. He insisted that the Notice give him his account details and that he would trade on his behalf. He took the Noticee's bank account details and blank cheques, in return the Noticee got small amounts of money as extra income.

(3) Money transferred to various entities from his account as alleged was transferred from his bank account but did not know who the money belonged to and did not know any of the entities.

(4) Noticee had submitted his income tax returns in response to summons, which showed that he did not make such huge income and profits as alleged.

(5) Regarding the basis for connection in Table No. 43 in the Interim Order, Kapilaben Ravibhai Raval shared common address with the Noticee as she was his wife. Noticee did not know anyone else with whom fund transfers were alleged.

(6) Noticee's 1.55% contribution to net price rise could not be considered to have impacted the price of the scrip.

(7) Noticee did not pocket any of the profits from the stock market transactions. The Interim Order itself mentioned that ₹ 55,00,000 were transferred to Forex companies. Thus, disgorgement could not be directed against the Noticee.

(8) Joint and several liability with other entities could not be imposed on the Noticee in the absence of the proven connection with the said entities.

132. The submissions made on behalf of Noticee 130 (Mr. Dixit Nareshbhai Borisa) vide reply dated November 20, 2025 were common with Noticees 124 and 155, and have already been summarised in respect of those Noticees and thus, not being repeated here.

133. Noticee 131 (Ms. Sushma Jasmin Barot) vide reply March 18, 2024 also made similar submissions as under:

(1) There was no allegation that the Noticee was an offloader or made any profit (Table no. 46) or transferred money to forex companies (Table no. 48).

(2) Noticee was a housewife living in Ahmedabad and did not deal in the share market. One Mr. Rahul approached her and told her she could earn extra income from her house. Noticee agreed to give her account to him to use it and she would earn ₹ 3000 as commission via his trading. All her trades were carried out by Mr. Rahul and her bank and demat accounts were misused by him.

(3) Regarding allegation of common address and phone number, Noticee was the sister-in-law of Mr. Akshay Jitendrakumar Brahambhatt and thus, had a common address with him and the phone number mentioned against her UCC also belonged to Akshay Jitendrakumar Brahambhatt. She did not know people like Mahesh Purabia, and Vijay Vasita, with whom fund transfers were alleged.

(4) The bank transactions were carried out by a third party and the Noticee did not know anything about them.

(5) The Noticee's alleged contribution to LTP was ₹3.50 or 2.2% of the net price rise which was miniscule. Various other factors could have contributed to price rise.

(6) Noticee's purchase of 51664 shares and sale of 4100 shares during the investigation period comprised 1257 trades including 119 trades with positive LTP contribution, 56 trades with negative LTP contribution and 785 trades with nil LTP contribution. This trading pattern did not indicate that the Noticee was trying to contribute to price rise.

134. Noticee 132 (Mr. Manoharprasad Ghanshyambhai Vaishnav) vide reply dated March 31, 2025 also made similar submissions as under:

(1) Noticee was a salesman in Ahmedabad. He was not connected to other Noticees and did not make the alleged profits as indicated by his income tax returns.

(2) Noticee had done transactions in the share market on the advice of a share trader who approached him and all the monies coming into and going out of his bank account were also on the said trader's instructions and advice. The Noticee was only getting some small commission. He did not have much knowledge of securities market.

(3) Noticee worked as a caterer in Ahmedabad.

(4) Money was allegedly transferred to various entities from his bank account but he was neither aware as to who the money belonged nor did he know any of those entities. Noticee did not transfer ₹15,00,000 to forex companies as alleged in the SCN.

(5) Impounding alleged unlawful gains jointly and severally with other entities was impossible without showing connection between Noticee and the other entities.

(6) In the scrip of 7NR, the alleged total LTP contribution of the Noticee was negative ₹1.55, so could not have led to price manipulation. In the scrip of GBL, the alleged total LTP rise was ₹4.4, which was minuscule compared to the market LTP of ₹67.25. There were positive, negative and nil LTP trades by the Noticee.

(7) There were other counterparties to the Noticee's trades than the 11 Entities Group or the Gohil Group entities.

(8) The Noticee, being unaware of the transactions and profits in his account, could not be held liable for the same.

135. Noticee 133 (Mr. Maheshkumar Nareshkumar Purabia) vide replies dated January 3, 2025 and November 1, 2025, *inter alia*, submitted that he was a taxi driver with Ola and Uber and as part of his job, he frequently met one Mr. Paresh Shah who was associated with the share market and during one of the meetings, Mr. Paresh told the Noticee about earning extra money by trading in share market and the Noticee gave his account details to him for trading. Further, the Noticee was the husband of Noticee 177 and thus, they both shared the same address. The Noticee was also the uncle of Noticee 178 and thus, both shared the same mobile number for stock market trading. Regarding fund transfers with certain entities as alleged in the Interim Order, the Noticee submitted that he was not aware either of those entities or whom the money belonged to. The contribution of the Noticee to the LTP and volume in the scrips of 7NR and GBL were miniscule so as to be considered as evidence of any wrongdoing. The Noticee also challenged the quantum of LTP contribution as alleged in the Interim Order and submitted correct figures as per the trade logs. The Noticee also submitted similar details of Mr. Paresh Shah as submitted by Noticee 125. Other submissions of Noticee 133 were on similar lines as his wife, Ms. Dakshaben Maheshkumar Purabiya (Noticee 177), which are reproduced later in this Order.

136. The Noticees 168 (Ms. Shalini Sushil Jain), 170 (Mr. Sayar S Bhandari), 171 (Mr. Vimala Anandraj Ostwal Bhandari), and 172 (Ms. Rekha Ravi Bhandari) are family members and made submissions on similar lines and their replies are summarised as under:

(1) The dates of replies filed by Noticees 168, 170, 171, and 172 are as under:

Noticee Number	**Date of reply**
168	August 11, 2023, January 23, 2024, March 27, 2024, May 12, 2025, September 22, 2025 and November 5, 2025

170	August 9, 2023, January 23, 2024, March 27, 2024, May 12, 2025 and September 22, 2025
171	August 9, 2023, January 23, 2024, March 27, 2024, May 12, 2025, September 22, 2025 and November 5, 2025
172	August 9, 2023, January 23, 2024, March 27, 2024, April 18, 2025, May 12, 2025, September 22, 2025 and November 5, 2025

(2) The Interim Order cum SCN was the first ever correspondence received by the Noticees from SEBI. Thus, there was reason to believe that no investigation was carried out by SEBI against the Noticees and the Interim Order was issued based on documents, records, etc. provided by third parties.

(3) The Interim Order cum SCN suffered from non-application of mind as the order pertained to five scrips whereas the Noticees were not concerned with all such scrips.

(4) All the five scrips in the Interim Order were listed on the SME segment and the listing and trading rules (such as Market Making, Lot Size, Delivery, etc.) as well as the players in the SME segment and Main Board are different, which influence the trading patterns, including trade matching rules and price movement, and thus, the trades and trading patterns in both the segments could not be compared in the same breath.

(5) The 7NR scrip was listed in SME segment on July 17, 2017 and migrated to the Main Board on August 28, 2019 and thus, the rules of the game and the strategy of the players also changed, however, there was not even a whisper of the same in the SCN. The trades of the Noticees were during the period when 7NR scrip was listed in the SME segment and thus, the period of investigation (January 10, 2019 to December 27, 2019) needed to be divided on the basis of listing in the SME and Main Board segment. In absence of such division, the conclusions arrived against the Noticees and the violations alleged were erroneous.

(6) The difference in the rules and strategies and their influence on trading on the SME and Main Board segment could be examined by the statistics pertaining

to volume and value of trades in the 7NR scrip in the SME and Main Board segment which are as under:

Segment	**% of total volume traded**	**% of total value traded**
Main Board	82.41	94.69
SME	17.59	5.31

The bifurcation of data of trades of Noticees in the SCN vis-à-vis the Non-Noticees is as under:

Segment	**% of total volume traded**	**% of total value traded**
Main Board	**82.41**	**94.69**
Non-Noticees	60.77	69.97
Noticees	21.64	24.72
SME	**17.59**	**5.31**
Non-Noticees	7.05	2.39
Noticees	10.54	2.91

(7) The trading activity of the Noticees was only in the SME segment and the same is tabulated as under:

Noticee Number	**Traded Quantity**	**% of total traded volume**	**Traded Value**	**% of traded value**
168	650	0.00	78,650	0.00
170	4,68,000	1.99	2,33,65,350	0.58
171	5,04,000	2.14	2,75,98,950	0.69
172	3,06,000	1.30	1,15,14,600	0.29

(8) The conclusions derived in the Interim Order are based on the total activity in the scrip during the entire investigation period of approx. 12 months, whereas the trade of the Noticees 170-172 took place only during the period

when the scrip was listed in the SME segment (8 months) and trades of Noticee 168 took place on only 2 days on the Main Board, and the trading in SME segment contributed only 17.59% to the total market volume and 5.31% to the total traded value, whereas the contribution to the volume and value of trades was huge during the 4-month period when the scrip was listed on the Main Board. Due to these glaring distinctions in the trading volumes and values between the two segments, the observations, findings and conclusions in the Interim Order arrived at without considering the said distinctions were unjust, unfair and contrary to the law.

(9) There was no need to allege violation of various provisions based on the alleged minor LTP contributions by the Noticees for a scrip trading in the SME segment. Further, the LTP contribution by the Noticees on buy side was negative and was positive only on the sell side which was a prudent investment principle. The price difference between the Noticees' buy and sell trades in shares of 7NR was quite meagre when compared to the price range of the scrip during the investigation period. The trades of the Noticees were prior to circulation of bulk SMSes.

(10) Further, the number and volume of trades executed by the Noticees was miniscule when compared to the number and volume of trades executed by the other PV Influencers (Gohil group and sub-group 3 entities) in the 7NR scrip and even the said data was not bifurcated on the basis of segments making it unreliable.

(11) As per the SCN, during the pre-SMS period, a total of 62,575 trades (68,81,421 shares) were executed in 7NR scrip. The details of trades carried out by the Noticees during the pre-SMS Period in the 7NR scrip are summarised as under:

Noticee Number	**Period of trading**	**No. of shares of 7NR traded during the investigation period (Sale/purchase)**	**Difference between avg. sale and buy price of shares**

168	September 17 and 20, 2019	Purchased 650 shares in 5 trades on September 17, 2019; sold 650 shares in 1 trade on September 20, 2019. Out of total trading volume of 650 shares, only 45 shares matched with another Noticee.	₹17
170	January 22, 2019 to May 7, 2019	Purchased 84,000 shares only in 2 trades on 2 days in January 2019; sold 4,68,000 shares in 38 trades carried out on 13 days during January 22, 2019 to May 7, 2019 (had opening balance of 3,84,000 shares at start of investigation period and the same were first acquired in 2017), which contributed 1.99% to total market volume. Out of total 40 trades by Noticee in 7NR, 5 trades were with other Noticees in the SCN (total 48,000 shares only on sell side matched with 2 Noticees) and rest 35 trades were with non-Noticees. Since the purchase trades during investigation period and the trades contributing to opening balance did not match with any other Noticee and the Noticee 170 was holding shares for 2 years, the matching of some trades was a mere coincidence, rather than Noticee 170 acting as a PV	₹32.53

		Influencer and trading as part of some connected entities. Further, the Noticee was in loss while holding shares since 2017 and sold when profit opportunity arose.	
171	January 11, 2019 to June 26, 2019	Purchased 84,000 shares only in 1 trade on January 11, 2019; sold 5,04,000 shares in 44 trades carried out on 13 days during January 28, 2019 to June 26, 2019 (had opening balance of 4,20,000 shares at start of investigation period, and the same were first acquired in 2017), which contributed 2.14% to total market volume. Out of total 45 trades by Noticee in 7NR, 7 trades were with other Noticees in the SCN (total 1,56,000 shares only on sell side matched with 10 Noticees) and rest 38 trades were with non-Noticees. Since the purchase trade during investigation period and the trades contributing to opening balance did not match with any Noticee and the Noticee was holding shares for 2 years, the matching of some trades was a mere coincidence, rather than the Noticee acting as a PV Influencer and trading as part of some connected entities. Further, the Noticee was in loss while	₹30.34

		holding shares since 2017 and sold when profit opportunity arose.	
172	January 23, 2019 to April 1, 2019	Trading in the nature of jobbing for 14 days during the investigation period – Purchased 3,06,000 shares in 7 trades during January 23, 2019 to April 1, 2019; sold 3,06,000 shares in 20 trades during January 23, 2019 to April 1, 2019, which contributed 2.14% to total market volume. Out of total 27 trades by Noticee in 7NR, 12 trades were with other Noticees in the SCN (total 48,000 shares in 1 trade on buy side and 1,86,000 shares on sell side matched with a total of 11 Noticees) and rest 15 trades were with non-Noticees. Since only 1 purchase trade during investigation period matched with a Noticee, the matching of sell trades was a mere coincidence, rather than the Noticee acting as a PV Influencer and trading as part of some connected entities.	₹13.225

(12) Submissions of the Noticees regarding connections drawn with other Noticees in the SCN:

(a) The Noticees 168 and 170-172 are family members, however, their trading patterns were distinguishable from each other. Further, these Noticees were not connected to any of the other 26 entities of the Gohil group. The only connection alleged in the SCN with these entities was founded on trading of only 650 shares of 7NR by Ms. Shalini Jain (Noticee 168) in her

individual capacity on 2 days, i.e., September 17 and 20, 2019. It was alleged that Noticee 168 was a director of Mehai Technology Ltd. whose independent director, Mr. Devarshi J Shah (Noticee 169) was found to have some financial transactions with another Noticee, Mr. Hardik Parmar (Noticee 175). However, the said transactions with Mr. Hardik Parmar were prior to appointment of Noticee 169 as the independent director. Further, there was nothing on record to establish that Noticees 168 and 169 had any dealings or connection in respect of trading in 7NR scrip or that Noticee 168 had any connection with Mr. Hardik Parmar. Further, the trades of the rest of the family members of Noticee 168 (Noticees 170 to 172) were during January-May 2019, whereas Noticee 169 was appointed independent director in August 2019. It was also not unusual to have financial transactions, common addresses or contact numbers between the Noticees 168, 170-172 as they were family members.

(b) Connection with Novex Commercial Enterprise Ltd. ("Novex") – Novex is a RBI-registered NBFC and is not a Noticee in the matter. The Noticees had a lender-borrower relationship with Novex which was initiated much prior to the investigation period and trading in 7NR. The Noticees 171 and 172 had a lender-borrower relationship with Novex during the investigation period but either sold shares or lent/deposited the money to Novex during the investigation period and the same could not be attributable to trades in 7NR. Noticee 172 had a lender-borrower relationship with Novex even after the investigation period. The promissory notes establishing the lender-borrower relationship were stated to be annexed to the Noticees' replies. Mr. Jitendra Gohil (Noticee 126) was the director of Novex and signatory to the promissory notes only in a representative capacity and Novex was a completely independent entity and not even a Noticee. Shrenik Gohil, Noticee 173 and son of Mr. Jitendra Gohil was alleged to have some financial transactions with Mr. Hardik Parmar (on July 30 and August 1, 2019), who in turn had some financial transactions with Devarshi J Shah (on September 6, 2019), however, there was a gap between the dates of transactions. The flow of funds between the Noticees and Novex

did not establish the connection of the Noticees with the trades in 7NR or with Mr. Jitendra Gohil. Thus, the Noticees could not be grouped under the Gohil group and consequently, there was no basis of connection with rest of the 26 entities of Gohil group. Accordingly, there was no connection of the Noticees with the sub-group 3 entities and they could not be termed as PV Influencers. The Noticee was also not connected to Neeta Dabhi or any other entity with which Neeta Dabhi had financial transactions.

(13) Submissions in respect of Order Log –

a) The Noticees' request to SEBI to provide the Order Log so as to enable them to submit their replies was not acceded to on the ground that the Order Log was not relied upon by SEBI to frame charges and only trade log was relied upon for that purpose.

b) The 7NR scrip was listed on the SME segment till August 27, 2019 and thereafter, migrated to the Main Board. Trading in SME segment is based on 'Lot Size' unlike '1 Lot Size' on Main Board and this influences the recording in Pending Order Book which records the order, matches with counter order and maintains status of pending order. For facilitating smooth trading in SME segment, appointment of Market Maker is mandatory and since the SME segment offers limited liquidity and volumes, matching of trades could not be viewed adversely. The trading on SME segment is on the 'BOLT' system which is anonymous and no human intervention is possible and in any case, very few trades of the Noticees matched with other Noticees in the SCN.

c) Merely by relying on trade log and in the absence of placing reliance on Order Log, it was not permissible to assume and presume action by the Noticees, i.e., order placement and then to infer matching of trades based on connections alleged between parties. Both Trade Log and Order Log are records maintained by the exchange and it was not clear why total data provided by exchange was conveniently selected by SEBI to level charges.

d) Synchronised trade is one where buyer and seller enter the quantity and price of shares to be traded at substantially the same time. A

synchronised trade *per se* if carried out between genuine parties and without intention of manipulation of markets, circular trading, of creation of false volumes, etc., would not be illegal and there would be several factors (such as nature, frequency and value of transactions, whether involve circular trading, etc.) which would indicate the intention of parties rather than a singular factor and in the absence of reliance on Order Log, the question of determining the attendant circumstances would not arise.

e) The Noticees were not connected buyers/ sellers and needed to know whether other alleged connected buyers/ sellers had a similar trading pattern or whether there were other buy/sell orders which showed a similar pattern of order placement and the same could be gathered only from the pending order book and order log.

f) It is settled law that if the documents asked for are relevant and may help a Noticee to prepare its defence, then the same have to be furnished and in this case, the charts/tables relied upon in the Interim Order have been culled out from trade log, order log and pending order book.

g) The LTP data in itself establishes that pending order book and order log has been relied upon to arrive at the data in the Interim Order.

(14) The Noticees did not make any wrongful gains and there were no fund transfers by the Noticees from their net sales proceeds to the Forex Companies as evident from Table No. 48 of the Interim Order.

(15) The trades in SME segment are on the basis of fixed lot size and thus, the argument that trades were for the exact same quantity does not merit consideration.

(16) The time limit for preserving records of trades is 2 years as per SCRR, 1956 and thus, the Interim Order passed in 2023 for trades that occurred in 2019 was time barred.

137. Noticee 169 (Mr. Devarshi J. Shah) vide reply dated October 6, 2023 submitted that:

(1) Noticee was in the business of making furniture on project basis like making table-chairs for schools etc. Noticee was a director in Mehai Technology Limited from 20.08.2019 to 01.05.2021. Noticee indulged in share market only for the purpose of investment.

(2) Noticee's directorship in Mehai Technology had nothing to do with his trades in the company.

(3) So-called connected entities were not counterparties to the Noticee's trades and thus, no collusion was shown between buyer and seller.

(4) Noticee bought 1,06,551 shares and sold 1,06,551 shares during 06.09.2019 to 16.12.2019 in the scrip of 7NR. Majority of her trades got executed at 5 paise LTP which had no significance. Further, the price at which the trades got executed had already been established in June 2019 which was evident from the price volume chart. Out of 763 trades 436 trades resulted in zero LTP, 202 trades resulted in negative LTP and only 29 trades resulted in positive LTP. Therefore, it was never the Noticee's intention to increase the the price of the scrip. Considering the Notcee as PV Influencer only on the basis that he had a purported connection with one entity of the so-called Gohil Group was far-fetched.

(5) Noticee's buy trades contributed to 0.48% of market buy volume and sell trades contributed to 0.01% of market sell volume, and resulted in net buy LTP of ₹2.70 which contributed 1.64% to net price rise. Noticee had no artificial volume with connected parties. There was no allegation of synchronized, circular or reversal or self-trades.

138. Noticee 173 (Mr. Shrenik Jitendra Gohil) vide replies dated March 15, 2024, April 14, 2024 and November 1, 2025 made submissions similar to his father, Noticee 126 (Jitendra H. Gohil) as are summarised hereunder:

(1) There was no allegation that the Noticee was an Offloader or that he transferred money to forex companies.

(2) Noticee had a tailoring business in Ahmedabad. One of his substantial clients in 2019-2020 lured him into giving his account details for trading and misused the accounts. Noticee was not aware of the share market. Noticee did not have

the income or profits alleged, as evident from income tax returns submitted to SEBI in response to summons.

(3) With reference to the connections in Table no. 43 of Interim Order, the Noticee had common address with Noticee 126, Mr. Jitendra H. Gohil who is his father. There were bank transactions with other Noticees as alleged but the Noticee was unaware of the said transactions or entities, as the bank transactions were done by a third party. Regarding receipt of funds from the entity, Novex Commercial (where Jitendra H Gohil was the Director) and transfer of funds to entities of Sub-Group 3.A viz. Cradon Traders, Frexon Suppliers, Migent commodeal, Rightview Dealers & Armeva Dealers, Noticee stated that he had not received any advantage from the said transfers, and despite the complexity detailed in the statements, the entities involved were unrelated to the specific group of entities under scrutiny.

(4) Noticee contributed only 1.09% of total market buy volume, with net buy LTP of ₹ 10.20, resulting into 18.23% price rise, which was not significant considering broader market dynamics. Numerous other factors play a more substantial role in driving the price increase. There was no particular pattern of creating positive LTP through the Noticee's trades.

(5) Noticee's trades took place with 36 counterparties as buyers and 81 counterparties as seller. Noticee's trades did not take place only with the alleged group entities. The Noticee was induced into these trades by the person who misused his accounts for earning extra income, and the Noticee did not trade on his own accord.

(6) Noticee also made similar submissions in respect of his trades in the scrip of GBL, where he stated his net LTP contribution was negative (₹ 3.40), and that only 3 trades out of his total 279 trades took place with entities of the 11 Entities Group.

(7) The Noticee did not receive any of the alleged unlawful gains as the same were taken away by the person who used his account and thus, the Noticee could not be held liable for disgorgement.

(8) Noticee also submitted address and mobile number details of Mr. Paresh Shah who was alleged to have misused his accounts. However, the mobile

number of Mr. Paresh Shah as submitted by Noticee was different from the details submitted by Noticees 125 and 133.

139. Vide reply dated August 5, 2024, Noticee 174 (Mr. Amit Bechu Yadav) also made similar submissions which are summarised as under:

(1) He was a salesboy from Mumbai working in Dmart since last 45 years.

(2) Noticee got a call from an acquaintance who was a very good trader in the share market, and gave confidence to the Noticee that he could earn money from his home by trading. Noticee was also assured that he will get ₹ 3000 to 5000 per month on opening his account, so the Noticee updated his bank account numbers and signed some forms and cheques from his account. After receiving summons from SEBI, Noticee realised that there had been foul play and trades which took place from his account had now become subject of SEBI's investigation. Noticee had no idea that such huge money was moved in and out of his account by that person.

(3) Noticee did not know any of the entities with whom fund transactions occurred from his account. Money received in Noticee's account was immediately transferred to the account of the broker and the Noticee did not reap any benefits.

(4) Noticee owned 1% shares of 7NR but was totally unaware about all transactions and the quantity of shares traded which led to 1% shareholding in 7NR.

(5) Noticee's buy trades contributed 2.70% to market buy volume and ₹7.21% to net price rise. Noticee's trades resulted in positive as well as zero LTP contribution. There was no particular pattern of creating positive LTP or manipulation. All the counterparties to Noticee's trades were not other Noticees. No charge of creation of New High Price or first trade was levied on the Noticee.

(6) Regarding an illustration at para. 98.1 of the Interim Order regarding a structured trade by the Noticee, the counterparty to his trade was Ms. Vimala Anandraj Ostwal with whom no connection of the Noticee in terms of bank transfer or any relationship is alleged. Also, Noticee could not be said to have

created a new LTP as the price on the previous day had already crossed ₹this LTP. Another such allegedly positive LTP-contributing trade with the same counterparty was also denied on the same ground.

140. The Noticees 175 (Mr. Hardik Parmar), 177 (Ms. Dakshaben Maheshkumar Purabiya), 178 (Ms. Neeta Ganpatbhai Dabhi), 179 (Ms. Binal Naginbhai Patel) and 180 (Ms. Prabhavatiben Natvarbhai Patliya) made submissions (dates of replies tabulated below) on similar lines and the same are summarised as under:

Noticee Number	**Date of reply**
175	October 29, 2023
177	November 30, 2023
178	December 5, 2023
179	January 10, 2024, November 4, 2025
180	December 1, 2023, January 2, 2025, November 4, 2025

(1) The SCN suffered from great delay and laches since the impugned transactions pertain to the period January 10, 2019 to December 27, 2019 whereas the Interim Order cum SCN was issued after a delay of 3.5 years on June 19, 2023. The delay was not even explained which was against the principles of natural justice and had caused great prejudice to the Noticees and in support of this argument, the Noticees relied upon the judgment of the Hon'ble SAT in the matter of *Ashok Shivlal Rupani vs. SEBI.*

(2) The Noticees did not know Mr. Hanif Shekh and it was not even alleged in the SCN that they were connected to Mr. Hanif Shekh. The Noticees did not know the so-called Gohil group entities mentioned at Table No. 43 of the Interim Order, the sub-group 3 entities or the offloaders mentioned at Table Nos. 46 and 47. The Noticees were also not alleged to be involved in sending the bulk SMSes or being offloaders in the alleged scheme devised by Mr. Hanif Shekh or transferring money to Forex companies.

(3) Regarding the *inter se* connections of these Noticees with other Gohil group entities as alleged in the Interim Order, Noticee 175 admitted that he took a loan from Mr. Shrenik Gohil (Noticee 173) in order to invest in the stock market. However, Noticees 177-180 contended that their accounts were being handled by their relatives (who are also Noticees in the present matter) and that allegation of connection based on fund transfers with other Noticees was unfounded since those Noticees were not counterparties to the Noticees' trades. In support of this argument, the Noticees placed reliance on the judgments of the Hon'ble SAT in the matters of *Nishith M. Shah HUF vs. SEBI* and *Baldevsinh Vijaysinh Zala vs. SEBI.*

(4) These Noticees also contended that their contribution to the total market buy volume and to the net price rise was miniscule and they traded only for a few days during the investigation period. Thus, their trades were incapable of inducing anyone to trade in the scrip and reliance was placed on the judgments of the Hon'ble SAT in the matters of *National Stock Exchange of India Limited vs. SEBI* and *PriceWaterHouse & Co. & Ors. Vs. SEBI* in this regard. Further, LTP represents the most recent price at which a trade occurred whereas the net price rise reflects a change in the overall price level, and thus, net price rise did not directly reflect the LTP and could not be termed fraudulent since the charge is of creation of positive LTP rather than a new NHP.

(5) Further, contribution of some of these Noticees to the LTP was negative and it was contended that negative LTP contribution could not be alleged to cause market manipulation and thus, the SCN was vague in terms of the judgment of the Hon'ble SAT in the matter of *Vikas Bengani vs. SEBI.*

(6) The SCN was silent as to how provisions of PFUTP Regulations were violated and reliance was placed upon the judgment of the Hon'ble Supreme Court in the matter of *Commissioner of Central Excise, Bangalore vs. Brindavan Beverages Pvt. Ltd. & Ors.* in this regard.

(7) Regarding her trades in the GBL scrip, Noticee 180 argued on similar lines that her contribution to the LTP was miniscule and no role could be attributed to her for the price manipulation in line with the Order of SEBI's WTM in the matter of *Nikki Global Finance Limited*.

(8) No disproportionate gain or unfair advantage was received by the Noticees and no loss was caused to any investor or group of investors.

(9) There were many mitigating factors in favour of the Noticees, viz., the Noticees acted in good faith and were not aware of any wrongdoings, if any, of others; Noticees suffered a loss while dealing in the scrip; Noticees did not take the regulatory proceedings in a nonchalant manner; Noticees were not guilty of conduct which was contumacious, dishonest or in conscious disregard of the law; and the alleged violations were not repetitive in nature. Therefore, no further actions in respect of the allegations levelled in the SCN were warranted.

141. Noticee 176 (Mr. Akshay Brahmbhatt) filed his replies dated April 3, 2024 and November 7, 2025 and, *inter alia*, contended that SEBI had made mule entities as Noticees to the SCN but had not taken any action against the main culprit. He submitted that his bank and trading account were misused by someone and he is not connected to any Noticee except Sushma Jasmine Barot who is his sister-in-law. In the absence of any communication, SEBI wrongly relied upon bank transactions between certain Gohil group entities to allege a connection when no prudent person would transfer such huge amounts without any calls or communications. It was clear from the trade logs that trades were placed in the Noticee's accounts by Authorised Persons, viz., Mr. Vipin Desai or Mr. Jignesh Shah, from the terminal of the broker, ACML Capital Markets Ltd and in a few trades, both buy and sell orders in a trade were placed by these APs from the same terminal. However, these persons were not even questioned by SEBI. The Noticee did not know these persons and never gave instructions to them to place orders in his account. The Noticee could not be made liable to disgorge any alleged unlawful gains since the SCN itself demonstrated that gains were transferred to forex companies. The Noticee tried to the best of his capability to trace the person who misused his accounts but was not able to trace him.

Submissions of Darjeeling Group entities (Noticees 153 to 167, 201 and 202)

142. Noticees 153 to 167, also called the 'Darjeeling Group' in the Interim Order, were PV Influencers in the scrip of DRCL, along with entities belonging to Sub-Groups 2 and 3.

143. The dates of replies filed by the Darjeeling Group entities are as under:

Noticee Number	**Date of filing reply**
153	April 10, 2024, April 25, 2024, May 5, 2024, April 17, 2025 and November 12, 2025
154	April 12, 2024 and November 12, 2025
155	November 20, 2025
156, 158, 159, 201	July 28, 2023, November 17, 2025
157	September 26, 2023, November 3, 2025
160	March 13, 2025
161	November 11, 2025
162	November 11, 2025
163	October 23, 2023, April 5, 2025, April 8, 2025, November 12, 2025
164	January 25, 2024 and March 20, 2024
165	July 5, 2023, December 8, 2023, January 8, 2024, February 5, 2024, March 27, 2024
166	July 5, 2023, December 8, 2023, January 8, 2024, February 5, 2024, March 27, 2024
167	July 10, 2023, November 3, 2025
202	November 10, 2025

144. The Noticee-wise replies are summarised as under:

(1) Noticee 153 (Mr. Aakash Dilip Doshi) –

1) The SCN suffered from great delay and laches since the impugned transactions pertain to the period April 2, 2018 to December 27, 2019 whereas the Interim Order cum SCN was issued after a delay of 3.5 years on June 19, 2023. The delay was not even explained which was against the principles of natural justice and had caused great prejudice to the Noticee. The Noticee relied upon the judgments of the Hon'ble SAT in the matters of

Ashok Shivlal Rupani vs. SEBI and *HB Stockholdings Limited vs. Securities and Exchange Board of India*.

2) The Noticee did not know Mr. Hanif Shekh and it was not even alleged in the SCN that he was connected to Mr. Hanif Shekh. The Noticee was also not alleged to be involved in sending the bulk SMSs or being an offloader in the alleged scheme devised by Mr. Hanif Shekh.
3) The findings of the investigation in the DRCL scrip were different from the other four scrips for the following reasons:
    a) In other scrips, the company connected entities were either employees, directors, promoters or contractors of company but this is not the case with DRCL. The only connection of the Darjeeling group entitites with DRCL is Mr. Aakash Dilip Doshi, the son of CFO of DRCL where the CFO is not even a Noticee.
    b) Trades of Darjeeling group entities have not matched with sub-group 2 or 3 in DRCL scrip. Only trades of promoter of DRCL, who is unknown to the Darjeeling group entities, matched with these sub-groups.
    c) Unlike other scrips, the Noticees have traded with their own funds and profits have not been transferred to others.
    d) In other scrips, offloaders who have been asked to disgorge are those entities who sold shares during SMS period. On account of effective surveillance, price of DRCL did not rise, so SEBI calculated disgorgement on basis of shares sold during entire investigation period by terming Darjeeling group as ultimate beneficiaries, instead of asking only the offloaders of sub-groups 2 and 3 to disgorge.
    e) DRCL was in Graded Surveillance Measure (GSM) framework from December 2018 to March 2019. The price in March 2019 was around ₹91. After March 2019 and during the SMS period (December 23-27, 2019), the price remained between ₹80-90. Thus, there was no increase in price and it was wrong to allege that the Darjeeling group entities sold at an increased price, and therefore earned unlawful gain.

4) The connections of Noticee 153 with other Noticees as alleged in the Table No. 58 of the Interim Order and Noticee's reply to these allegations were as under:

   a) Regarding his alleged connection with DRCL on account of his father (who knew the MD and promoter of DRCL, Mr. Himanshu Shah (Noticee 167) through religious congregation) being the CFO of DRCL, the Noticee claimed that his dealings in the scrip of DRCL were totally independent of his father's status in DRCL. He was trading in DRCL since September 2017, i.e., almost a year before appointment of his father as CFO of DRCL. It is not SEBI's case that Noticee had any fund transfers with Himanshu Shah or traded based on tips from his father or Himanshu Shah.

   b) Regarding the fund transactions between the Noticee and Ramnaresh Dashadeen Nirmal (Noticee 155), the Noticee submitted that certain hand loans were advanced to/from the Noticee 155 which were paid back and transactions were closed. The copies of bank statements reflecting the loan transactions were stated to be annexed to the Noticee's reply.

   c) Regarding the fund transactions between the Noticee and Shashikant C Kapadia (Noticee 162), the Noticee submitted there were continuous financial dealings with the Kapadia family and hand loans were advanced to each other as and when needed.

   The Noticee placed reliance on the judgment of the Hon'ble SAT in *Nishith M. Shah vs. SEBI,* which, *inter alia,* held that the principle of preponderance of probability cannot be exercised in the absence of any connection between the seller and buyer.

5) Trading in the scrip of DRCL by the Noticee was part of his normal trading activities in the stock market as he found the scrip to be lucrative. As per the Table No. 59 of the Interim Order, the Noticee bought 73,206 shares (0.66% of total market buy volume) and sold 2,71,202 shares (2.45% of total market sell volume) of DRCL during the pre-SMS period (April 2, 2018 to December 22, 2019). However, he was carrying on trading in the scrip of DRCL since September 2017 in normal course of business and the trades were delivery

based. His trades as a buyer took place with 21 different entities and as a seller, with 33 different entities and all these counterparties were not Noticees in the SCN or alleged to be connected to the Noticee. There was a change in beneficial ownership at every stage.

6) The Noticee's buy transactions were in the price range of ₹ 12.5 to ₹ 110.35 and the sell transactions were in the range of ₹ 11.25 to ₹ 101.55 and as per the trading details submitted, there was no particular pattern of creating positive LTP as his trades resulted in positive LTP, negative LTP and zero LTP on a few days. The Noticee was alleged to have created a total Net LTP of ₹ 5.78, i.e., a contribution of 6.46% to the net price rise in the scrip of DRCL. There was no allegation on the Noticee regarding creation of a New High Price or carrying on the first trade of a day. Further, the Noticee did not carry out any trades during the SMS period.
7) In the allegedly positive LTP trades of the Noticee, the orders of the counterparties were placed prior in time and thus, Noticee was only a price taker in those trades and the prices of those trades had already been established in previous days.
8) The Noticee's name was not mentioned in the illustrations contained in para 147 of the Interim Order regarding artificial trades carried out in the DRCL scrip. Further, it was not alleged that Sub-Group 2 and 3 entities were acting as buyers to the trades of the Noticee as was alleged against Mr. Himanshu Shah, the promoter of DRCL. Thus, the Interim Order had relied on the trading activities of Mr. Himanshu Shah and Sub-Group 2 and 3 entities and made those suo motu applicable to all Darjeeling Group entities to term their trades as non-genuine, without analysing the same.
9) The allegations contained in the SCN were vague and in light of the judgment of the Hon'ble SAT in the matter of *Vikas Bengani vs. SEBI*, the same was contrary to the principles of natural justice.
10) The Noticee did not carry out any synchronised trades as alleged in the SCN and as evident in his trades, there was no prior meeting of minds. The details of 570, 178 and 98 trades mentioned in the para 148 of the Interim Order alleging synchronised trades were not provided to the Noticee. There was no

attempt to artificially influence the volume or price in the DRCL scrip. The charge of fraud was unnecessarily placed and there was no rationale for alleging violation of the provisions of PFUTP Regulations. Reliance in this regard was placed on the judgment of the Hon'ble Supreme Court in the matter of *Commissioner of Central Excise, Bangalore vs. Brindavan Beverages Pvt. Ltd. & Ors*.

11) The trades of the Noticee in the scrip of DRCL could not be termed illegal and were in the normal course of business and thus, any gains received from such trading could not be considered unlawful. The instant matter was not a fit case for disgorgement. Without prejudice to the same, even the calculation of disgorgement by SEBI in Table No. 66 of the Interim Order was incorrect since for the purpose of calculation, the buy value was taken for 73,206 shares purchased from the open market during the pre-SMS period (even though the total buy volume of the Noticee was 2,77,857 shares), however, the sell value was calculated for 2,71,202 shares. Such calculation of profits of unequal amount of buy and sell quantity was totally erroneous. If there was no objection by SEBI for purchase of shares other than the 73,206 shares, there could also be no objection for sale of these other shares and thus, the purported profit should have been calculated for the same buy and sell quantity, i.e., 73,206 shares and accordingly, the revised calculation would indicate that the Noticee actually suffered a loss of ₹ 32,22,518.5/- while carrying out the trades of the 73,206 shares. Alternatively, if the profit would have been calculated for the buy and sell quantity of 2,71,202 shares, the revised calculation would indicate that the Noticee earned a profit of ₹ 69,81,450/-.

12) Further, it was patently erroneous to direct impounding of amounts jointly and severally by various noticees in the absence of any connection between them, in light of the judgements of the Hon'ble SAT in the matters of *Mahavir Singh N Chauhan v. SEBI* and *Jigna Vipul Vora vs. SEBI*.

13) The Noticee's trades in the DRCL scrip were totally independent of the alleged connections made out in the Interim Order cum SCN. The Noticee could not be considered as part of the purported group based on the

erroneous connections in the SCN in light of the judgment of the Hon'ble SAT in the matter of *Baldevsinh Zala vs. SEBI*.

14) As a result of the Noticee's trades, no disproportionate gain or unfair advantage was received by the Noticee and no loss was caused to any investor or group of investors. The SCN alleged that the Noticee exited the scrip when the price was substantially high, however, any person would be expecting profits from his investments.

15) There were many mitigating factors in favour of the Noticee, viz., the Noticee acted in good faith and was not aware of any wrongdoings, if any, of others; Noticee suffered a loss while dealing in the scrip; Noticee did not take the regulatory proceedings in a nonchalant manner; Noticee was not guilty of conduct which was contumacious, dishonest or in conscious disregard of the law; the alleged violation was not repetitive in nature. Therefore, no further actions in respect of the allegations levelled in the SCN were warranted and the matter may be disposed of.

(2) Noticee 154 (Ms. Rajvi Naresh Shah) –

1) The SCN suffered from great delay and laches which caused great prejudice to the Noticee.

2) The Noticee did not know Mr. Hanif Shekh and it was not even alleged in the SCN that she was connected to Mr. Hanif Shekh. The Noticee was also not alleged to be involved in sending the bulk SMSs or being an offloader in the alleged scheme devised by Mr. Hanif Shekh.

3) Apart from being the wife of Noticee 153, no connection of the Noticee was alleged with any of the entities in Table No. 58 of the Interim Order or otherwise. Thus, in light of the of the judgment of the Hon'ble SAT in the matter of *Baldevsinh Zala vs. SEBI,* she could not be considered as part of the purported group based on the connections mentioned in the SCN. The trading in DRCL scrip was bonafide and totally independent of the alleged connections in the SCN.

4) As per the Table No. 59 of the Interim Order, the Noticee bought 9,000 shares (0.08% of total market buy volume) and sold 9,500 shares (0.09% of total market sell volume) of DRCL during the pre-SMS period. The said trades

were alleged to have ₹contributed 0.17% to the net price rise in the scrip of DRCL. The Noticee traded on only 6 days during the investigation period and as per the trading details submitted, the trades resulted in positive LTP, negative LTP as well as zero LTP. No trades were carried out during the SMS period.

5) The Noticee contended that the matter was not a fit case for disgorgement since her trades could not be termed illegal and even otherwise, it was patently erroneous to direct impounding of amounts jointly and severally by various noticees in the absence of any connection between them.
6) As a result of the Noticee's trades, no disproportionate gain or unfair advantage was received by the Noticee and no loss was caused to any investor or group of investors.
7) The Noticee also enumerated the same mitigating circumstances as contended by Noticee 153 to argue that no further actions in respect of the the SCN were warranted.

(3) Noticee 155 (Mr. Ramnaresh Dashadeen Nirmal) –

1) The SCN suffered from delay and laches and there was no urgency to issue the Interim Order.
2) The SCN was vague and silent as to how PFUTP Regulations were violated.
3) BSE had conducted a thorough inquiry regarding trades of many clients and the payout was released after the inquiry.
4) SEBI failed to make out any direct or indirect connection of the Noticee with the promoters or Directors of DRCL. Noticee was alleged to be connected to Noticee 153, the son of the CFO of DRCL and thus, it was alleged that the Noticee was connected to the Company. However, Mr. Dilip Doshi was not a Noticee in the present proceedings and thus, the alleged connection between the Noticee and DRCL was not valid.
5) Noticee was alleged to be connected to certain Noticees through fund transactions and email communications. However, he was just an acquiantance and not related to these Noticees. The Noticee entered into

hand loan transactions with these other Noticees and such transactions were independent of trading in DRCL.

6) Noticee had no connection with Mr. Hanif Shekh.
7) Noticee was carrying out trades in DRCL since Ocober 2018. It was evident from trade logs that his trades resulted into positive, negative and zero LTP and even the net LTP contribution was negative. His trades had taken place with many counterparties who were not Noticees and there was change in beneficial ownership at each stage. The Noticee did not undertake any synchronised trades. The SCN relied on practices followed by Himanshu Shah and sub-group 2 and 3 entities and incorrectly made them suo motu applicable to all other Darjeeling group entities.
8) When Mr. Hanif Shekh and his connected entities could not make any profit due to surveillance measures, it was factually incorrect to allege that the Noticee could have made any profit.
9) The calculation of profits made by Noticee was flawed since SEBI had taken quantity and value of shares for the complete investigation period whereas only the shares sold during SMS period could be considered tainted. Further, calculation of profits of unequal buy and sell quantity was also erroneous. The Noticee also furnished what he claimed to be a correct calculation of profits.
10) In the absence of any connection with other Noticees, there could be no joint and several liability for disgorgement of unlawful gains.

(4) Noticees 156 (Mr. Arvind Shantilal Shah), 158 (Ms. Rupal Bhavin Shah), 159 (Ms. Bharati Arvind Shah) and 201 (Mr. Bhavin Shah) – The Noticee 201 was alleged to have traded on behalf of the other three Noticees (his father, mother and wife) and these four noticees submitted a common reply which is summarised as under:

a) There was an inordinate delay of 3.5 years in issuance of SCN from the end of investigation period. It was impossible to remember the circumstances under which the Noticees had executed trades in their

account at that time. After filing their reply in July 2023, the Noticees got the notice of hearing for the first time in October 2025.

b) The trading in the DRCL scrip along with around 200 other securities was in the normal course of business. The Noticees were carrying on trades in DRCL since September-December 2017 and there was no pattern of creating positive LTP since trades had resulted in positive, negative or zero LTP. The counterparties to Noticees' trades were not noticees or alleged to be connected to the Noticees. The volume created by the Noticees in the DRCL scrip and the LTP contribution was also miniscule.

c) The SCN cherry picked a few transactions and alleged that they matched with certain parties. However, the same was inevitable in case there were low overall volumes in a scrip and the Noticees made large transactions on a particular day and further, for every single cherry picked transaction, there were hundreds of transactions where the counterparties did not match in time and quantity. Noticee 201, Bhavin Shah, who was alleged to have traded on behalf of Noticees 156, 158 and 159, also traded in 13,895 shares of DRCL, but his trades were not considered manipulative in the SCN.

d) The DRCL scrip was hitting lower circuits on December 26 & 27, 2019 and sensing something wrong, the Noticees sold shares and booked losses but also bought some shares to earn intra day difference and average out selling price.

e) The four Noticees formed part of a single family but were not related or connected in any manner to the remaining 222 Noticees to the SCN or the promoters of DRCL. Certain connections of the Noticees with Mr. Ramnaresh Nirmal (Noticee 155) were alleged in the SCN without any evidence to substantiate the connection to be otherwise than in ordinary course of business or in relation to a wrongful activity. Mr. Ramnaresh Nirmal was an acquaintance of the Noticees and they were regularly entering into hand loan transactions and maintaining the account on open, mutual and current basis. These fund transfers were independent of their trading in DRCL scrip.

f) Further, Mr. Ramnaresh Nirmal was alleged to be connected to one Mr. Aakash Doshi (Noticee 153) and on that basis, the Noticees were alleged to be connected to Mr. Aakash Doshi. On the basis of such flimsy connections, serious allegations such as fraud and price manipulation were levelled against the Noticees.

g) There were no connections between Noticees and the counterparties to their trades which were the other alleged group entities in the instances cited in the Interim Order and the LTP contribution in those instances was miniscule.

h) The SCN pertained to trading in five scrips, however, admittedly, the Noticees traded only in the scrip of DRCL. Similarly, except for Mr. Hanif Shekh and his immediate associates, each group of noticees had concern with only one scrip. The discussion of trading and alleged wrongdoing in the other four scrips in the SCN wrongfully prejudiced and coloured the case against the Noticees. Although Mr. Hanif Shekh was the mastermind of the alleged scheme in respect of the five scrips, since there was no connection of the Noticees with Mr. Hanif Shekh, proceedings should have been initiated separately for DRCL scrip rather than common proceedings for all five scrips.

   Further, even as per the SCN, the Noticees were not alleged to have carried out price manipulation, created artificial volumes, circulated bulk SMSs, or offloaded the shares of DRCL. The persons who were alleged in the SCN to have carried out any of the aforesaid acts were wholly unconnected to the Noticees. Accordingly, separate proceedings should have been initiated against the four noticees and only those persons who were alleged to be connected to the Noticees, and thus, the present proceedings against the Noticees were liable to be dropped.

i) Bulk and en masse allegations were made against 226 noticees alleging that all such persons were equally part of such acts without differentiating the facts and role of each person, even though there were multiple allegations of price manipulation, false trading, fraudulent messages, etc.

j) Regarding the allegation of there being no change in beneficial ownership of shares in respect of the trades of the Noticees, all the trades carried out by the Noticees (as per the trade log supplied along with the SCN) were bonafide and unless netted off through intraday trades, delivery was taken/given in the case of purchase/sale of shares. Further, no evidence was put forth that any of the shares sold by the Noticees had come back to the Noticees or that any shares purchased from a person were given back to the same person, so as to prove circular trading. Thus, this allegation was incorrect in law and in facts.

k) The SCN wrongly stated that the Noticees had sold their shares at an increased price before the SMS period and hence, the sale transactions by Noticees could not be considered fraudulent.

l) As stated in the SCN, due to the caution notice given by the stock exchange in the scrip of DRCL, no rise in price and volume in the scrip was possible. Thus, even if it was assumed that a fraud was intended by Mr. Hanif Shekh, such fraud was neutralised by the exchange, and thus, profits made by the Noticees were clearly due to ordinary trading. Accordingly, no proceedings could be initiated against the Noticees including for disgorgement of profits.

m) The investigation and findings regarding DRCL scrip were different from the other four scrips since, firstly, the company connected entities in other scrips were either employees, directors, promoters, etc., whereas in DRCL, the only purported connection is with Mr. Aakash Doshi, the son of CFO of DRCL, who was not even a party to the SCN. Secondly, the trades by Darjeeling group entities did not match with trades of sub-group 2 and 3, unlike in other scrips. Thirdly, unlike trades in other scrips, the Darjeeling group entities traded with their own funds rather than being funded by others, and retained the profits themselves rather than transferring it to other entities. Fourthly, due to the surveillance mechanism, price of DRCL scrip did not increase. Finally, the SCN did not establish any connection of the Noticees to the Hanif Group entities unlike other scrips.

n) Certain concerns were raised by BSE regarding trading in the scrip of DRCL. A thorough inquiry was conducted by BSE with stock brokers

including by doing an analysis of trading of clients and as a precautionary measure, proceeds of sale of shares of DRCL were asked to be retained in an interest bearing escrow account till the completion of the inquiry. Upon completion of the inquiry, BSE being fully satisfied that there was no wrongdoing, passed no adverse orders or remarks against the Noticees in this regard and the full sale proceeds were released to the Noticees from the escrow account along with interest. SEBI may refer to the investigation report of BSE and also provide a copy of the same to the Noticees.

o) Noticees had made the required disclosures under SAST Regulations whenever their holding crossed the trigger limits.

p) The SCN did not contain any details of day-wise purchase/sales/profits of the Noticees and it was not clear as to how the quantity and value of sales and purchases, and profits were arrived at in Table No. 66 of the Interim Order. This had resulted in the Noticees being deprived of the opportunity to present their case. Without prejudice to this argument, there were patent errors in the data provided in the Table as the quantity of purchases and sales did not match. More specifically, the purchase quantity was far lower than the sale quantity and the profits were arrived at by comparing understated purchases with overstated sales.

q) Since the SCN did not provide the details of purchases and sales, the Noticees could not reconcile the quantity or value or profits. The Noticees attempted to rework the profit calculation by taking the purchase quantity as the same as sale quantity and it was noted that the net profit of the noticees who traded, viz., Noticees 156, 158 and 159, was ₹81.14 lakh instead of ₹ 4.02 crore as alleged in the SCN. Even the reworked figure would not be correct as the same did not account for various expenses and other deductions while calculating profits. Further, upon re-examination of the reworked figures, the allegations of wrongdoing would not stand since the profits were quite normal when compared to the large volume of trading.

r) The Noticees did not share or lend or pay, in any manner, the trading profits/losses made by them with any of the 220 odd Noticees in the SCN and also paid the applicable income tax on the same.

s) There was a patent error and inconsistency with respect to calculation of wrongful gains by Darjeeling group entities as compared to other scrips since profits/losses made by Noticees during pre-SMS as well as the SMS period were aggregated whereas in other scrips, only profits earned during SMS period were considered as unlawful. The Noticees sell trades were only during pre-SMS period. The Noticees also submitted their own calculation by considering only the shares sold during SMS period and also contended that while calculating profits, SEBI should not have considered unequal amount of buy and sell quantity.

t) The Noticees did not act in concert with any other persons while trading in the DRCL scrip and thus, liability for disgorgement of profits, if any, cannot be imposed in a joint and several manner.

(5) Noticee 157 (Mr. Yash Manish Mehta) –

1) The Interim Order suffered from delays and laches.
2) The Noticee was a regular trader, the trades of the Noticee in DRCL scrip were self-funded and he had traded in DRCL even prior to the investigation period. SEBI had cherry picked transactions which matched with other parties, however, for each such matched trade, there were hundreds other transactions which did not match. Even in the trades alleged to be matching, the trades actually did not match in terms of time or quantity.
3) He was not connected with any Noticees, except his family members and Mr. Ramnaresh Nirmal and the fund transactions with them were in normal course of business. However, it was alleged in the SCN that one of the persons with whom the Noticee had some connection had a flimsy financial transaction unconnected with the alleged conspiracy and thus, the Noticee was roped in this case.
4) BSE conducted an inquiry into trading in DRCL scrip and upon completion of the same, it was satisfied that there was no wrongdoing.
5) There were material corporate announcements by DRCL in March 2019 which led to consistent selling by the Noticee.

6) The Noticee's contribution to LTP was a negative 27.59% and only 0.77% to total sell volume.
7) The alleged unlawful gain was wrongly calculated for the entire investigation period despite dividing the same into pre-SMS and SMS period. Further, there was an apparent discrepancy in calculation of unlawful gains since the figures for number of shares sold by the Noticee were widely different in Table Nos. 59 and 66.
8) No details were given in the SCN or the documents annexed thereto as to how the quantity and value of sales and purchases were arrived at for calculating gains. Day-wise and trade-wise details of quantity and value were also not provided. If average sale and purchase prices are applied to sales and purchases, it would be clear that the Noticee made an actual net loss, primarily since the purchases were understated and sales were overstated and both should have been the same for calculating profits. Even the figure arrived at by considering these average prices would be wrong since various expenses and other deductions have not been made from the profits and details of trades were not supplied by SEBI.
9) The Noticee could not be held liable for disgorgement on a joint and several basis since there was no connection between him and other entities and he had actually made a loss during the investigation period.
10) The Noticee did not share any of his profits with anyone.

(6) Noticee 160 (Ms. Dhavani Jayantkumar Shah) –

1) The trading by the Noticee was in the ordinary course of business and the Noticee only contributed to 1.14% of total market buy volume and 0.62% to the total market sell volume, indicating that around 98-99% of the market volume was driven by other participants. Further, the Noticee's net LTP contribution was actually negative which suggested that her trades supplied liquidity rather than aggressively bidding up prices.
2) The Noticee did not engage in massive offloading of shares during the SMS period and on the contrary, retained a large portion of DRCL holdings well beyond the peak price period. As per the Noticee's Demat Statement

(enclosed as part of reply), the opening balance as on December 1, 2019 was 19,276 shares and as a result of accumulation of shares by Noticee, her holding increased to 88,087 shares by end of December 2019. Even after the SMS-induced volatility (late December 2019) and subsequent price decline, she was holding 83,228 shares by end of March 2020. Such a trading pattern was inconsistent with a person who was part of a fraudulent pump and dump scheme. The Noticee's actions were thus, economically detrimental to her and were driven by a genuine belief in the stock's prospects.

3) The Noticee admitted that the bullish SMS tips circulating in late December 2019 influenced her decision to further add to her shareholdings. Thus, her market share was small, price impact was negligible, and holding period extended beyond the alleged scheme's peak, which strongly indicate that she was not part of the manipulative trading.

4) Regarding the receipt of funds from Ms. Rupal Bhavin Shah (Noticee 158) as alleged in the Interim Order cum SCN, the Noticee was exploring investment opportunities in the stock market and Ms. Rupal's husband was aware of her interest in DRCL stock. As she had a temporary liquidity crunch, she entered into a simple personal loan agreement wherein Ms. Rupal's husband transferred money to her bank account for the purpose of stock purchases as per Noticee's complete discretion, which was repaid later out of the Noticee's personal resources. It is not uncommon for retail investors to use loans to increase their market exposure.

   There was no agreement or understanding with Ms. Rupal or any other entity to coordinate trading in the shares of DRCL and the Noticee was not even aware of the trades of Ms. Rupal or any other alleged group members. There were no layers of fund transfers through the Noticee to other Noticees as alleged by the SCN in respect of offloaders.

5) The Noticee did not share any commonalities with other Noticees such as common email IDs, IP addresses, family relations, etc. except the single fund transfer with Ms. Rupal Shah.

(7) Noticee 162 (Mr. Shashikant Kapadia) –

1) The Noticee's family has known Mr. Ankur Mehta since 2015 through a mutual friend. Around September 2018, the Noticee was in need of funds and approached Mr. Ankur Mehta for a short term loan of ₹ 1.65 crore promising to repay the same within three years. The loan was advanced at an interest rate of 18% p.a. and certain shares were kept as collateral with Mr. Ankur Mehta.
2) The Noticee had continuous financial dealings with Mr. Aakash Doshi, Mr. Bhashit Shah, Mr. Mehul Shah and Ms. Vidhi Shah and they used to give hand loans to each other when needed.
3) The Noticee traded in DRCL scrip since November 2017 and trades were in normal course of business. Only 2500 shares were sold by the Noticee in SMS period and major selling was prior to SMS period. There was no pattern of LTP contribution and trades of Noticee resulted in positive, negative and even zero LTP. Noticee's buy trades were with 330 different counterparties and sell trades with 424 different counterparties.
4) For computing profit, SEBI had considered shares traded during the entire investigation whereas only the shares sold during SMS period could be considered tainted. Further, equal amount of buy and sell quantity should have been considered for computing profits, if any.
5) The Noticee also made submissions on unreasonable delay in the matter and difference in findings regarding DRCL scrip vis-à-vis the other four scrips as was submitted by other Noticees.

(8) Noticees 161 (Ms. Kruti Kevin Kapadia) and Noticee 202 (Mr. Kevin Kapadia) – The Noticees made submissions on the issues of unreasonable delay in the matter, findings in DRCL scrip being different from other four scrips, no connection being established with Hanif Shekh, etc. as were made by Mr. Shashikant Kapadia (Noticee 162).

(9) Noticee 163 (Mr. Ankur Suresh Mehta) –
1) The Noticee contended that the SCN suffered from great delay and laches which caused great prejudice to him.
2) The Noticee did not know Mr. Hanif Shekh and it was not even alleged in the SCN that he was connected to Mr. Hanif Shekh. The Noticee was also not

alleged to be involved in sending the bulk SMSs or being an offloader in the alleged scheme devised by Mr. Hanif Shekh.

3) The Noticee was trading in the DRCL scrip since October 2018 in the normal course of business.

4) In respect of the allegation of synchronised trades in the DRCL scrip by the Darjeeling Group entities, only 9 trades of the Noticee as a buyer and 5 trades as a seller (out of a total of 570 trades executed between the Darjeeling Group entities) got executed with entities known to the Noticee (viz., Kruti Kevin Kapadia and Shashikant Kapadia) and all other trades of the Noticee were with entities with whom no connection was shown in the SCN.

5) Further, only 3 buy trades of the Noticee (spread across a gap of 2 months) out of his total 123 buy trades during the investigation period were allegedly synchronised. Two of these buy trades resulted from a single order placed by the Noticee in August 2019, wherein the order was modified by the counterparty and there was a huge difference in the order quantity of the Noticee and the counterparty. The counterparties to the trades were also not alleged by SEBI to be connected to the Noticee. In addition, the third allegedly synchronised buy trade was the last one of the 15 trades which got executed as a result of the Noticee placing his order.

6) Furthermore, only 2 sell trades of the Noticee out of his total 146 sell trades during the investigation period were allegedly synchronised, which could, by no stretch of imagination, be considered manipulative. In case of the 178 allegedly synchronised trades, though the time difference between the order placed by the Noticee and the counter party is not much, there are only 4 trades that are alleged as synchronized out of which in 1 trade there is a huge difference in the order quantities of the Noticee and the counter party.

7) In support of his contentions regarding the allegation of synchronized trading, the Noticee relied upon the judgments of the Hon'ble SAT in the matters of *Ketan Parekh vs. Securities and Exchange Board of India, Indivar Traders Private Limited vs. SEBI, Ashlesh Shah Vs. SEBI* (including SEBI's order in this matter pursuant to remand by Hon'ble SAT) to contend that he was not connected or acting in connivance with any of the Darjeeling Group entities or

any other persons named in the SCN and that his trades in the DRCL scrip were bonafide. SEBI did not provide details of 570, 178 and 98 trades alleged in para 148 of the Interim Order as being synchronised.

8) The allegation in Table No. 58 of the Interim Order that the Noticee received funds from Mr. Shashikant Kapadia (Noticee 162) and there were off-market transfers/loan agreement with Ms. Kruti Kevin Kapadia (Noticee 161) was incorrect and contrary to the facts of the matter.

9) The Noticee knew Mr. Shashikant Kapadia and his family, including his daughter in law, Ms. Kruti Kevin Kapadia since 2015 through a mutual friend. Around September 2018, Mr. Shashikant Kapadia was in need of funds and approached the Noticee for a short term loan of ₹ 1.65 crore promising to repay the same within three years. The loan was advanced at an interest rate of 18% p.a. and certain shares were kept as collateral with the Noticee (the loan agreement and bank statements evidencing transfer of loan amount were stated to be annexed to the reply). The shares for the purpose of collateral (which were worth around four times the loan amount) were transferred to the Noticee's demat account through off-market transfer from the demat accounts of Mr. Shashikant Kapadia and Ms. Kruti Kevin Kapadia, which included 1,81,815 shares of DRCL at an average price of ₹ 91.57/- per share (transferred from October 4, 2018 to November 27, 2018). Further, in view of the decrease in the value of collateral, the Noticee received additional shares, including those of DRCL. There was an understanding between the Noticee and Mr. Shashikant Kapadia that in case he was unable to repay the loan or interest, the Noticee would recoup the amounts either by selling the collateral or Mr. Shashikant Kapadia would transfer more shares to the Noticee.

10) As per the Interim Order, the Noticee bought 55,864 shares (0.50% of total market buy volume) of DRCL from the open market from October 10, 2018 to November 6, 2020 at an average price of ₹ 89.2/- per share. He also sold 92,443 shares of DRCL, i.e., 0.84% of the total market sell volume (55,864 shares bought from the open market along with 36,580 shares received as collateral against the aforesaid loan) from November 28, 2018 to November 22, 2019 at an average price of ₹ 93.86/- per share.

11) The Noticee also contended that there was no particular pattern of creating positive LTP as his trades resulted in positive LTP, negative LTP and zero LTP on a few days; that his buy trades and sell trades were with 59 and 38 different entities respectively, who all were not Noticees to the SCN and there was no connection of the Noticee to these entities, and there was a change in beneficial ownership at every stage; that there was no allegation on the Noticee regarding creation of a New High Price or carrying on the first trade of a day; that the Interim Order had relied on the trading activities of Mr. Himanshu Shah and Sub-Group 2 and 3 entities and made those *suo motu* applicable to all Darjeeling Group entities to term their trades as non-genuine, without analysing the same; that the SCN was vague and silent as to how PFUTP Regulations were violated.

12) There was no resemblance in the alleged scheme of DRCL and of the other four scrips.

13) While calculating the Noticee's profit in the Interim Order, SEBI had taken the buy value of 55,864 shares and sell value of 92,443 shares and this calculation by taking unequal amounts of buy and sell quantities was totally erroneous.

14) The Noticee had only sold 36,580 shares of DRCL held as collateral and the balance 1,45,235 shares received as collateral were sold by the Noticee in open market between June 2021 and November 2021 at an average sale price of ₹ 4.08/- per share, as compared to an average price of ₹ 91.57/- per share at which the same were received as collateral. The Noticee did not sell any shares of DRCL during the SMS period. If the total trades of Noticee in DRCL from 2018 till date were to be considered, he incurred a loss of approx. ₹ 92.30 lakh.

15) Mr. Shashikant Kapadia had been making part payments of the loan since May 28, 2019, with the latest amount being paid on March 29, 2023 and the balance outstanding principal amount was ₹ 54 lakh. The Noticee did not receive any funds from Mr. Shashikant Kapadia as alleged in the SCN and the only amounts which were received were for repayment of the loan.

16) The value of Noticee's trades in DRCL was miniscule as compared to his total trading turnover during the period from 2018 to 2022. Further, his trading in

DRCL was totally independent of his agreement with Mr. Shashikant Kapadia and the connections established in the Interim Order for alleging fraud in DRCL scrip were erroneous as he could not be considered to be part of the Darjeeling Group and the Noticee relied on the judgment of the Hon'ble SAT in the matter of *Baldevsinh Zala vs. SEBI* in support of this argument.

17) The direction in the Interim Order to impound the purported gains jointly and severally from several Noticees was patently erroneous in the absence of any connection between the Noticees.

18) The Noticee's trades were in the normal course of business and any gain received therefrom could not be termed unlawful. No disproportionate gain or unfair advantage was received by the Noticee and no loss was caused to any investor or group of investors. The Noticee has all through acted in good faith, however, he became a scapegoat of the misdeeds of Mr. Shashikant Kapadia by granting a loan in his alleged bad times.

19) The Noticee also enumerated the same mitigating circumstances as contended by Noticee 153 to argue that no further actions in respect of the SCN were warranted.

(10) Noticee 164 (Mr. Bhashit Deepak Shah) –

1) Out of the five scrips, the Noticee traded only in DRCL during FY19 and FY20.
2) In FY19, the Noticee traded around 59,500 (buy and sell) shares and earned approx. 3 lakh and thus, wanted to continue trading in the next financial year too.
3) The Noticee was in need of funds towards margin money and for his paper cup business, Shloka Paper Enterprise. Thus, he received ₹ 30 lakh from Mr. Shashikant Kapadia (Noticee 162) in May 2019, out of which ₹ 8.21 lakh was transferred to the broker and rest was transferred to the paper cup business. The amount taken from Mr. Shashikant Kapadia was repaid in October and November 2019 and the balance amount of ₹ 5 lakh was repaid in the next financial year (copy of bank passbook was stated to be annexed to the reply).
4) The Noticee stopped trading in DRCL in December 2019 as he was incurring loss of approx. ₹ 2.95 lakh.

5) The Noticee's trading pattern was normal and it all happened during COVID period when he turned to share trading since his original paper cup business volume was very low.

(11) Noticee 165 (Mr. Mehul Hasmukh Shah) -

1) Only certain documents were supplied to the Noticee by SEBI rather than all the documents sought by the Noticee. Reliance was placed on the judgments of *SEBI vs. PriceWaterHouse, B. Ramalinga Raju vs. SEBI and Smitaben N. Shah vs. SEBI* in this regard.
2) Regarding the alleged connection with Mr. Shashikant Kapadia (Noticee 162), the Bank statement provided by SEBI pertained to the period from June 1, 2019 to December 31, 2020, however, the investigation period was from April 2, 2018 to December 27, 2019 and thus, no adverse inference may be drawn . The Noticee did not personally know Mr. Shashikant Kapadia or any other persons connected to him, or his connections with other entities who were part of the SCN. He was in urgent need of funds for short-term and requested his friends and family to arrange the same. One of his friends arranged the funds from Mr. Shashikant Kapadia, however, he realised that the money was arranged from Mr. Kapadia only when he received the funds. The fund transaction was purely a business transaction and had nothing to do with the Noticee's trades in DRCL. The money was repaid to Mr. Kapadia without any interest since it was repaid within a very short span of time.
3) The Noticee had no connection with Mr. Hanif Shekh or any persons connected/associated with him in any manner, or with any persons alleged to be part of the Darjeeling Group.
4) The Noticee had heard that DRCL had a huge land bank in Ahmedabad and was developing one of the properties by constructing bungalows. There was a lot of volume in DRCL scrip at that time. The Noticee bought 2,03,893 shares and sold 1,16,117 shares of DRCL during the investigation period
5) The Noticee's purchase transactions were not concentrated but spread over a period of 26 days in the months of October 2018 (4 days), November 2018 (1

day), October 2019 (1 day), November 2019 (15 days), and December 2019 (5 days) with an average buy price of ₹ 82.94/-.

6) The Noticee's sale transactions were not concentrated but spread over a period of 20 days in the months of February 2019 (1 day), September 2019 (1 day), October 2019 (1 day), November 2019 (8 days), and December 2019 (9 days) with an average sell price of ₹ 100.06/-.
7) The volume of shares in DRCL scrip which traded for 428 days during investigation period was as huge as 1,25,38,738 shares.
8) The Noticee's trades did not lead to any effect on the volume and price of the scrip of DRCL and there was no allegation in the SCN regarding synchronised trades, contribution to price rise or contribution to New High Price. As per Table No. 59 of the Interim Order, the contribution of the Noticee's trades towards the net LTP was negative.
9) There was a time gap between the Noticee's buy and sell orders and the counterparties' buy and sell orders and in a liquid scrip like DRCL, the traders had opportunity to enter into trades. No connection of the Noticee with other Noticees except Mr. Shashikant Kapadia was alleged in the SCN. The SCN totally ignored the fact that apart from certain trades which matched with Mr. Shashikant Kapadia and certain other Darjeeling Group entities, there are many other trades whose counterparties were not part of the instant SCN.
10) Out of the 2,03,893 shares of DRCL bought, only 34,922 shares were bought in trades which matched with counter parties who were part of the SCN and the rest 1,68,971 shares were bought in trades which matched with other counter parties. Further, the SCN only alleged connection with Mr. Shashikant Kapadia, with whom only trades relating to 3500 shares matched.
11) Out of the 1,16,117 shares of DRCL sold, only 52,684 shares were sold in trades which matched with counter parties who were part of the SCN and the rest 63,433 shares were sold in trades which matched with other counter parties. Further, the SCN only alleged connection with Mr. Shashikant Kapadia.
12) The DRCL scrip was liquid during the investigation period and no adverse inference could be drawn for carrying out trades which had no market impact.

13) There was no investor complaint or loss due to the Noticee's trading in the scrip of DRCL.

14) The Noticee sold DRCL shares even post the investigation period.

(12) Noticee 166 (Ms. Vidhi Mehul Shah) –

1) Issuance of a common SCN pertaining to multiple scrips, multiple allegations and completely unrelated noticees caused great prejudice to the Noticee.
2) SEBI had not provided the relevant documents to the Noticee as requested by her which had incapacitated her in submitting her reply.
3) There was inordinate delay by SEBI in initiation of the present proceedings.
4) The Noticee had no fund transfer with Mr. Shashikant Kapadia and did not know Mr. Shashikant Kapadia or any other persons connected to him. Even the bank statement relied upon by SEBI did not contain any details of fund transfer with Mr. Shashikant Kapadia.
5) Apart from her husband, Mr. Mehul Shah (Noticee 165), the Noticee did not have any connection with any persons mentioned in the SCN, including the Darjeeling Group entities and Mr. Hanif Shekh or any persons connected to him.
6) All her trading and investment decisions were taken by her husband, Mr. Mehul Shah, Noticee 165.
7) The Noticee bought 25,000 shares of DRCL over a period of 2 days during the investigation period and the total volume in DRCL during this period was 1,25,38,728 shares. Her total number of buy trades in DRCL were 9 as compared to the total 32905 trades in DRCL. Thus, the Noticee's percentage of trades and number of days on which she traded in DRCL were negligible as to have any impact on the market equilibrium.
8) The Noticee's trades did not lead to any effect on the volume and price of the scrip of DRCL and there was no allegation in the SCN regarding synchronised trades, contribution to price rise or contribution to New High Price. As per Table No. 59 of the Interim Order, the contribution of the Noticee's trades towards the net LTP was negative.
9) The SCN has ignored the fact that apart from certain trades of the Noticee matching with Mr. Himanshu Shah (who was part of the Darjeeling Group),

there were other counterparties to her trades who were not part of the SCN. The Noticee had no idea about counterparties since trades were executed through the screen based trading system of stock exchange. There was a time gap between her buy orders and the counterparties' sell orders

10) The Noticee only bought shares of DRCL and did not sell any DRCL shares during the investigation period and thus, it could not be alleged that she made a profit in the scrip of DRCL during the investigation period. Further, even the Table No. 66 of the Interim Order which details the profits made by Darjeeling Group entities also shows that the Noticee made a loss of ₹ 6,50,239/-, although even that figure was not an actual loss but a notional loss based on the closing price of DRCL on December 27, 2019.
11) The Noticee sold shares of DRCL post investigation period and suffered a huge loss while dealing in the scrip.

(13) Noticee 167 (Mr. Himanshu Shah) –

1) The Noticee entered into a share purchase agreement with the existing promoters of DRCL and subsequently made an open offer on April 20, 2018 to acquire 26% of its equity shares and his holding increased to 9,87,673 shares after the offer.
2) The factors enumerated in the Interim Order for drawing a connection between various entities include shared addresses, multiple fund transactions, email communications, familial relations, off-market transfers and potential ties to DRCL and the Noticee's involvement was based solely on a statement made by Mr. Aakash Dilip Doshi (Noticee 153). The familial, social connections and occasional fund transfers did not ipso facto establish a concerted fraudulent design and are insufficient to impute liability for amarket abuse.
3) The Noticee did not personally know Mr. Doshi and as a result of the Noticee holding various positions in a religious trust, Mr. Doshi might have known him. However, beyond this, no additional connection whether through financial transactions or concerted market activity had been established between the Noticee and Mr. Aakash Doshi to infer collusion. The Noticee was not engaged

in any financial transactions with other Noticees mentioned in the SCN and did not share an address with them.

4) The Noticee had no knowledge of, or any connection with Hanif Shekh and no credible material existed to establish any relation with Hanif Shekh. There was no evidence of the trades of Noticee being funded by any other entities. There was also no evidence of any transfer of funds directly or indirectly from Mr. Hanif Shekh or other entities to the Noticee or from the Noticee back to Mr. Hanif Shekh. The financial capacity test employed in respect of other entities was not applied to the Noticee which is fatal to the premise that the Noticee was a front entity.
5) Unlike with other entities in the Interim Order, there was no circumstantial evidence such as CDRs, common addresses or mobile numbers to prove any meeting of minds between the Noticee and Hanif Shekh or any other connected entities.
6) The Noticee, while placing reliance upon the judgment of the Hon'ble Supreme Court in the matter of *Balram Garg vs. SEBI* claimed that mere existence of familial, social or residential relationships such as acquaintance through religious congregation or being the son of a company official, absent proof of financial dependence or involvement in trading decisions, cannot establish that a person was "connected" under SEBI Regulations. Credible evidence had to be adduced to establish that such relations confer actual access to UPSI or participation in manipulative conduct.
7) The Noticee sold shares of DRCL on the open market and the same was disclosed to the exchange with all necessary documents. The said information was also available on the BSE portal for review by all stakeholders.
8) The contribution of Noticee to the net LTP was a negative of 25.97% and thus, he did not contribute to the price rise.
9) The trades listed in Table No. 60 of the Interim Order were not the only trades on May 27, 2019 since there were other market participants on that day and the trades between Noticee and sub-group 3 buyers, though significant, were only 45.6% of the total volume. The order quantity of the buyers did not match either the Noticee's order quantity nor with the finally executed quantity and

the BSE trade log confirmed partial fills and interaction of the Noticee's order with the broader market. The trades were executed through the exchange's anonymous order matching system and attributing collusion solely on the outcome of this anonymous matching lacked evidentiary basis and actions of buyers were not attributable to the Noticee.

10) Further, the Interim Order itself supported the lack of coordination between the Noticee and the sub-group 2 and 3 buyers for trades on August 29, 2019 since there was a gap of more than 9 minutes between the placement of the sell order by Noticee and the first buy order from the sub-grpup 2 and 3 entities. The rapid timing among the subsequent buyers was not indicative of the Noticee's coordination with them.
11) The Noticee while relying on the judgment of the Hon'ble Supreme Court in the matter of *SEBI vs Rakhi Trading Pvt. Ltd.*, contended that synchronised trades per se were not illegal absent any cogent evidence of manipulative intent, circular trading or creation of artificial volume especially since the SCN had not brought forth any nexus between the Noticee and the ultimate beneficiaries of the alleged scheme.
12) The Noticee while relying on the judgment of the Hon'ble SAT in the matter of *Jayeshkumar Narottamdas Gandhi vs. SEBI* submitted that when a person inspite of holding substantial shares and being offered a price above LTP, sells minimal shares when there is demand for more shares, it could be concluded that the trading was not genuine. However, the Noticee continued to hold 2,52,899 shares of DRCL which demonstrated that trading was not for the purpose of fully exiting the scrip and was bonafide. The Noticee also did not sell any shares during the SMS period when the trading volume had surged dramatically and thus, was not an offloader as such.
13) The Table No. 62 only showed information about shares bought from the Noticee by entities connected to Mr. Hanif Shekh, whereas the Noticee had sold more shares.
14) The Interim Order did not demonstrate that the sale proceeds of the Noticee were utilised for any illegitimate purpose and on the contrary, the same were deployed in the Noticee's construction business activities.

Submissions of Sub-Group 2 And 3 Entities (Noticees 84 To 99 and 100-118)

145. Two other groups which offloaded MUL shares were Sub-Group 2 i.e. Noticees 84 to 99 and Sub-Group 3 i.e. Noticees 100-118. In addition, certain Sub-Group 2 entities also offloaded shares of VFL and DRCL, while Sub-Group 3 entities offloaded shares of all 5 scrips. Further, certain Sub-Group a entities were PV Influencers in the scrip of VFL and DRCL, while certain Sub-Group 3 entities were PV Influencers in the scrip of VFL, 7NR and DRCL. Their submissions are summarized in the ensuing paragraphs.

Sub-Group 2 entities (Noticees 84 to 99)

146. Amongst the sub-group 2 entities, replies to the Interim Order were filed by Noticees 84 (Mr. Ravi Kannadasan Adidravid), 85 (Ms. Pritiben Popatbhai Parmar), 86 (Mr. Manishkumar Rajput), 88 (Mr. Sahilkumar Amrutbhai Vaghela), 89 (Ms. Lilaben Popatbhai Parmar), 90 (Mr. Popatbhai Ramjibhai Parmar), 91 (Ms. Dipika Popatbhai Parmar), 92 (Mr. Fuldeep Popatbhai Sehgal), 94 (Mr. Chiragkumar Makwana), 95 (Ms. Makwana Madhuben), 96 (Ms. Krusha Birjukumar Sanghvi), 97 (Mr. Karan Birjubhai Sanghvi), 98 (Ms. Hina Barot) and 99 (Mr. Prakash Kantilal Vaghela). The dates of replies filed by these Sub-Group 2 entities are as under:

Noticee Number	**Date of reply**
88, 92, 98, 99	February 13, 2024
84, 85, 86, 89, 90, 91, 94, 95, 96, 97	February 14, 2024

147. The replies of the aforesaid Noticees in respect of the allegation at Table No. 11 of Interim Order regarding their *inter se* connections are summarised as under:

Allegation	**Allegation common to Noticees**	**Common Reply by the Noticees**
Usage of same/similar	84, 85, 86, 88, 89, 91,	The email ID was of the consultant filing the ITR and it was not unknown that a consultant

email ID for filing ITR	92, 94, 95, 96, 97, 99	used his email ID to represent several clients and no adverse inference be drawn therefrom.
Many Noticees having bank accounts in Canara Bank at Sabarmati Branch	84, 86	It was unheard of that connections were being established on the basis of having bank accounts in the same branch and no adverse inference be drawn therefrom.
Trading by several Noticees in companies where bulk SMSs were circulated	85, 89, 95, 98, 99	The Noticees did not have any connections to the alleged trading pattern and the Interim Order did not even allege that the Noticees sent the purported SMSs.

148. The replies of Noticees to other allegations in respect of their *inter se* connections are summarised as under:

Noticee Number	**Submission in respect of the alleged connections**
86	*Allegation of fund transfers of the Noticee with Shakti Enterprise (Table No. 18), MNM Stock Broking Pvt. Ltd. and Aneel A & Co. (Table No. 27)* – The amount received from Shakti Enterprises was a friendly loan and the Noticee received a payout from broker, MNM Stock Broking Pvt. Ltd., which was transferred to Aneel A & Co. as repayment of a loan taken from it.
88	*Allegation of receipt of ₹ 5 lakh from Madhuben Makwana* – The amount was a friendly loan and no adverse inference be drawn therefrom. *Allegation of fund transfers of the Noticee with Samukh Trade, Aneel A & Co. (Table No. 18), Competent Finman Pvt. Ltd. and*

	Ambika Traders (Table No. 27) - The amount received from Samukh Trade and Aneel A & Co. was a friendly loan and the Noticee received a payout from broker, Competent Finman Pvt. Ltd. which was transferred to Ambika Traders as repayment of a loan taken from it.
92	*Allegation of fund transfer of the Noticee with Samukh Trade (Table No. 27)* – The amount was a friendly loan extended by Noticee to Samukh Trade
95	*Allegation of transfer of ₹ 5 lakh to Sahil Kumar Vaghela* (Noticee 88) – The amount was a friendly loan and no adverse inference be drawn therefrom.
96	*Allegation pertaining to a common email used with Noticee 97 in UCC details* – Since both the Noticees were siblings, a common email ID was used for convenience and no adverse inference be drawn therefrom. *Allegation of transfer of ₹ 5 lakh to Prakash Vaghela (Noticee 99)* – The amount was a friendly loan and no adverse inference be drawn therefrom.
97	*Allegation pertaining to a common address with Noticee 96* – Since both the Noticees were siblings, they were bound to share a common address and no adverse inference be drawn therefrom
98	*Allegation pertaining to a common email used with Noticee 204 (Proprietor of Samukh Trade, which was a Sub-Group 2.A entity alleged to have funded trades of Sub-Group 2 Noticees) in UCC details* – Noticee 204 was her husband and thus, shared a common email ID and no adverse inference be drawn therefrom.
99	*Allegation of receipt of ₹ 5 lakh from Krusha Birjukumar Sanghvi (Noticee 96)* – The amount was a friendly loan and no adverse inference be drawn therefrom.

149. The replies of Sub-Group 2 Noticees in respect of the allegations levelled against them for their role as PV Influencers and Offloaders, were on similar lines, and are summarised below:

(1) There was neither urgency nor cogent evidence for an *ex parte ad interim* order, when the investigation dated back to 2017-20. The directions in the impugned order were excessive, disproportionate and untenable.

(2) Noticees neither had any role in the alleged scheme of manipulation, nor aided, abetted or facilitated Mr. Hanif Shekh or anyone else for the alleged manipulation, and even the Interim Order did not allege that they had sent the purported bulk SMSs.

(3) SEBI, by alleging that the total market exposure of the Noticees was incommensurate with their declared income and that their risk appetite was due to certain inexplicable extraneous circumstances, failed to appreciate that annual income and assets/wealth are two distinct aspects under accounting principles and that the annual income of a trader need not necessarily have a bearing on his risk potential.

(4) Noticees traded only in two or three scrips out of the five scrips under investigation and the Interim Order also did not allege that they traded in all the scrips.

(5) As per the Interim Order, the buy quantities of the Noticees and the positive contributions by their trades to the price rise of the scrip were miniscule and in some cases, even negative. Thus, it could never be alleged that they had contributed to rise in price or volume of the scrip.

(6) Regarding the allegation of trading at same or similar time frames with other Noticees and matching of their trades with other Noticees, the Noticees claimed that the market is a volatile place where the counterparties are not known and thus, this allegation was baseless.

(7) Even though the Interim Order specified the individual illegal gains made by every Noticee, the Noticees were directed to jointly and severally disgorge the alleged cumulative wrongful gains generated in the trades of the respective scrips which is contrary to the decision of the Hon'ble SAT in the matter of *Mahavir Singh N Chauhan vs. SEBI*. The Interim Order did not make out any case for joint and several liability and that the coincidence of several persons performing a series of

acts could never make them joint tort-feasors. In cases where damage caused by each of the several tort-feasors is distinct and divisible, then each person could be held liable only for the damage attributable to his own act.

(8) Impounding of wrongful gains could only apply to the party who allegedly had the custody/possession of the said wrongful gains and thus, the Interim Order directing impounding of the wrongful gains generated in the trades of the respective scrips from several Noticees, jointly and severally, was grossly unjust, illegal and untenable, since the Noticees had not made any unlawful gains and did not have possession of any other parties' wrongful gains.

(9) The Interim Order nowhere identified the unlawful gains allegedly received by the Noticees. In fact, the Interim Order alleged that the Noticees had banking transactions with certain other Noticees, thereby admitting that the Noticees did not possess any unlawful gains.

(10) The rejection by SEBI of the settlement applications filed by the Noticees under the SEBI (Settlement Proceedings) Regulations, 2018 on January 25, 2024 by concluding that the Noticees were involved with other entities, indicated a prejudiced approach since SEBI failed to bring on record any direct or remote evidence proving any connection between the Noticees and other Noticees and/or Mr. Hanif Shekh.

Sub-Group 3 entities

Noticees 100-104

150. Noticees 100 (Highgrowth Vincom Private Limited), 101 (Sumit Laha), 102 (Dibakar Laha), 103 (Glorious Vincom Pvt. Ltd.) and 104 (Arpan Das) filed replies dated March 18, 2024, March 17, 2024, March 16, 2024, March 18, 2024 and April 19, 2024 respectively. These Noticees also filed their respective post-hearing submissions on October 10, 2025 and December 16, 2025.

151. Noticees 100 (Highgrowth Vincom Private Limited) and 103 (Glorious Vincom Pvt. Ltd.), which were companies under the same management, submitted that they were trading in the securities market for over a decade. They also submitted that their principal source of revenue was interest income from loans and advances and

income from trading in securities, and furnished their total revenue and total securities investments figures for FY 2019 – 2021 as under:

Noticee 100 (Figures in ₹ lakh)			Noticee 103 (Figures in ₹ lakh)		
FY	**Total Revenue**	**Total value of investment in securities**	**FY**	**Total Revenue**	**Total value of investment in securities**
2019	79.55	305	2019	18.31	27.28
2020	37.79	289	2020	20.04	205
2021	30.78	457	2021	106	288

152. The replies of Noticees 100-104 on other aspects were on similar lines and are summarised below:

(1) There was neither urgency nor cogent evidence for an *ex parte ad interim* order, when the investigation dated back to 2017-20. The principles of attachment before judgment under the Code of Civil Procedure, 1908 squarely applied to passing of Interim Orders. The directions in the impugned order were excessive, disproportionate and untenable. In support of this argument, the Noticees cited the judgments of the Hon'ble SAT in the matter of *North End Foods Marketing Pvt. Ltd. & Anr. vs. SEBI* (judgment dated March 12, 2019) and *Dr. Udayant Malhoutra vs. SEBI* (judgment dated June 27, 2020).

(2) Regarding the allegation that the Noticees were front entities for the promoters since they purchased shares prior to listing from the promoters off-market and no records could be found during investigation to show that consideration was paid for the same, Noticees submitted that as per their demat statements, shares of all the five companies were acquired for the first time by the Noticees from the market, several years after listing of the scrips, which was also backed by payment of consideration, as evidenced from the bank statements of the Noticees/ledger accounts of the Noticees maintained with their brokers. Thus, it was wrong on SEBI's part to simply assume what it was required to prove.

(3) There was no allegation in the Interim Order that the Noticees were connected to the Sub-Group 1 or Sub-Group 2 entities. Alleged connection with Hanif Shekh was tenuous, and Interim Order did not allege that these Noticees were aware of the purported misleading SMSs. Noticees were characterised as Kolkata based entities, part of "Sub-Group 3" and connected with each other, on account of the location where the Noticees were based (Kolkata) and their purported links with other allegedly Hanif Shekh-connected entities based in Kolkata. Noticees 100 and 103 were group companies, and bonafide commercial transactions with certain entities did not mean that the two were "connected".

(4) Regarding use of same IP address for opening a Gmail account on April 26, 2012, Noticee 100 stated that information provided by Google did not expressly state that the Gmail accounts were created from same IP address and only the "Terms of Service IP" address for both Gmail accounts were the same, as per account subscriber information provided by Google. SEBI could not have assumed that the accounts were created from same IP address without a confirmation from Google in this regard and same IP address could mean that the same Internet Service Provider was used or the same IT service provider was engaged by the Noticees who created the Gmail accounts.

(5) Further, SEBI ignored that the IP addresses used by representatives of the Noticees 100 and 106 for accessing and operating the accounts were different and the account credentials such as phone number and contact details for the two Gmail accounts were also different. Moreover, the earliest trade in the relevant scrips was made by the Noticees in October 2018 and even if the IP addresses used by Noticees 100 and 106 for creating the Gmail accounts in April 2012 were same, it could not be claimed that the two Noticees were connected in 2018-19. The Hon'ble Supreme Court in its judgment of *Hanumant vs. State of M.P.* has held that suspicion and conjecture cannot take the place of proof.

(6) Regarding connection of Noticee 100 with Noticee 224 on account of frequent bank transactions, it was submitted that transactions of Noticee 100 with Noticee 224 was for ₹7.2 crore during FY20 for sale of shares of various listed and unlisted companies and the demat statement evidencing the sale of shares to Noticee 224 was already provided to SEBI but the same was not considered.

(7) A similar argument was made by Noticee 103 regarding allegation of its connection with Noticee 106 (business advances) and Noticees 220 and 224 (sale/purchase of shares).

(8) Regarding connection of Noticee 100 and 103 due to common address, common directors and having frequent business transactions, both companies were group companies and the transactions were in the nature of inter-corporate advances in the ordinary course of business which were disclosed in the financial statements as related party transactions and these transactions were not related to the trades in the five scrips.

(9) The aforesaid transactions were bonafide and unless SEBI could demonstrate that these transactions led to a dealing in the said five scrips, alluding to these transactions as evidence of a connection between these Noticees constitutes only a suspicion and nothing more. The Hon'ble Supreme Court in *Elizabeth Jacob vs. District Collector, Idukki and Ors.* has, inter alia, held that a suspicion that there might have been collusion and fraud is not proof of collusion and fraud.

(10) Regarding connection with Noticee 1 (Mr. Hanif Shekh) on account of Noticee 100 being a shareholder in Econo Trade India Ltd. (Noticee 5, where parents of Mr. Hanif Shekh hold majority shareholding) and in Noticee 222 (Kanungo Financiers Ltd., which is part of the Hanif group of companies as per the Interim Order), Noticee 100 stated that these are public companies with a number of public shareholders and every public shareholder could not become connected to the promoter merely by virtue of ownership of shares in a listed company. Noticee 100 only held 1.21% shares in Noticee 5 and was not part of its management. Many other public shareholders held a larger stake than Noticee 100 in Noticee 5 and the investment of Noticee 100 had nothing to do with its purported connections with Hanif Shekh. Further, Noticee 100 only held 1.03% shares in Noticee 222 and was not part of its management and ownership of shares by a public shareholder could never be the sole basis to allege that such shareholders were connected to the company or its promoters.

(11) Regarding connection of Noticee 103 with Noticees 208-219 (Sub-Group 3.A entities) on account of frequent two-way transactions with these entities, Noticee 103 had no transactions with Noticees 210, 213, 215 and 219. Further, the

transactions with other Sub-Group 3.A entities were in ordinary course of business and unrelated to trading in the five scrips and are explained below:

a) Noticee 212: Noticee 103 received ₹53 lakh from Noticee 212 on October 10, 2018 for sale of 3200 shares of Jaguar Infra Developers Limited, at the rate of ₹ 200/- per share and one transaction could not be termed as frequent;
b) Noticee 209: Noticee 103 paid ₹25 lakh as business advance on November 8, 2019 which was received back on December 24, 2019. Further, an advance of ₹4 lakh was received on January 3, 2020 which was repaid on January 13, 2020. The rationale for the transaction was for business purpose and one transaction could not be termed as frequent;
c) Noticee 208: Noticee 103 received an advance of ₹34 lakh on January 3, 2020 and the same was paid on January 13, 2020. A lone transaction cannot be termed as frequent;
d) Noticee 211: Noticee 103 only had two transactions with this entity where the Noticee paid ₹20 lakh on October 10, 2018 for purchase of 4000 shares of Jaguar Infra Developers Limited and received ₹ 12 lakh on August 21, 2019 for sale of 1,20,000 shares of Abhudaya Realtors Pvt. Ltd.;
e) Noticee 214: Noticee 100 only had one transaction with this entity where it received ₹25 lakh on April 1, 2020 for sale of 2,50,000 shares of Abhudaya Realtors Pvt. Ltd.;
f) Noticee 216: Noticee 100 sold shares of Abhudaya Realtors Pvt. Ltd. worth ₹12.5 lakh on January 29, 2019;
g) Noticee 217: Noticee 100 received ₹37 lakh from this entity – for sale of 7400 shares of Jaguar Infra Developers Limited;
h) Noticee 218: Noticee 100 received ₹1.16 crore on account of sale of shares of Jaguar Infra Developers Limited and Vastupal Management Services Private Limited.
i) The Noticee 103 contended that the aforesaid transactions were bonafide by adopting a similar line of argument as Noticee 100 in this regard.

Noticees 100, 101, 102 and 104 also made similar submissions as regards their alleged connections with sub-group 3.A entities.

(12) Regarding connections of Noticee 101 with certain other entities, Noticee 101 submitted that –

a. Common address with 14 entities belonging to Sub-Group 3 identified in the Interim Order was that of Ramchandra Village which was a large village located in the South 24 Parganas district and had a population of over 2000 people and it is absurd to suggest that all residents of the village were connected.

   A similar contention was advanced by Noticees 102 and 104.

b. The usage of purported common IP address by Noticee 101 with Noticees 102, 104, 107, 109 and 116 while accessing IDBI Bank account on December 6, 2022 on one instance could not lead to an inference that the Noticee was connected to these persons in 2019-20 when the trades in the four scrips were executed. Besides, the Noticee had logged into the IDBI portal numerous times in 2019-20 when the trades were executed and no evidence has been produced by SEBI to show whether the Noticee had accessed the portal from same IP address as others.

   A similar contention was advanced by Noticees 102 and 104.

c. Regarding connection with Noticee 1 (Mr. Hanif Shekh) on account of Noticee 101 being a shareholder in Noticee 5 (Econo Trade India Ltd. where parents of Mr. Hanif Shekh hold majority shareholding), Noticee averred on the lines of the reply of Noticee 100 to contend that Noticee 101 only held 34,640 shares in Noticee 5 and was not part of its management. Many other public shareholders held a larger stake than Noticee 101 in Noticee 5.

   A similar contention was advanced by Noticee 104.

(13) Regarding Common IP address of Noticee 102 with Noticees 104, 109, 112-118 while trading from online account, it was submitted that the allegation was that Noticees had a common IP address while trading only for a few days in October 2019 and December 2019 and thus, to suggest that all trades during the relevant period were a product of a conspiracy was untenable. Further, two strangers could have a common IP address while trading if the same computer in a common internet cafe was used to access the trading accounts. Thus, commonality of IP

address could at best point to the fact that the same device was used by the Noticees but would not be conclusive evidence to prove that the Noticees were connected to each other.

A similar contention was advanced by Noticee 104.

(14) Regarding allegation of common MAC ID of Noticee 102 with Noticee 113 while using trading account, it was submitted that reliance placed by SEBI on the fact that both the Noticees had a common MAC-ID while using their trading accounts did not suggest that the trades were a product of a conspiracy or that Noticee 102 was privy to the trades of Noticee 113, without any particulars of the dates of trades being provided by SEBI. There were no fund transactions between Noticees 102 and 113 and there was no suggestion that the trades of both the Noticees in each of the five scrips had matched. SEBI mixed up suspicion with circumstantial evidence and without any evidence such as dates of trades, SEBI's suspicion of a connection between noticees had not been established. The absence of evidence could not be passed off as circumstantial evidence or justified by ritualistic assertion of the phrase "preponderance of probability".

A similar contention was advanced by Noticee 104.

(15) Regarding connection of Noticee 102 with Hanif Shekh on account of purported funds received from Hanif Shekh connected entities, Noticee 102 contended that the total buy value of his trades was ₹4.70 crore which was four times the purported funds received by him (₹ 1.02 crore) from Hanif Shekh connected entities.

Noticee 104 also contended on similar lines that the total buy value of his trades was ₹2.67 crore which was approx. three times the purported funds received by him (₹ 90 lakh) from Hanif Shekh connected entities. Further, there was not even a remote correlation between the dates of fund transfers with the dates of trades or of the quantum of funds received from Hanif Shekh connected entities with the aggregate value of trades executed.

(16) Regarding Noticees' financial capacity to undertake the trades, it was submitted by Noticees 100 and 103, which are body corporates, that reliance on the ITR was misplaced and that they had much higher revenues and investments during those years and thus, had more than sufficient means to fund their trades.

Noticees 101, 102 and 104, also submitted that reliance on the ITR was misplaced and they had already mentioned in the summons issued by SEBI that they had sufficient assets in the form of shares and had also availed of loans.

(17) The Noticees 100-104 also submitted that each of their trades in the five scrips was backed by margins deposited by them and were not funded by any third parties. Further, the Interim Order did not identify any fund transfers to the Noticees' bank accounts and correlated them to the dates of the trades to show that the trades were funded by Hanif Shekh connected entities or any third parties, and merely alluding to commercial transactions with certain noticees in Sub-Group 3 could not suffice.

(18) Interim Order alleged that since the Noticees purportedly lacked the means to fund their trades, they were funded by Hanif Shekh connected entities and the profits derived from offloading shares were routed back to Hanif Shekh entities through entities in Sub-Group 3.A. However, the charge levelled by SEBI regarding purported funding of the Noticees' trades by third parties had already been answered and no transactions in the Noticees' bank accounts were identified by SEBI to show that the profits were routed back to Hanif Shekh connected entities. SEBI also made no correlation between the date of receipt of funds by the Noticees on account of sale of shares and the transfer of funds to Hanif entities. Thus, allegation was not backed by any evidence produced by SEBI. Further, the Noticees 101, 102 and 104 submitted that the proceeds of the sale were used to repay the loans availed and for their own purposes.

(19) Regarding trades in individual scrips by the Noticees, Noticees purchased shares in the respective scrips across a period of several trading days and instead of analysing the volume of trading by the respective Noticees vis-à-vis the total volume of trading on a particular trading day, the Interim Order added the total quantity traded by the respective Noticees over a period of several months to allege contribution to the trading volume by the respective Noticees, which was a misleading approach.

(20) Contribution of trades of the respective Noticees towards LTP was miniscule and even negative for some Noticees.

(21) The Interim Order did not bring out any connection between the Noticees and the counterparties with whom their trades matched. The Noticees placed reliance on the judgment of the Hon'ble SAT in *Nishith M. Shah vs. SEBI* to argue that sale of small quantity of shares in these illiquid scrips could not be per se manipulative, absent proof of connection between them and the counterparties.

(22) Noticees could not be held liable for disgorgement of gains on a joint and several basis. Even though the Interim Order computed the alleged individual gains made by the respective Noticees, they were held liable to disgorge the total amount, i.e., ₹143.79 crore, on a joint and several basis, which was contrary to the SEBI Act and several decisions of the Hon'ble SAT. In this regard, the Noticees relied upon the judgments of the Hon'ble SAT in the matters of *Mahavir Singh N Chauhan vs. SEBI* and *SRSR Holdings Pvt. Ltd. vs. SEBI*, which, *inter alia*, held that each noticee was liable only for the unlawful gains attributable to his own act.

(23) In case the Whole Time Member disagreed with the submissions made by the Noticees earlier on merits, the Noticees could be held liable only for the individual gains identified in the Interim Order and not for the gains made by other Noticees. Moreover, as per the Interim Order, the beneficiaries of the profits are Hanif Shekh entities and instead of the Noticees, they should be asked to disgorge the alleged ill-gotten gains.

(24) No further directions or penalty were called for under the SEBI Act. Noticees had been restrained from trading in securities, which is their only business, and the bank and demat accounts of the Noticees had also been attached. In view of the gravity of the contravention, any further directions against the Noticees would not be justified in view of the doctrine of proportionality.

Noticees 105-109

153. Noticee 105 (Mr. Sanjay Dey) submitted his reply on March 16, 2024 and April 8, 2024, and Noticees 106 (Linkup Financial Consultants Private Limited), 107 (Mr. Suprabhat Laha), 108 (Mr. Ujjal Laha) and 109 (Mr. Buddhadeb Laha) submitted their replies on April 8, 2024. These Noticees also filed their respective post-hearing submissions on October 10, 2025 and December 16-17, 2025. The replies of these Noticees were on similar lines and are summarised below:

(1) Regarding alleged connection based on fund transfers with entities connected to Hanif Shekh, viz., fund transfers of Noticees 105, 107-109 with Sub-Group 3.A entities (Noticees 208-210 and 212), and fund transfer between Noticee 106 and aforesaid Sub-Group 3.A entities and Noticee 224, Lagan Barter Pvt. Ltd. (Sub-Group 5.A entity), these were financial loans taken on interest from these entities in normal course of business and through proper banking channels for which no adverse inference was warranted. The loan amount along with interest were being repaid at regular time intervals. At the time when the loans were taken, the Noticees were not aware that these entities were in any manner connected to Mr. Hanif Shekh or part of his alleged scheme of pump and dump.

(2) Regarding connection between Noticee 106 and Econo Trade India Ltd. (Noticee 5) on account of similar address, Noticee 106 contended that as per the MCA Master database, the address of Noticee 5 (16/1A, Abdul Hamid Street, 5th Floor, Room No. 5E, Kolkata) was different from that of Noticee 106 (9/12, Lal Bazar Street, 1st Floor, Block-B, Kolkata) and the said address of Noticee 5 was also mentioned on its letterhead available on BSE website. Therefore, the said allegation of SEBI stood disproved.

(3) Regarding alleged connection based on common IP address with other Noticees, viz., Noticee 105 with 108 (in 2020); Noticee 107 with Noticee 109 (in 2022); and Noticee 106 with Noticee 100 (while opening Gmail account in 2012), Noticees were not aware of any alleged common IP addresses. The Noticees (except Noticee 106) resided in a small village Ramchandranagar and due to internet connectivity issue, it was possible that the service provider may have allotted static IP addresses to all the clients. Further, this allegation was irrelevant since the IP address was alleged to be common for only one day in 2020, and one day in 2022 and it was very surprising for the IP address to be common for only one day if the Noticees are connected to each other and part of the alleged scheme.

(4) The Noticee 106 submitted that it appeared that the auditor for Noticee 106 and Noticee 100 was common and the said Gmail might have been accessed for audit work by a trainee since it is a general practice to give email ID access to audit team for compliance-related matters. Further, this allegation was irrelevant

since the IP address was alleged to be common for only one day in 2012, i.e., much before the investigation period and it was not alleged by SEBI that the alleged scheme was formulated in 2012.

(5) Regarding connection of Noticees 105 and 108 with Hanif Shekh on account of holding more than 1% shares in Hanif Shekh entities (Econo Trade India Ltd. (Noticee 5), Noticees 105 and 108 submitted that Econo Trade India Ltd. was an old and listed NBFC whose shares were trading in the range of ₹5-10 per share whereas the book value was in the range of ₹ 15 per share, and thus, the Noticees traded in the scrip to make profits. The Noticees submitted that they acquired some shares in off-market mode and the rest were purchased from the market and currently, both the Noticees held 3,49,000 shares of Econo Trade India Ltd. each.

(6) Regarding shareholding of Noticee 106 in Kanungo Financiers Ltd., it was submitted that the shares of Kanungo Financiers Ltd. were purchased from the market for the purpose of long-term investment.

(7) These Noticees also submitted that being a shareholder in Econo Trade India Ltd. or Kanungo Financers Ltd. did not mean that they were a part of the alleged pump and dump scheme.

(8) Regarding connection between the Noticees (as offloaders) and Hanif Shekh connected entities on account of transfer of profits made by selling shares at manipulated prices, Noticees submitted that they had no knowledge about any alleged pump and dump scheme, traded in the normal course of business and did not transfer any profits to any entity connected to Hanif Shekh. The fund transfers alleged by SEBI were nothing but loans advanced and their part payments.

(9) The submissions of the Noticees regarding LTP contribution in the scrips are tabulated below:

Noticee Number	Submissions
105	As per LTP analysis in the Interim Order, the net LTP of Noticee's trades in the scrips of VFL, 7NR and DRCL was 0.72% which was miniscule.
106	As per LTP analysis in the Interim Order, the net LTP of Noticee's trades in the scrips of VFL and DRCL was negative and the Noticee made a loss of ₹19 lakh in DRCL.
107	As per LTP analysis in the Interim Order, the net LTP of Noticee's trades in two scrips was negative and the Noticee had traded in four scrips.
108	As per LTP analysis in the Interim Order, the net LTP of Noticee's trades in in the scrips of VFL, 7NR and DRCL was negative and the Noticee made a loss of ₹49,000 in DRCL.
109	As per LTP analysis in the Interim Order, the net LTP of Noticee's trades in the scrips of VFL and 7NR was zero and the Noticee had traded in four scrips.

(10) The Noticees averred that the shares were sold on the screen-based automated system of the Exchange where it was impossible to know the identity of a counterparty.

(11) Noticees could not be held liable for disgorgement of gains on a joint and several basis, for similar reasons as those given by Noticees 100-104 in their submissions. Each noticee is liable only for the unlawful gains attributable to his own act and the unlawful gains have to be calculated separately for each Noticee.

(12) Allegations of fraud require a higher degree of proof rather than mere conjectures and surmises.

(13) No monetary penalty should be imposed in light of the factors of Section 15J of SEBI Act since there was no allegation of loss caused to any investor or group of investors, and no repetitive default was alleged against the Noticees.

Noticees 110-114

154. Noticees 110 (Mr. Sourav Das, vide replies dated April 6, 2024, April 29, 2024, October 10, 2025 and December 17, 2025), 111 (Ms. Minu Mallick, vide replies dated April 8, 2024, April 28, 2024, October 10, 2025 and December 17, 2025), 112 (Mr. Arun Dutta, vide replies dated April 8, 2024, April 29, 2024, October 10, 2025 and December 17, 2025), 113 (Mr. Debashish Dutta, vide replies dated April 16, 2024, April 26, 2024, October 10, 2025 and December 17, 2025) and 114 (Ms. Uma Dutta, vide replies dated April 15, 2024, April 30, 2024, October 10, 2025 and December 17, 2025) made submissions which were similar in nature and are summarised as under:

(1) Monetary penalty as envisaged in SEBI's Interim Order could only be imposed under Section 11(4A) and 11B(2) read with Section 15HA of the SEBI Act after conducting an inquiry in the prescribed manner. The manner of holding an inquiry was prescribed under Rules 3 and 4 of the AO Rules, 1995 which had not been followed by SEBI as no SCN was issued under Rule 4(1) of the AO Rules, 1995 and even assuming that SCN had been issued to the Noticees under Rule 4(1), no order for appointment of Whole Time Member as the adjudicating officer, which is the first step for holding an inquiry, had been provided. Thus, without complying with the requirement of appointment of the Ld. WTM as the AO under Rule 3 of the AO Rules, 1995, the whole foundation of the present inquiry had become baseless and unfounded.

(2) The power of impounding should be exercised only as a last resort in light of a specific finding that the noticee will alienate/dispose of all the property or will obstruct/delay the proceedings.

(3) SEBI's Investigation Report in the instant matter was not supplied to the Noticees and mere instances of their trades were mentioned in the SCN on the basis of which broad allegations were levelled. Reliance was placed by Noticees on the judgment of the Hon'ble SAT in the matter of *Dhirajbhai V. Sanghvi HUF vs. SEBI* and the judgment of the Hon'ble Supreme Court in *Indian Commodity Exchange Limited vs. Neptune Overseas Limited & Ors.* to contend that since relevant details were not provided in the SCN, there was a violation of the principles of natural justice and submitted that their reply was limited to the

instances mentioned in the SCN and SEBI cannot rely upon any information which was not mentioned in the SCN unless an opportunity is granted for filing additional replies.

(4) Regarding fund transactions with Sub-Group 3.A entities, Noticees contended that no details were provided in the SCN of the fund transactions with the said entities and thus, SCN was vague.

(5) The Noticees admitted that they had entered into bonafide transactions with certain Sub-Group 3.A entities and relevant documents such as loan agreements, ledger statements, bank statements and ITR acknowledgments for the relevant period were stated to be provided as part of annexures to their replies. The Noticees also submitted that the amount realised from sale of shares was utilised for reinvestment, and repayment of loans along with interest. The details of the loans stated to be taken by the Noticees are as under:

Noticee Number	**Loan taken from Noticee**
110	208, 210, 212
111	208, 210, 212
112	208, 209, 210, 212
113	208, 209, 210, 212. Noticee also took a loan from Noticee 104 and gave a loan to Noticee 105 (both Kolkata based entities)
114	208, 210, 212

(6) Regarding the connection of the Noticees with Sub-Group 3.A entities based on bank transactions and allegation that Sub-Group 3.A entities were involved in funding the trades of Noticees, the Noticees submitted that apart from the aforesaid bank transactions, SEBI had alleged connection of the Noticees with these entities on certain other grounds and their reply in this regard was as under:

a) *Noticees 208, 209, 210, 212 were shareholders of an unlisted entity, Escort Agencies* – Merely being a shareholder in a company does not establish a connection with another shareholder.

b) *Noticees 208 and 212 had same android IDs while accessing their respective email IDs* – No data was provided by SEBI with respect to the same and thus, this allegation was based on conjectures.

c) *Noticees 208, 209, 210, 212 had a common director (Mr. Nandu Shaw)* – SEBI had not specified the provision under which having a common director makes entities connected to each other. Further, Mr. Nandu Shaw was not even a party to the instant proceedings and basing a connection on such a person was bad in law in light of the judgment of the Hon'ble SAT in *Kaushik Rajnikant Mehta vs. SEBI*.

d) *Noticee 209 (9/12, Lal bazar street, 3rd floor, Block-B,* ***Room No. 17****, Kolkata) had the same address as Noticee 5, Econo Trade India Ltd. (9/12, Lal bazar street, 3rd floor, Block-B,* ***Room No. 3103****, Kolkata) which is a Hanif Shekh connected entity* – The allegation was false as the two addresses are completely different. Merely having offices in the same building did not establish any connection. Further, as per the annual report of Noticee 5, its address had changed to a completely new location and thus, the allegation of common address was factually incorrect. Further, the allegation of Noticee 5 being a Hanif Shekh entity, on account of his parents being major shareholders, was also not sustainable since the shareholding of parents of Hanif Shekh was 15.17% which was not a major shareholding.

(7) The Noticees, while relying upon the judgment of the Hon'ble SAT in the matter of *Baldevsinh Vijaysinh Zala vs. SEBI* contended that every layer of connection drawn by SEBI was baseless.

(8) The Noticees also asserted that as per the offloaders data provided in the SCN, they held shares in the respective scrips even prior to the investigation period and had bought only limited shares during the investigation period. Most of the shares allegedly sold were acquired prior to the investigation period and had no connection with the alleged funding by Sub-Group 3.A entities.

(9) Regarding connection of the Noticees with other Sub-Group 3 entities based on common addresses, common IP addresses, common email IDs, common phone numbers, having multiple fund transactions amongst themselves, more than 1% shareholding in Hanif Shekh entity – Noticees made submissions similar to

certain other Kolkata based entities, i.e., Noticees residing in one village Ramchandra Nagar having a sizeable population and the service provider allocating a single public IP to the village. Further, on the issue of shareholding in a Hanif Shekh connected entity, the Noticees argued that shareholding in a listed company would not make a shareholder connected to the company or its promoter.

(10) Regarding fraudulent trades done by Noticees as PV Influencers, Noticees asserted that very few instances or even no instances (in the case of Noticee 112) of trades done by the Noticees were specified in the SCN. Further, the SCN did not show any connections between the Noticees and those with whom their trades matched and while relying upon the judgments of Hon'ble SAT in the matters of *Indivar Traders Private Limited vs. SEBI* and *Maltiben Lalitbhai Gandhi vs. SEBI*, the Noticees contended that the allegation of manipulative trades could not be sustained in the absence of such connections.

(11) Noticee 110 especially contended that one of the allegedly fraudulent trading instances mentioned at para 109 of the SCN could not be held to be premeditated since the Noticee placed his order after 20 minutes of the order of the Chiripal group entity with whom the allegation of collusion was levelled and that he would not have waited for so long to place his order if he was colluding.

(12) It was also averred that their LTP contribution while trading in the respective scrips were miniscule or even negative for some Noticees and had they colluded, they would have made big contributions to the LTP and thus, they did not act in collusion with other entities. Further, the SCN nowhere mentioned the methodology for calculation of the profits made by the Noticees and SEBI had taken different periods to calculate profits across the scrips. The Noticees also contended that the LTP contribution of the Sub-Group 3 itself was miniscule and had they colluded with other entities, the LTP contribution would have been much higher. Further, SEBI had not even provided any basis of connection of the Kolkata group with other different groups, viz., Ahmedabad group, Gohil group, Chiripal group or Darjeeling Group.

(13) As per the Interim Order, the modus operandi of the scheme was that the offloaders including Sub-Group 3 entities transferred the sale proceeds to Hanif

Shekh connected entities. Thus, once the proceeds were transferred to other entities, it made no sense to direct disgorgement from the Noticees and disgorgement, if any, should be from Hanif Shekh connected entities.

(14) SEBI did not justify the imposition of liability for disgorgement in a joint and several manner in the absence of any connections of the Noticees with other entities. The disgorgement can only be against the persons who were alleged to have made unlawful gains. Reliance was placed on the judgments in the matters of Karvy Stock Broking (supra), Mahavir Singh N Chauhan (supra), SRSR Holdings Pvt. Ltd., etc. in this regard.

(15) Regarding wrong calculation of disgorgement amount – SEBI alleged that offloaders made profits by selling shares in the post-SMS period and thus, disgorgement should have been calculated in respect of profits made from sale of shares during the post-SMS period only. However, the same was calculated by taking different periods into consideration and for some scrips, the entire investigation period was considered. The post-SMS period was not considered for calculating the profits in even one scrip for the Sub-Group 3 entities. Without providing the information such as trade logs/order logs to the Noticees or the basis for calculation of the buy/sell price, the disgorgement was bad in law. Further, even for post-SMS period, the disgorgement could only be directed for shares offloaded to innocent investors and the shares traded amongst the group could not be taken into consideration for calculating disgorgement. For calculation of profits made by PV Influencers, SEBI has also considered the shares which were not sold by the entities and thus, the same was a notional profit, and the same could not be directed to be disgorged as disgorgement is limited to ill-gotten gains.

Noticees 115-118

155. Noticees 115 (Mr. Subrata Laha, vide replies dated March 16, 2024, October 10, 2025 and December 17, 2025), 116 (Mr. Priyankar Laha, vide replies dated March 18, 2024, October 10, 2025 and December 17, 2025), 117 (Mr. Tapas Laha, vide replies dated March 18, 2024, October 10, 2025 and December 17, 2025) and 118 (Mr. Arun

Laha, vide replies dated March 17, 2024, October 10, 2025 and December 17, 2025) made the following similar submissions –

(1) Noticees relied upon the judgment of the Hon'ble SAT in the matter of *Vikas Ganeshmal Bengani vs. Adjudicating Officer, SEBI* to contend that the Interim Order was vague as it sought to hold the Noticees guilty of a serious allegation of fraud without fully investigating their involvement.

(2) Relying on judgment of the Hon'ble SAT in the matter of *Pranshu Bhutra vs. SEBI*, the Noticees argued that the Interim Order was bereft of any material particulars to support the charge of fraud and the burden of proof lay on SEBI to prove the said charge.

(3) The trades in question pertained to the period from 2017-2020 whereas the Interim Order was passed only in June 2023. The power to pass *ex parte* orders could only be used in cases of extreme urgency and SEBI had shown no proof of urgency for passing the instant Interim Order. The Interim Order did not allege that the Noticees were involved in the circulation of SMS regarding investment in the scrips; that the Noticees had circulated any misleading or false information regarding the scrips; that the Noticees by their conduct had created any interest in investors to trade in the scrips; or that the Noticees had induced investors to buy any of the scrips. The Interim Order provided no evidence to prove that the Noticees received funds related to the alleged scheme or transferred it to other Noticees, and were continuing to do so when the Interim Order was passed.

(4) Impounding of wrongful gains can only apply to a party who allegedly has the custody/possession of the said wrongful gains. However, the Interim Order directed impounding without determination of the alleged unlawful gains made by the Noticees.

(5) Unlawful gains of various entities cannot be clubbed together by SEBI and have to be calculated separately for each Noticee. However, the Interim Order nowhere provides a breakup of the unlawful gains of the individual Noticees.

(6) Regarding allegation that the Noticees had a common address, i.e., Village-Ramchandra Nagar, Madhya Shibpur, South 24 Parganas, West Bengal, the total geographical area of the village is 492.82 hectares and many individuals/families

in the village have surname ‘Laha’. As per the voters list for the year 2023, the house numbers of all four Noticees were different.

(7) Regarding connection with Noticees 208-210 and 212 (Sub-Group 3.A entities) on account of frequent two-way transactions with these entities, transactions of Noticees 115-118 were loan transactions done in the normal course of business and had nothing to do with the stock market dealings of the Noticees. The Noticee-wise details of these loans are as under:

Noticee Name	**Loan from Noticee**	**Remarks**
115	208, 209, 212	Loan repaid along with interest
116	208	
117	208, 209	
118	208, 209, 210, 212	

(8) Regarding common IP address of the Noticees while accessing bank/trading accounts, it was submitted that all the Noticees resided in the same village and due to internet connectivity issues, the service provider may have allotted a static IP address to all the clients and it might have been a fault on the part of the service provider.

(9) Regarding connection amongst entities based on trading pattern and SEBI’s allegation that all Kolkata based entities traded in the scrips of the companies where SMSs were circulated giving buy recommendations, Noticees submitted that SEBI failed to produce evidence which could meet the threshold of preponderance of probability to sustain the charge of fraud.

(10) Regarding connection of Noticees 116 and 118 with Hanif Shekh on account of shareholding in Hanif group of companies, Noticees 116 and 118 held 1.29% shareholding (in Kanungo Financiers Ltd.) and 1.18% shareholding (in Econo Trade India Ltd.). However, in absence of any other relevant connections, mere shareholding in a listed company would not mean that the shareholders were connected to the promoter or the company.

(11) Directions under Sections 11 and 11B ought to be remedial and not punitive. The directions issued vide the Interim Order were not remedial in nature and were

essentially penal since the Noticees neither traded in the impugned scrips nor made any unlawful gains.

(12) Directions in the Interim Order were excessively harsh and disproportionate.

Submissions of Sub-Group 2.A and 3.A entities (Noticees 203 to 207 and 208 to 219)

156. The submissions of the entities of Sub-Group 2.A (Noticees 203 to 207) and Sub-Group 3.A (Noticees 208 to 219) which were allegedly conduits for funding fraudulent trades of sub-group 2 and 3 entities and for transferring unlawful gains from the said entities onwards to Hanif-Shekh entities are summarised in the following paragraphs.

Sub-Group 2.A entities (Noticees 203 to 207)

157. Noticee 203 (Manish Shah (Proprietor of Aneel A & Co), Noticee 204 (Vishal Jitendrakumar Barot (Proprietor of Samukh Trade), Noticee 205 (Amrish Nagindas Shah (Proprietor of Shakti Enterprise) and Noticee 206 (Sharad Enterprise), who were part of Sub-Group 2.A in the Interim Order, and alleged to have funded Sub-Group 2 entities and also transferred funds to Sub-Group 3.A, submitted a common reply dated January 29, 2024 stating that:

(1) No directions had been issued against the said Noticees, showing that they had been wrongly roped into the Interim Order.

(2) Noticees were not Hanif entities.

(3) Regarding the allegation that Noticee 204 had the same e-mail id as Mrs. Hina Barot, the proprietor of the Noticee 204 was the husband of Mrs. Hina Barot and her email id was used for the sake of convenience but he had not funded any entities mentioned in the Interim Order.

(4) There were no fund transactions with entities in Sub-Group 2 or 3.A.

(5) The fund transfers from Noticee 204 (Samukh Trade) and Noticee 203 (Aneel A & Co.) to Sahilkumar Vaghela (Noticee 88) mentioned in Table No. 18 of the Interim Order were due to Noticees 203 and 204 having given a loan of ₹5,00,000 on July 12, 2019 to Sahilkumar Vaghela as a friendly loan.

(6) The fund transfer from Jagdish Singh (Noticee 14) to Noticee 204 of ₹14,70,000 on October 30, 2019 was on account of recovery of friendly loan extended to Mr. Jagdish Singh..

(7) Similarly, the transfer of ₹22,59,330 on September 9, 2020 by Mr. Fuldeep Popatbhai Sehgal (Noticee 92) to Noticee 204 as reflected in Table No. 27 of the Interim Order, was on account of recovery of a friendly loan.

(8) The allegation against Noticees 203, 204, 205 and 206 pertains to the scrip of 7NR and pre-SMS period only.

(9) Noticees 203, 204, 205 and 206 did not deal in any of the 5 scrips or the counterparties or parties as alleged.

(10) There were no fund transactions of Gohil Group entities with Noticee 203 (Aneel & Co.), Noticee 204 (Samukh Trade) and Noticee 205 (Shakti Enterprise).

(11) Noticee 205 (Shakti Enterprise) and Noticee 206 (Sharad Enterprise) also did not have two way transactions with each other, Sub-Group 2 or Sub-Group 3.A entities as alleged. The fund transfer of ₹4,00,000 to Late Mr. Kevalrao Sawant by Noticee 206 on August 23, 2019 was a friendly loan.

(12) The fund transfer of ₹2,00,000 to Mr. Manish Rajput by Noticee 205 (Shakti Enterprise) on August 16, 2019 was a friendly loan.

(13) Regarding alleged fund transfers of ₹4,00,000 by Noticee 203 to Sahilkumar Vaghela (Noticee 88) on August 21, 2018 and again of ₹ 9,16,000 on August 20, 2019, were stated to be friendly loans.

(14) Friendly loans were also extended to Armeva Dealers (Noticee 211) on two occasions.

Sub-Group 3.A entities (Noticees 208 to 219)

158. The submissions made by Noticee 208 (Midpoint Commodeal) vide replies dated March 11, 2024, September 18, 2025 and November 7, 2025 are summarised as under:

(1) Noticee was engaged in the business of trading of agri products, granting loans and advances since 2015 and also gained rental income from its properties.

(2) The allegation of two-way frequent transactions with sub-group 3.A and Kolkata entities did not specify which transactions were being referred to and was thus, vague. Reliance was placed on the judgment in the matter of *Kailash Shahra vs. SEBI* to contend that mere transfer of funds would not lead to inference of manipulation unless there was clear evidence for usage of such funds in manipulation.

(3) MR Merchants Pvt. Ltd. (Noticee 210) and Amuly Suppliers Pvt. Ltd. (Noticee 212) merged into Noticee 208 as per order dated November 16, 2022 of RD of RoC ("Merger Order").

(4) Noticee gave loans to, *inter alia,* Mr. Sanjay Dey (Noticee 105) and Mr. Arpan Das (Noticee 104) under loan agreements in due course of its business. These two individuals utilised the loan amounts to trade in the securities market through their respective brokers.

(5) Data on outstanding loans disbursed by the Noticee to different entities between 2018-19 to 2021-22 as compared to its net worth, and income for those years, was tabulated.

(6) Midpoint Commodeal's relationship with Sanjay Dey and Arpan Das commenced in the ordinary course of loan business in 2018. Account confirmations obtained from Sanjay Dey and Arpan Das for four years from April 1, 2018 to March 31, 2022 showed each transaction with them and that they were regular clients.

(7) In 2018, Noticee 208 gave total outstanding loan of ₹23,24,74,809 to Sanjay Dey, of which only ₹ 35,00,000 was transferred to him. On December 10, 2018, Noticee 208 sanctioned loan of ₹25 lakhs at interest of 9%, to be disbursed as and when required and requested. Vide letter dated April 3, 2019, Noticee 208 enhanced loan limit of ₹25 lakhs to ₹ 60 lakhs.

(8) In 2018, Midpoint Commodeal gave a total outstanding loan of ₹23,24,74,809 to Arpan Das, of which only ₹ 70,00,000 was transferred to him. On December 7, 2018, Noticee 208 sanctioned loan of ₹70 lakhs at interest of 9%, to be disbursed as and when required and requested.

(9) As per Table no. 19 of the Interim Order, Midpoint Commodeal transferred ₹3,00,000 to Sanjay Dey on August 7, 2019 and ₹ 10,00,000 to Mr. Arpan Das on August 17, 2019. As per Table no. 28, Sanjay Dey transferred ₹37,48,796 to

Midpoint Commodeal on December 12, 2019, and Arpan Das transferred ₹ 7,50,000 and ₹ 70,00,000 to Midpoint Commodeal on December 23, 2019 and January 15, 2020.

(10) Regarding the allegation that Noticee 208 alongwith DK Jain Properties Pvt. Ltd., MR Merchants Pvt. Ltd. and Amuly Suppliers Pvt. Ltd. had shareholding in Escorts Agencies Ltd. and had a common director, Mr. Nandu Shaw, it was submitted that being shareholder in a private company or having a common professional director did not establish connection with Hanif Shekh or the fraudulent conspiracy or other entities.

(11) Regarding the allegation that Noticee 208 and Amuly Suppliers had the same android ID while accessing respective email IDs, Nandu Shaw as common professional director could have logged into his respective e-mail ids through one device, showing same android id. This did not establish connection with Hanif Shekh.

(12) Apart from the transactions of the Noticee with Sanjay Dey and Arpan Das as mentioned in Table nos. 19 and 28 of the Interim Order, other transactions of the Noticee with these two people between 19.12.2018 and 20.12.2021 from ledger accounts were tabulated with the respective amounts involved. This showed a long-term business relationship rather than a few transactions picked up by the SCN.

(13) Noticee 208 did not trade in any of the scrips referred to in the Interim Order, and made no unlawful gains. Noticees relied upon judgments in the matters of *Dilip Pendse vs. SEBI* and *SEBI vs. Rakhi Trading Pvt. Ltd.* to contend that intention was a necessary element to prove market manipulation.

(14) The Interim Order was based on mere suspicions, association and fund transfers which do not constitute proof of manipulative conduct.

(15) The Noticee was asked to provide details of its investment/lending activities prior, during and post-investigation period during the hearing held on October 28, 2025. In response to the same, the Noticee submitted details of its investments and unsecured loans given during this time. However, the Noticee did not provide any loan agreements on the ground that it does not enter into written loan agreements and the advances were largely made to known people by verbal agreement.

159. Vide reply dated March 18, 2024, Noticee 209 (DK Jain Properties Pvt. Ltd.) made submissions similar to those made by Noticee 208, including the following:

(1) Noticee gave loans to Mr. Suprabhat Laha (Noticee 107), Mr. Buddhadeb Laha (Noticee 109) and Mr. Arpan Das (Noticee 104) in the ordinary course of its business, and these persons utilised the said amounts to trade in the securities market through their respective brokers. The loan agreements provided that the borrower could receive further money from the lender and hence there was no need to make another loan agreement.

(2) Noticee was incorporated on May 26, 2005 under the Companies Act, 1956 and engaged in the business of real estate activities with its own or leased property, and providing loans from spare funds and investment in unlisted equities from time to time. Noticee's Profit After Tax was consistently increasing.

(3) Data on outstanding loan disbursed by the Noticee to different entities between 2018-19 to 2020-21 as compared to its net worth, and income for those years, was tabulated. Only a small portion of such loan was granted to Mr. Suprabhat Laha (Noticee 107).

(4) *Inter se* fund transfer between Noticee 209 and Mr. Suprabhat Laha (Noticee 107), Mr. Buddhadeb Laha (Noticee 109) and Mr. Arpan Das (Noticee 104) were tabulated to show that there were other regular transactions between them and not just those alleged in the Interim Order.

(5) Noticee's relationship with Mr. Suprabhat Laha (Noticee 107) went back to 2019. In FY 2019-20, Noticee gave total outstanding loan of ₹12,96,31,829 of which it transferred only ₹ 34,00,000 to Mr. Suprabhat Laha (Noticee 107).

(6) On February 15, 2019, Noticee 209 provided loan to Mr. Suprabhat Laha of ₹20 lakhs at interest of 9%, to be disbursed as and when required and requested.

(7) Account confirmations obtained from Suprabhat Laha for four years from April 1, 2018 to March 31, 2022 showed each transaction with him and that he was a regular client since 2018.

(8) The allegations in Table nos. 19 and 28 of the Interim Order zeroed in on 2 money transfers and ignored the business relationship between the Noticee and Suprabhat Laha (Noticee 107).

(9) The Noticee made similar submissions in respect of the fund transfer to Buddhadeb Laha (Noticee 109), where outstanding loan of ₹6,04,45,937 was given of which only ₹ 15,00,000 was transferred. On February 15, 2019, Noticee 209 vide loan agreement provided loan of ₹20 lakhs at interest of 9%, to be disbursed as and when required and requested. Copy of loan agreement was annexed.

(10) Account confirmations obtained from Buddhadeb Laha for four years from April 1, 2018 to March 31, 2022 showed each transaction with him and that he was a regular client since 2018.

(11) In respect of the fund transfer alleged in Table no. 28 of the Interim Order from Arpan Das (Noticee 104), Noticee 209 made similar submissions as in the case of Suprabhat Laha and Buddhadeb Laha, reiterating that it was one transaction for loan repayment.

(12) The submissions of Noticee 209 regarding the alleged two-way transactions with each other, Sub-Groups 3 and 3.A., shareholding in Escorts Agencies and common director with Midpoint Commodeal, MR Merchants and Amuly Suppliers, were identical to those made by Noticee 208.

(13) Regarding address similar to that of Noticee 5 i.e. Econo Trade India Ltd., Noticee 209 submitted that the two addresses were different as the address of Noticee 5 was 16/1A Abdul Hamid Street, 5th Floor, Room no. 5E, Kolkata-700069 as per Company's Master Data attached as Enclosure 78 to the Interim Order. Address of Noticee 209 was 9/12, Lal Bazar Street 3rd Floor Block-B Room No 17 Kolkata 700001, which was a very big housing complex consisting of more than 500 offices.

160. Vide replies dated March 17, 2024, Noticee 210 (MR Merchants Private Limited) and Noticee 212 (Amuly Suppliers Private Ltd.) adopted the reply dated March 11, 2024 filed by Noticee 208. Further, Noticees 210 and 212 submitted that:

(1) MR Merchants Private Limited (Noticee 210) and Amuly Suppliers Pvt. Ltd. (Noticee 212) had merged into Midpoint Commodeal by order dated November 16, 2022 of RD of RoC.

(2) In similar facts in the case of *Aashirwad Realtors Pvt. Ltd.* decided on June 30, 2021 by Adjudicating Officer, SEBI, a Show Cause Notice vis-à-vis an entity which had merged/amalgamated with another company before initiation of proceedings by SEBI, was disposed of.

Submissions of Sub-Group 5.A entities (Noticees 220 to 225)

161. Noticee 220 (Nilratan Suppliers Private Limited) vide reply dated February 26, 2024 made the following submissions:

(1) Noticee was an audited firm registered under the Companies Act, 2013 (erstwhile 1956).

(2) Noticee had not bought or sold shares of the companies which were part of the Interim Order.

(3) Noticee was not connected with Hanif Shekh, and was not involved in any unlawful gains made.

(4) Regarding the allegation on page 72 of the Interim Order that as part of Sub-Group 5.A (Hanif Connected entities), Noticee 220 had the same android device id as another Noticee, Kanungo Financiers while accessing their respective email ids, and Briya Enterprise, Kanungo Financiers and Purple Entertainment also had same android device id while accessing their respective email ids, Noticee 220 submitted that common electronic device id merely for email id could not be an allegation and it was confirmed by the compliance professional of Purple Entertainment Ltd., Briya Enterprise and Kanungo Financiers, that the same device was used sometimes at its office for secretarial work related communication/ROC related work for these Noticees.

(5) Regarding the allegation in the Interim Order that Noticee 220 as connected entity helped Hanif Shekh to encash benefit of the scheme by facilitating transfer of funds, Noticee 220 submitted that mere transfer of funds which were in books of account of the company could not be wrong or illegal. There were instances where the entities had given loan to third parties in the business circle. Further, the entities had not received any funds of the sale proceeds, and entities had not bought shares or given funds to manipulate

price of the shares. Noticee 220 did not earn any illegitimate money in the books of the company.

(6) The Interim Order did not specify which transfer of funds connected it to Hanif Shekh. No money came into books of account of Noticee 220 from accused companies namely MUL, VFL, 7NR, DRCL or GBL. Noticee 220 was not a Hanif Shekh connected entity, and did not have direct business with Hanif Shekh entities except loan transaction carried on under the term of his late father Mr. Kasam Shekh.

(7) Noticee 220 did not advise any entity to be part of the scheme.

162. Noticee 221 (Briya Enterprises Limited) vide replies dated February 26, 2024 and September 22, 2025 made submissions identical to those made by Noticee 220 and also submitted that:

(1) Noticee 221 was a company registered under the Companies Act, 1956 with the RoC Gujarat.

(2) Noticee 221 was not part of PV Influencers, Offloaders or Hanif Shekh connected entities.

(3) Noticee 221 was not a Hanif Shekh connected entity, and did not have direct business with Hanif Shekh entities except loan transaction carried on under the term of his late father Mr. Kasam Shekh.

163. Noticee 222 (Kanungo Financiers Ltd.) vide replies dated February 26, 2024 and September 22, 2025 made submissions identical to Noticees 220 and 221.

164. Noticee 223 (Purple Entertainment Ltd.) vide its replies dated March 12, 2025 and September 22, 2025 submitted that:

(1) It was a legitimate enterprise that ran its entertainment business primarily in the state of Gujarat.

(2) While the Interim Order alleged that the Noticee was a conduit used to transfer to Hanif Shekh the alleged wrongful gains received by it from other Hanif Shekh connected entities who dealt in the respective scrips as part of the fraudulent scheme, there was no allegation that the Noticee had any part of the wrongful gains.

(3) The transaction with Mr. Kasambhai Shekh and Ms. Hasinaben Shekh was an unsecured business advance that had been disbursed pursuant to a business

advance cum loan agreement executed between Mr Kasambhai Shekh and the Company for the purposes of an upcoming project in the Gujarat entertainment industry in the year 2018. Further, during execution of the business advance cum loan agreement, Mr Kasambhai Shekh had executed the agreement in the name of Ms Hasinaben Shekh for reasons best known to him. The loan agreement pursuant to which such funds were transferred envisaged a tenure of 10 years and Ms Hasinaben Shekh was in the process of repaying the balance amounts.

(4) The transactions with Econo Trade India Limited (Noticee 5) were pursuant to a *bona fide* loan agreement which was repaid by the Company with interest and applicable taxes.

(5) The transactions with Nilratan Suppliers and Shivansh Finserve were also pursuant to an unsecured loan agreement which as on date of the reply had been settled completely.

(6) Noticee 223 also maintained its trading account with Econo Broking (Noticee 6).

(7) The transfer of funds which were erroneously characterized as arising from the alleged fraud were in fact in relation to the loan agreement and ordinary broking transactions.

165. Noticee 224 (Lagan Barter Pvt. Ltd.) vide reply dated April 16, 2024 and post-hearing submissions dated December 22, 2025 made the following submissions:

(1) The fund transfers between the Noticee and Highgrowth Vincom Pvt. Ltd. (Noticee 100) were related to purchase/sale/ of listed/unlisted shares and undertaken in the ordinary course of business of the Noticee. Particulars were tabulated for the Noticee's account in the books of Highgrowth Vincom, and copies of Ledger accounts with share bills were annexed. The table indicated purchase of equity shares of certain companies by Lagan Barter from Highgrowth Vincom on January 29, 2019, January 29, 2019 and February 11, 2019, as well as sale of equity shares of certain companies by Lagan Barter to Highgrowth Vincom on April 17, 2019, October 1, 2019, December 19, 2019, December 23, 2019 and March 17, 2020 for various amounts.

(2) Regarding alleged fund transfers between the Noticee and Linkup Financial Consultants Pvt. Ltd. (Noticee 106), the same were due to the Noticee availing unsecured loans and advances facility from Linkup, sanctioned in 2018-19 for ₹ 3,23,00,000/- for a term of upto 2 years. The loan was paid back in 2019-20. Copies of loan confirmation accounts for 01.04.2018 to 31.03.2020 alongwith relevant bank transactions were annexed.

(3) Regarding alleged frequent trades of Noticee and Nilratan Suppliers Pvt. Ltd. (Noticee 220) with Econo Broking Pvt. Ltd. (Noticee 6), an alleged Hanif Shekh firm, Noticee submitted that it had a demat account with Noticee 6 since October 17, 2018 and traded in other scrips too. The fund transfers were solely for stock broking transaction, as brought out by Noticee's ledger account statements for 01.04.2019 to 31.03.2021. Noticee was not aware of trades undertaken in the demat account of Nilratan Suppliers.

(4) Regarding alleged transactions with Briya Enterprises (Noticee 221), the connection between them was only in the form of loans and advances for the period 2017-2021. Noticee tabulated particulars from the ledger of Briya Enterprise to show that Lagan advanced loan to Briya in 2017-18 and Briya repaid the entire amount in 2018-19. Similar receipts and repayments of loan were shown for September-October 2018, April-August 2019, October-December 2019 and May 2021.

(5) Regarding the transactions with Midpoint Commodeal (Noticee 208) and Amuly Suppliers (Noticee 212), similar loan and repayment particulars with the Noticee were tabulated for the period between July 2020 to May 2021, and ledger account statements of Midpoint and Amuly were annexed.

(6) Regarding transactions with Econo Trade (Noticee 5), the Noticee stated that it did not enter into any transactions with Noticee 5 nor was there any relationship between the two.

(7) Regarding the common address of two of its directors Mr. Ramesh Laha and Mr. Kamal Das, the Noticee stated that just because they hailed from the same place did not establish meeting of minds or connection with the Noticee. Common address could not amount to fraudulent conspiracy.

(8) Noticee had not traded in any of the scrips mentioned in the Interim Order, had no ill-gotten gains from the alleged scheme.

(9) The Interim Order did not provide documentary evidence of alleged frequent transactions between the Noticee and other entities.

166. Noticee 225 (Mr. Jignesh Sudhirbhai Shah) vide reply dated January 18, 2024 submitted that: -

(1) Noticee was a resident of Ahmedabad involved in the business of real estate.

(2) There was no urgency for issuance of the Interim Order.

(3) Interim Order did not specify how the Noticee aided and abetted Hanif Shekh to encash the benefits of his fraudulent scheme. Despite the allegation that Noticee facilitated transfer of funds received from Sub-Groups 2.A, 3 and 3.A, no such transactions with these entities or even with Hanif Shekh were mentioned in the Interim Order.

(4) Noticee did not transfer funds to Hanif Shekh. Noticee did not receive any unlawful gains from the scheme.

(5) Noticee denied any bank transactions or connection with Nilratan Suppliers Pvt, Ltd., Briya Enterprises Ltd. or Lagan Barter Pvt. Ltd.

(6) Noticee stated that the transaction with Kanungo Financiers Ltd. was a loan of ₹15,00,000 taken on 15.02.2019 and of ₹ 5,00,000 on 22.02.2019 which was repaid on 15.11.2021, therefore there was a business and financial relationship, as submitted during investigation.

(7) The transaction with Purple Entertainment Ltd. was in the nature of rent received from the Company for the Noticee's commercial property at B-30, 3rd floor, Ajanta Commercial Center, Opp. Gujarat Vidyapith, Income Tax Cross Road, Ashram Road, Ahmedabad – 380014 for monthly rent of ₹15,000, therefore the relationship was of licensee and licensor. Copy of leave and license agreement was annexed.

(8) All bank transactions of the Noticee were in his individual capacity. Connections alleged in the Interim Order were remote and far-fetched. Genuine business transactions or business relations or mere acquaintance could not be used to alleged participation in scheme of manipulation.

(9) The Noticee held 7.5% shares in Econo Broking (Noticee 6) and Mr. Kasambhai Shekh (Noticee 2 – since deceased and father of Hanif Shekh), promoter and Director of Econo Broking, was his friend.

(10) Regarding allegation of frequent calls with Hanif Shekh, Noticee submitted that out of 372 days of CDR data provided by SEBI for the period between September 1, 2019 to September 7, 2020, there were only 7 calls received by the Noticee from 9067584982, with duration ranging from 32 to 188 seconds. Noticee could not recall the specific reason for the calls, however, they could have been to check on the health of Mr. Kasambhai Shekh as he was not well and died due to Covid on July 31, 2020. Without proof of purpose of the calls, SEBI could not use the calls to prove that the Noticee was part of any scheme or aided and abetted Hanif Shekh.

FINDINGS AND CONSIDERATION

167. The long and short of the present case before me is that groups of entities connected to each other through common e-mail IDs, mobile numbers, addresses and/or bank transactions, and termed as 'PV Influencers' for the respective five scrips in the Interim Order, deliberately and consistently placed orders over a considerable period in a manner to manipulate the price and volume and indicate a sustained trading activity in the said scrips. The SCN alleged that in order to sustain the artificial prices and volumes in the scrips so created by these PV Influencers and create a further momentum of positive market perception about these scrips, buy recommendations were sent through bulk SMSs and websites in favour of the aforesaid five scrips for periods ranging from a few days to weeks in 2019-2020, by or at the behest of one Mr. Hanif Shekh who clandestinely approached SMS resellers and domain name registrars for this purpose, through multiple mobile numbers under different names and by subscribing in cash.

168. These five scrips witnessed a huge surge in trading volumes during the respective SMS circulation periods, albeit without any significant corporate announcements or favourable financial results. The alleged scheme culminated in 'Offloaders', which

were the entities connected either with Mr. Hanif Shekh or to the respective promoters of the subject companies, exiting the scrips by offloading their shares at inflated prices onto unsuspecting investors and transferring the unlawful gains to the alleged ultimate beneficiaries, viz., Mr. Hanif Shekh or the respective promoters, through a set of common conduit companies.

169. I now proceed to examine the allegations against the Noticees in light of the material on record and the Noticees' replies in order to consider the issues that arise for determination. For ease of reference and effective determination of the issues raised, the consideration will proceed scrip-wise, and also as per the Groups into which the Noticees have been categorised in the Interim Order.

170. It is clarified that the consideration and findings recorded hereinafter with respect to submissions advanced by a Noticee or a group of Noticees shall, *mutatis mutandis* apply to identical or similar submissions made by any other Noticees. Thus, a mere non-repetition or absence of specific reference to submissions of such Noticees shall not be construed as a non-consideration thereof.

171. Before proceeding with consideration of the issues on merits, I deem it fit to deal with the preliminary issues raised by the Noticees and I proceed hereunder.

PRELIMINARY ISSUES

Lack of urgency for passing an Interim Order and issuance of harsh directions

172. Several Noticees have raised an objection that there was no urgency for passing interim directions in the matter and that the directions issued were excessive and disproportionate. In support of this argument, the Noticees have cited several judgments of the Hon'ble SAT such as *North End Foods Marketing Pvt. Ltd. vs. SEBI, Dr. Udayant Malhoutra vs. SEBI* and *Cameo Corporate Services Ltd. vs. SEBI,* which*, inter alia,* held that the power to pass interim orders could be exercised only in cases of extreme urgency. In this regard, I note that the Interim Order brought out the intricate details of the *prima facie* manipulative scheme crafted by its alleged kingpin, Mr. Hanif Shekh, which involved, *firstly,* the creation of artificial price and

volume in five scrips by sustained trading activity by groups of connected entities so as to build a momentum of positive market perception of these scrips when the fundamentals of the companies did not support such a trading frenzy. The *second* leg of the scheme unfolded with circulation of buy recommendations in these scrips which led to masses of innocent investors getting induced to buy these scrips, and taking advantage of the same, the front entities of the alleged kingpin and/or the promoters of these companies, offloading their shares for massive profits, which were siphoned off ultimately to the entities allegedly controlled by the kingpin or the promoters through various layers of other conduit entities in order to escape regulatory detection.

173. In view of the scale of operation of the allegedly manipulative scheme across five different scrips, steered by one entity, viz., Mr. Hanif Shekh, who brought together disparate groups of entities to manipulate price and volume in respective scrips during the period from 2017 to 2020, then coordinated efforts of various other sets of entities to offload shares at inflated prices and transfer them finally to the ultimate beneficiaries of the scheme through intermediate layers, it became imperative, by issuance of interim directions, to debar these entities from further perpetrating the fraud onto the broader securities market and prevent the unlawful gains from being further removed from the regulatory reach. Accordingly, I am of the view that issuance of the Interim Order was justified in the particular facts and circumstances of this case. Therefore, I am of the view that the reliance placed by the Noticees on the judgments of the Hon'ble SAT in *North End Foods Marketing Pvt. Ltd. vs. SEBI, Dr. Udayant Malhoutra vs. SEBI* and *Cameo Corporate Services Ltd. vs. SEBI* do not assist their case.

174. At this stage, I also note that these particular issues regarding urgency and nature of the interim directions were also raised by certain Noticees in their respective appeals (Appeal Nos. 568 and 577 of 2023) filed before the Hon'ble SAT challenging the Interim Order. However, the Hon'ble SAT, vide its judgment dated August 18, 2023 in the said appeals, accorded no relief to the said Noticees from the operation of the directions, *inter alia*, on the ground that the allegations levelled were serious

and SEBI was justified in passing interim order in order to prevent the appellants and other Noticees from further infiltrating the market. The Hon'ble SAT also held that the findings of the Interim Order were based on objective facts and the contention of the appellants (Noticees herein) that no *prima facie* case existed in passing of the Interim Order was wholly erroneous.

Issuance of impounding / disgorgement directions without adjudging guilt

175. I observe that the Noticee 1 has raised another rather perfunctory contention that SEBI erred in issuing a direction of disgorgement in the Interim Order absent conclusive determination of guilt. At the very threshold, I note that there was no direction of disgorgement in the Interim Order and the concerned Noticees were rather called upon to show cause as to why suitable directions, including disgorgement, should not be passed against them under the relevant provisions of SEBI Act and SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 ("SEBI Inquiry Rules"), meaning that directions of disgorgement can only be passed pursuant to determination of guilt of a Noticee in an inquiry held under the applicable provisions.

Direction of impounding not compliant with conditions of attachment before judgment

176. Further, certain Noticees have raised another related argument that the directions of impounding in the Interim Order amounted to an attachment before judgment within the meaning of Order 38 Rule 5 of the Civil Procedure Code, 1908 ("CPC"), and the conditions of the said rule were not satisfied in the present case. In support of this argument, the Noticees have primarily relied upon the judgment of the Hon'ble SAT in the matter of *Dr. Udayant Malhoutra vs. SEBI* which, *inter alia*, held that disgorgement could not be directed to be deposited in advance unless it was adjudicated and quantified. However, I note that the Hon'ble Supreme Court in an appeal (*SEBI vs. Dr. Udayant Malhoutra*, 2020 INSC 647) filed against the aforesaid judgment of the Hon'ble SAT had categorically acknowledged SEBI's power under Section 11(4) of the SEBI Act to impound and retain the proceeds or securities in

respect of any transaction even during pendency of an investigation or inquiry. Further, the Hon'ble Supreme Court directed that the aforestated interpretation of Hon'ble SAT on the powers of SEBI to direct impounding shall not be cited as a precedent in any other case.

177. I also note that the decision of Hon'ble SAT in *Dr. Udayant Malhoutra* in setting aside the subject Interim Order turned on its own facts since the Hon'ble SAT was of the view that the justification in SEBI's Interim Order for directing impounding, viz., that "it is possible that the entity may divert the notional gain" was erroneous since it was based on a possibility and there was no evidence that the appellant was trying to divert the alleged notional gain. In this regard, the Hon'ble SAT held that the principle of attachment before judgment as laid down in Order 38 Rule 5 of the CPC is applicable only when it is found that a person is about to dispose of the property in question with intent to obstruct or delay the execution of the order to be passed in adjudication proceedings. However, I note that the facts of the present case are clearly distinguishable from those in the case of *Dr. Udayant Malhoutra* since the Interim Order, by means of cogent evidence, has brought out that the profits made by the offloaders were being routed to the ultimate beneficiaries through multiple layers of conduit entities and a portion of these profits was also converted to cash, which necessitated issuance of the interim direction of impounding so as to prevent the dissipation of unlawful gains beyond regulatory reach.

Non-compliance of Inquiry rules in the proceedings

178. Another argument raised by certain Noticees was that the provisions of Rules 3, 4(1) and 4(3) of the SEBI Inquiry Rules were not complied with in the present matter and the SCN sought to summarily impose penalty on the Noticees since the SCN did not reveal whether an opinion was formed by SEBI under Rule 3 of the SEBI Inquiry Rules that there were grounds for adjudging under the provisions of Chapter VI-A of the SEBI Act, and further, a second notice under Rule 4(3) of the SEBI Inquiry Rules was not issued to the Noticees once an opinion was formed that an inquiry should be held in the matter. I note that this argument spawns from a misunderstanding of

the scheme of the SEBI Inquiry Rules since, firstly, there is no requirement in law for SEBI to disclose the opinion formed by it under Rule 3 of the SEBI Inquiry Rules that there were grounds for adjudging under the provisions of Chapter VI-A of the SEBI Act, as has already been held by the Hon'ble Supreme Court in its judgment dated September 14, 2022 in the matter of *Kavi Arora vs. SEBI* [SLP (Civil) No. 15149 of 2021]. Further, the very fact that an SCN has been issued in the matter automatically implies that an opinion was previously formed by SEBI under Rule 3, which ultimately led to the issuance of such SCN.

179. Secondly, I note that the provisions of Rule 4(1) of the SEBI Inquiry Rules make it incumbent upon a quasi-judicial authority to first issue a notice to a person requiring him to show cause why an inquiry should not be held against him, before initiating such inquiry. In this context, I am of the view that Rule 4(1) has been duly complied with in this matter since the composite Interim Order cum SCN issued in this matter on June 19, 2023 clearly disclosed the allegations against the Noticees and vide para 173 of the SCN, the Noticees were called upon to show cause as to why certain directions as envisaged in the Interim Order should not be issued against them.

180. Further, vide para 174 of the SCN, the Noticees were granted a time of 21 days to file their reply and also afforded an opportunity of personal hearing. In this regard, I note that the Noticees have been provided multiple opportunities of personal hearing both before me and before my predecessor Competent Authority, Shri Ashwani Bhatia, details of which have been recorded elsewhere in this Order, by issuance of hearing notices in accordance with the provisions of Rule 4(3) of the SEBI Inquiry Rules. Therefore, I find that the SEBI Inquiry Rules have been complied with in this matter, both in letter and in spirit and thus, the present argument of the Noticees is untenable.

Inordinate delay in issuance of SCN

181. Another contention raised by certain Noticees is that there was inordinate delay in issuance of the Interim Order cum SCN in this matter in June 2023 when the impugned trades related to the period between 2017 and 2020, and that this had

caused grave prejudice to the Noticees and was also hit by laches. In support of their argument, the Noticees sought to rely on various judgments of the Hon'ble SAT and the Hon'ble Supreme Court in the matters of *Ashok Shivlal Rupani vs. SEBI, HB Stockholdings Limited vs. Securities and Exchange Board of India, Adjudicating Officer, SEBI vs. Bhavesh Pabari, Government of India vs. Citedal Fine Pharmaceuticals, Madras and Ors.,* etc. In this regard, I note that the thrust of all these judgments is on the requirement on any authority to exercise its powers within a reasonable period, in case a limitation period is not prescribed in the statute. Given that such a limitation period is not prescribed for SEBI's enforcement proceedings, I proceed to examine this issue in light of the principle laid down in these judgments.

182. In this context, I note at the outset that the Hon'ble Supreme Court in the matter of *Bhavesh Pabari* (supra) has, *inter alia*, held that what would be reasonable time for exercise of power would depend upon the facts and circumstances of the case, nature of the default/statute, prejudice caused, whether third party rights had been created, etc. Accordingly, I find it pertinent to reiterate that the investigation in this matter pertained to five different scrips allegedly manipulated by disparate sets of entities over a period of three years, involving a common *modus operandi* of influencing price and volume (albeit by resorting to varied strategies such as synchronised trades, structured trades, trading in miniscule quantities, etc.) followed by circulation of buy recommendations by SMSes and websites, culminating into offloading at inflated prices, and movement of funds across several layers. The sheer number of entities involved in this well orchestrated scheme entailed a colossal investigative effort comprising trading pattern analysis, fund flow analysis, statement recordings, etc. Thus, investigation in this matter was especially long drawn and was concluded by issuance of the Interim Order. Accordingly, I am of the view that the time taken to complete the investigation has been reasonably explained in this matter and thus, none of the judicial precedents cited by the Noticees lend any weight to their defence in the particular facts and circumstances of this case.

183. In any event, I note that mere passage of time is not fatal to a case unless the Noticees have been prevented from effectively participating in the proceedings, thereby causing them prejudice. In this regard, I note that the SCN, and the attendant Investigation Report and the relevant annexures thereto, explain in comprehensive detail the charges levelled against the Noticees. Further, the Noticees were given ample opportunities for inspection of documents, sometimes even accompanied by personal hearings to certain Noticees before my predecessor Competent Authority for the purpose of considering their requests for inspection of relevant documents. I also note that the Noticees have filed detailed submissions through multiple communications in their defence as noted hereinabove in this Order. Accordingly, I find that none of the Noticees has been able to bring any cogent material on record to demonstrate any real prejudice caused to him/them, so as to render the proceedings vitiated on account of delay.

Lack of clarity in the SCN on the allegations levelled

184. Another argument which has been raised by some of the Noticees is that the SCN was vague and silent as to how the provisions of PFUTP Regulations were violated in this matter, thereby violating the principles of natural justice. Various judgments of the Hon'ble SAT in *Vikas Bengani vs. SEBI* and of the Hon'ble Supreme Court in *Commissioner of Central Excise, Bangalore vs. Brindavan Beverages Pvt. Ltd. & Ors., Gorkha Security Services vs. Government* were cited by the Noticees in support of this argument. Even though I am cognizant of the fact that the judgments in *Brindavan Beverages* (supra) and *Gorkha Security Services* (supra) are not applicable to the domain of securities laws, I nevertheless proceed to analyse the particular position of law exposited in these judgments, i.e., an SCN should not be vague and lacking in details but should clearly detail the allegations which a noticee is expected to meet and also the particular penalty/ action which is proposed to be taken against the noticee.

185. In light of the same, I note that the Interim Order cum SCN in the present matter, along with annexures thereto, lucidly provided details of connections between

various sets of Noticees, their fund transactions, their allegedly fraudulent trading patterns, etc. which are also summarised hereinbefore. Further, I note that apart from the *prima facie* findings recorded in the SCN, the Noticees were also informed of the precise provisions of SEBI Act and PFUTP Regulations allegedly violated by them as a result of their conduct, and the suitable directions, including monetary penalty and disgorgement, sought to be imposed upon them in the present enforcement proceedings. Furthermore, I note from a perusal of the replies of the Noticees that they have made quite detailed and multiple submissions in response to the SCN (as have been summarised hereinbefore), clearly belying their stand that they were not able to understand the allegations against them and proving that they have been accorded ample opportunity to defend the allegations contained in the SCN. Accordingly, I hold that the present argument of the Noticees is untenable.

Non-supply of relevant documents

186. Another argument sought to be advanced by the Noticees which is, in a way, connected to the previous argument of prejudice caused to the Noticees, was that they were not supplied with the relevant documents by SEBI which disabled them from effectively defending themselves in the instant quasi-judicial proceedings before me. In respect of this issue, I reiterate, at the outset, that the Noticees were granted ample opportunities for inspection of documents, including personal hearings to certain Noticees in connection therewith, as noted hereinbefore. For instance, I note that MUL and its promoters (Noticees 8 to 10) were granted an opportunity of inspection as late as September 9, 2025.

187. I also note that the law on disclosure of documents to the Noticees in quasi-judicial proceedings was laid down by the Hon'ble Supreme Court in the matter of *T. Takano vs. SEBI & Anr.* and the Noticees herein have also adverted to the same along with certain other judgments such as *SEBI vs. PriceWaterHouse (supra), B. Ramalinga Raju vs. SEBI (supra) and Smitaben N. Shah vs. SEBI (supra).* On a perusal of the said judgments, the position of law which could be distilled is that there is a requirement on part of SEBI to disclose such material to a Noticee as is relevant to

and has a nexus to the action that is taken by the authority. The actual test is whether the material that is required to be disclosed is relevant for the purpose of adjudication and would include such material as is necessary for a Noticee to defend his case against the action proposed to be taken against him. Having said that, I now proceed to record my findings on the requests of Noticees for disclosure of specific documents, based on the aforestated legal position:

(a) *Order appointing investigating authority, and internal approvals for initiation of enforcement proceedings against the Noticees* – Noticees have not been able to show any relevance of this internal correspondence to the charges levelled against them or how such material would have any bearing on their defence. Further, it is not the case of the Noticees that the appointment of investigating authority was defective in any sense.

(b) *Order log and pending order book apart from trade logs as sought by certain Gohil Group entities for 7NR scrip, on the ground that order details would indicate whether there were entities other than the Noticees in the market who had a similar order placement pattern*. - The Noticees were provided with trade logs which contains detailed information about time and price of the corresponding orders and the LTP contribution by individual trades, and no analysis of Order logs was carried out even during investigation. The investigation in the 7NR scrip revealed that the PV Influencers, i.e., Gohil group entities and Kolkata based entities were repeatedly carrying out structured trades by placing orders in close proximity to each other in order to create artificial volume in the scrip, set the momentum for trading and manipulate the price of the scrip. Such repetitive pattern of inter se trade matching between these entities where these PV Influencers contributed more than 40% of the total trading volume in the 7NR scrip during the pre-SMS period, both on the buy as well as sell side, leaves no doubt, at least on the finding that no other entities matched the trading pattern of PV Influencers and therefore, I do not find that the pending order book or order logs would have any relevance for the Noticees in defending their case.

(c) *Documents for calculating quantity and value of sales and purchases and consequent gains* – I find that as such no documents, except the trade logs which

were provided to the Noticees, have been relied upon for the purpose of calculation of the buy and sell values and consequent profits. The tables in the Interim Order containing details of profits made by various entities clearly mention the logic applied for calculation of the said profits. Thus, I find that the Noticees do not need to rely on any other formal documents in order to counter the logic of calculation of profits.

In this view of the matter, I find that all the relied upon and relevant documents necessary for the Noticees to plead their defence have been duly supplied to them, and as regards the other documents not supplied to them, no prejudice has been caused to the Noticees by not getting access to those documents. I hold a firm view that principles of natural justice cannot be stretched to unreasonable limits so as to encompass the right of the Noticees to endlessly demand a roving disclosure of irrelevant material and in effect, derail the quasi-judicial proceedings. Furthermore, I note that none of the Noticees in their personal hearings held before me during the months of September-October 2025 had contended that relevant documents such as Investigation Report and Trade Log were not supplied to them. Accordingly, the present argument of the Noticees is without merit.

Labelling Mr. Hanif Shekh as the 'kingpin' in the Interim Order caused prejudice

188. Another preliminary submission made by Noticee 1 was that the Interim Order labelled him as the kingpin and thus showed prejudice, or that it was a final order akin to attachment in the form of an Interim Order. In this regard, the Noticee 1 placed reliance on the judgment of the Hon'ble Supreme Court in the matter of *Oryx Fisheries Pvt. Ltd. v. Union of India* to contend that SEBI proceeded with a predetermined mind in the present matter. However, I note that as per the interim order, there was reliable evidence that different entities, who had a direct or indirect association with the Noticee's alleged buy recommendations in the concerned scrips, came together with a common *modus operandi.* This association was brought out by their trading pattern, links with entities connected to Noticee 1 through calls, intermediate entities or a common set of entities which funded all purchases and received proceeds of all sales during the SMS circulation period. The association

between the companies concerned whose scrips were thinly traded and then manipulated, and Hanif Shekh, was also brought out at various places in the Interim Order, and will be the subject matter of the present Order. Therefore, in view of the functional and nodal role played by Mr. Hanif Shekh in respect of the alleged manipulation of these scrips, he was termed as the mastermind of this whole operation.

189. In any event, I note that Mr. Hanif Shekh has been provided with ample opportunities to mount his defence by allowing him, on multiple occasions, to cross-examine witnesses, file written submissions and appear for personal hearings before the Competent Authority, The so-called label of a 'kingpin' has not in any manner fettered his right to present his defence in respect of the allegations levelled in the interim order. In light of the aforesaid analysis, I would also note that the judgment in *Oryx Fisheries* (supra) as sought to be relied upon by the Noticee in support of the present argument is entirely inapplicable since in that matter, the show cause notice had used words such as "*it has been proved beyond doubt*" and "*it was convincingly proved*", which indicated that the authority had already made up its mind regarding the guilt of the Noticee. However, the SCN in the present matter had only detailed the *prima facie* observations and allegations, while providing the Noticee adequate opportunity to raise his substantive defence against those allegations. The fact that the Noticee 1 has filed multiple sets of submissions, even as late as April 16, 2026, which have been taken on record in the present proceedings and has also been granted multiple opportunities of cross-examining witnesses and attend personal hearings, clearly undermines his instant argument.

CONSIDERATION OF ISSUES ON MERITS

190. Before proceeding further to decipher the *modus operandi* of the alleged fraudulent scheme and the role of various entities and groups therein, I deem it fit to record my views on the issue of 'preponderance of probabilities' which is the standard of proof applicable to SEBI's proceedings for establishing the charges levelled in a case. This standard, as authoritatively endorsed in landmark cases decided by the Hon'ble

Supreme Court such as *SEBI v. Kishore R. Ajmera* and *SEBI v. Kanaiyalal Baldevbhai Patel* entails that facts are held to be proved when, after evaluating the totality of attending circumstances and foundational facts, a reasonable and prudent person would conclude that their existence is more likely than not. This standard demands neither the criminal-law rigour of '*proof beyond reasonable doubt'* nor mere conjectures or surmises, but a higher degree of probability commensurate with the gravity of allegations like market manipulation.

191. The Hon'ble Supreme Court has also held that in cases of market manipulation, direct evidence would hardly ever be forthcoming, and circumstantial evidence gathered from proximate and attendant facts such as trading patterns, volume of trades, period of persistence, proximity, etc. is sufficient to establish the charge, provided it forms a complete chain consistent only with the hypothesis of guilt, excluding every reasonable hypothesis of innocence. Now that the tone has been set regarding the standard of proof required to be met by SEBI in the present matter before me, I proceed to outline the issues that requie determination in the present proceedings.

192. Having dealt with the preliminary submissions made by various Noticees and after considering the SCN along with its annexures and the replies of the Noticees thereto, I find that the following issues arise for determination:

A. Whether the allegations levelled against the Noticees in the SCN are established in light of the evidence available on record and the defences put forth by the Noticees?

B. If the answer to issue A is in the affirmative, what is the role and liability of the Noticees involved in the present proceedings for violation of the statutory provisions?

C. In consideration of the answers to issue A and B, what directions, if any, are required to be issued in the matter and what should be the amount of penalty, if any, that needs to be levied on the Noticees?

193. At the outset, considering the pivotal role of SMS circulation in inducing investors across all the five scrips and enabling the ultimate beneficiaries to make unlawful gains, it is of prime importance to firstly deal with the allegations levelled against the alleged kingpin of the entire scheme, i.e., Noticee 1, Mr. Hanif Shekh of being responsible for circulation of buy recommendations.

Allegation regarding role of Hanif Shekh/ Noticee 1 w.r.t. circulation of buy recommendations

194. Upon cross-verifying the information received from Telecom Service Providers, aggregators and resellers of SMSes with data points received from independent sources such as airlines (Indigo), hotels (Double Tree by Hilton) and hotel aggregators (MakeMyTrip), food delivery platforms, email service providers, banks, etc., the SCN alleged that Mr. Hanif Shekh was the owner of all the different mobile numbers used to contact the resellers and thus, was responsible for sending bulk SMSes with buy recommendations from headers such as BT-ZROHDA, BZ-MGAINS, BH-MGAINS, BT-ICISEC, etc. which mimicked the names of certain reputed stock brokers such as Zerodha Broking Ltd. and ICICI Securities. He was also alleged to be responsible for creation and operation of the websites www.midcapgains.in and www.mbstocks.in which were also used for sending buy recommendations in the scrips.

Objections raised by Mr. Hanif Shekh regarding denial of opportunity of cross-examination of SMS resellers

195. In this regard, I find it relevant to deal in the first instance with the objection raised by Mr. Hanif Shekh that he was not afforded an opportunity to cross-examine some of the entities [viz., First Economy Pvt. Ltd. ("**FEPL**", owner of www.midcapgains.in), GoDaddy (domain registrar of www.mbstocks.in) and Mr. Saurav Tyagi (whose name cropped up during the cross-examination of another person, Mr. Rehan Mohsin of one of the SMS resellers, Awadh Info)], who furnished information which formed the basis of erroneously labelling the Noticee as the alleged 'kingpin' of the scheme.

196. I note at the outset that the Noticee 1 did not submit any response to the Interim Order after inspection of all relevant documents was granted to him in February, May and August 2024. Further, he sought an adjournment of the hearing opportunity granted to him in September 2024 and in response to the notice for hearing informing him that the hearing was rescheduled for October 2024, he once again sought an adjournment, in addition to seeking a cross-examination of 7 witnesses, viz., 3 SMS resellers (Awadh Info, Newrise and Spark TG), 2 entities which were involved in registration of websites used to make buy recommendations in the alleged scheme (FEPL and Mr. Rohit Jain), and 2 entities allegedly involved in making payment for creating the website (Sambhavnath Traders and Mr. Chandraprakash Valchand Parekh).

197. Even though Noticee 1 had not filed any reply to the Interim Order, his request for cross-examination of four entities, viz., Awadh Info, Newrise, Spark TG and FEPL, whose e-mails or communication were referred to in the Interim Order, was granted and the same was conducted for Awadh Info, Newrise and Spark TG on February 4 and 11, 2025. FEPL, however, did not respond to SEBI's direction to appear for cross-examination.

198. Further, the request for cross-examination in respect of Mr. Rohit Jain was denied since none of his submissions were on record and his name was only mentioned in submissons made by FEPL during investigation. The requests in respect of Sambhavnath Traders and its proprietor, Mr. Chandraprakash Valchand Parekh (the entities who allegedly made payments for creation of website www.midcapgains.in) were denied since their submissions were not on record and the *prima facie* conclusions in the Interim Order regarding these entities making the payment for operationalising the websites were drawn solely based on the material unearthed during investigation, which was shared with the Noticee as a part of the investigation report and the annexures thereto.

199. I further note that pursuant to cross-examination of the three SMS resellers (Awadh Info, Newrise and Spark TG), Noticee 1 sought cross-examination of three additional witnesses, viz., Popular SoftTech, GoDaddy and Saurav Tyagi. In the interest of natural justice, the Noticee's request to cross-examine Popular SoftTech, (an SMS reseller) and GoDaddy (a domain registrar), from whom relevant information was obtained and whose names were referred to in the Interim Order, was granted. However, his request to cross-examine Mr. Saurav Tyagi was denied since Mr. Tyagi's name had only come up during cross-examination of another witness, viz., Mr. Rehan Mohsin of Awadh Info, and was not mentioned even once in the Interim Order and thus, none of Mr. Tyagi's submissions were as such relied upon by SEBI which could have been subject to any cross-examination by Noticee 1.

200. It is noted that GoDaddy expressed its inability to participate in the cross-examination proceedings and the Noticee was accordingly informed on March 28, 2025 of the same. The cross-examination of Popular SoftTech by Noticee 1 was concluded on March 13, 2025.

201. In view of the above narrated factual matrix, the limited issue that survives for my consideration is whether the cross-examination of FEPL and GoDaddy by Noticee 1 was pivotal to establishing the veracity of the information obtained from them and whether in the absence of such cross-examination, the Noticee 1 was in any way prejudiced in defending himself in the instant proceedings.

202. In respect of the submissions of FEPL, the undisputed facts which emerge from the material on record before me are that the website www.midcapgains.in was registered in FEPL's name; that this website was advertised on the Moneycontrol website (as corroborated by screenshots of advertisements shared by Mr. Hanif Shekh himself through Whatsapp with Mr. Rehan Mohsin of Awadh Info); and that as per the whatsapp chat screenshots submitted by FEPL, the owner of the said website was using mobile number: 9537570268 and email ID: midcapgains@gmail.com to communicate with FEPL. Thus, the submissions of FEPL which were relied upon in the Interim Order are borne out independently from

the material on record and as such, no reliance has been placed on opinion, statements or submissions derived from the personal knowledge of any of the officials of FEPL.

203. Similarly, in the case of GoDaddy, I find that the Interim Order merely relied upon the information furnished by GoDaddy regarding the email address of the registrant (dgfinindia@gmail.com) for the website, www.mbstocks.in used for sending buy recommendations for GBL Industries Ltd. However, the information submitted by GoDaddy was not the only evidence relied upon by the investigation to establish that Noticee 1 was the owner of the website www.mbstocks.in and the same was independently corroborated in material particulars by information obtained from various other sources, viz., Indigo flight booking information, mobile number 8511591152 linked with forgot password functionality for the email ID: dgfinindia@gmail.com, information provided by Makemytrip.com about its client with the said mobile number, common IMEI number and tower location of 8511591152 and another phone number found to be belonging to Hanif Shekh. Therefore, merely because Noticee 1 could not cross-examine GoDaddy would not be fatal to the conclusion which was corroborated from other reliable sources.

204. I also hasten to add at this juncture that the Noticee has not called into question the authenticity of the evidence (e.g., contact details of the person who approached the witnesses, GoDaddy and FEPL) itself which was relied upon in the SCN and has only dwelt upon the issue of cross-examination. To the extent that the documentary evidence furnished by FEPL or GoDaddy is not a statement borne out of personal knowledge of a person, I find that there is no reason to forego reliance on the said documents, especially when their authenticity is not being called into question, and when the information submitted is also corroborated from other sources.

205. Accordingly, I find that the principles of natural justice have been duly complied with and no prejudice has been caused to Noticee 1 by not being able to cross-examine the aforesaid entities.

206. I now proceed to consider on merits the issue as to whether Noticee 1 was the person responsible for sending buy recommendations in the five scrips by means of bulk SMSes and through certain websites.

Control of various mobile numbers used to communicate with SMS resellers

207. I note from the SCN that the four SMS resellers, viz., Awadh Info, Spark TG, Newrise and Popular SoftTech submitted details of mobile numbers and email IDs of the client who procured their services for sending SMSes from the relevant sender IDs. Upon an analysis of the various commonalities between these mobile numbers such as location, common IMEI, common email IDs and similar digital footprints, the SCN alleged that Noticee 1, Mr. Hanif Shekh was the owner of these mobile numbers.

208. In this regard, the Noticee argued that SEBI erroneously identified certain phone numbers, viz., [+91 9157787756], [+91 9537570268] and [+91 8511591152], which were used to contact the SMS resellers and the website creators, as belonging to him, whereas the only mobile number which was registered in his name was [+91 9067584982], and the same could be verified from his bank account, income tax filings, PAN, Aadhaar and other such KYC linked registrations. He also contended that his airline, hotel and food delivery bookings were done by his secretarial staff, whose mobile numbers were provided at the respective places, and he only used his own number when personally checking into hotels or opening bank accounts himself. In support of this stance, he also cited instances of booking flights and hotels where the phone numbers of other employees were used.

209. I find that this argument of the Noticee seeking to distance himself from the mobile numbers used in hotel/flight bookings and claiming to use his private number only during personal check-ins and account openings, stands defeated since Table No. 4 of the SCN, while relying upon submissions of Indigo, noted that the admitted mobile number [+91 9067584982] and email ID (hkshekh@yahoo.co.in) of Mr. Hanif Shekh were also used to make certain Indigo flight bookings, and thus, facts on record bely his contention of a strict separation of never using his phone numbers for flight and hotel bookings.

210. I also note that the Noticee has amplified his contention of not owning these other mobile numbers and email IDs by claiming that once he became aware of SEBI's investigation, he formally lodged a police complaint highlighting the unauthorized use of the mobile numbers, [+91 9537570268] and [+91 9157787756], in his name. He also submitted that pursuant to filing of this complaint, one Mr. Inayat Deriya, who used to work as an assistant to the Noticee's father, Mr. Kasambhai Shekh, accepted that such mobile numbers were used by him and were utilized for bank account documentation formalities for Sai Metaltech LLP (Noticee 7), where he worked in a clerical capacity at the time and independently handled routine tasks such as travel bookings, documentation follow-ups, etc. Mr. Hanif also submitted a signed affidavit from Mr. Inayat Deriya in support of his contention.

211. With regard to the above submissions, it is noted that Mr. Hanif Shekh had affixed his signature on the Oriental Bank of Commerce ("OBC") Account Opening Form ("AOF") of his partnership firm, Sai Metaltech LLP, where the mobile number 9537570268 was mentioned. Further, in the State Bank of India ("SBI") AOF of Sai Metaltech LLP, the mobile number 9157787756 is mentioned at two places and Mr. Hanif Shekh had affixed his signature on each page of the AOF. I also note that the email ID mentioned in the SBI AOF was smartfno@gmail.com which, as per submissions of Yahoo, is the recovery email ID of the personal email ID of Mr. Hanif Shekh, hkshekh@yahoo.co.in.

212. I also note a stark dissonance in the submissions of the Noticee with respect to opening of these bank accounts. On one hand, Mr. Hanif Shekh claims that he filed a police complaint alleging that two bank accounts of Sai Metaltech LLP had been opened without his knowledge using mobile numbers and addresses not associated with the firm or with him personally and also asserts, without any cogent evidence whatsoever, that the bank responses to the complaint confirmed that these accounts were opened by Mr. Inayat and not by Mr. Hanif. However, in the same breath, he is also alluding to the fact that it is a common practice in Gujarat that clients or partners sign the KYC forms first, and the remaining details, including contact information, are subsequently filled in by bank representatives or support staff like

Inayat. Mr. Hanif also claimed that the numbers [+91 9537570268] and [+91 9157787756] were added later as alternate contact numbers, not primary ones, and without his consent or knowledge. Further, in the affidavit procured by Mr. Hanif Shekh, Mr. Inayat Deriya has admitted that he was granted access to personal documents, internet banking, credit and debit cards, e-mail, OTPs etc. by the Late Kasambhai Shekh and his family and was also allowed to add his own mobile numbers to the KYC accounts. Furthermore, as already noted, the Noticee had affixed his signature on both the AOFs and cannot now plead that he did not open and not even knew about these accounts. The Noticee's submissions are squarely hit by the *doctrine of approbate and reprobate* and deserve to be rejected. In this view of the matter, I am totally convinced that the version of events being presented by Mr. Hanif by means of the said affidavit is nothing more than an afterthought designed to dissociate himself from the ownership of these mobile numbers.

213. In this context, I note that the Noticee 1 in his post-hearing submissions dated April 24, 2025 sought to refute the observation made during his personal hearing by my predecessor Competent Authority that the defence sought to be raised by him by way of an affidavit of Mr. Inayat Deriya was an afterthought. The Noticee, *inter alia*, claimed that the police complaint regarding misuse of mobile numbers in his name was filed by him on December 29, 2022, i.e., well before the Interim Order, that various bookings made by his staff members for him were made not using the Noticee's numbers, and that the relevant account opening forms (AOFs) were not filled by him since the handwriting on the forms did not match his handwriting.

214. In respect of these submissions, I note that the claim of Noticee 1 that he filed a police complaint as soon as he got to know of misuse of mobile numbers in his name and that was well before the Interim Order in the present matter lacks credibility since there was an earlier order of SEBI dated December 19, 2022 in the matter of *Darshan Orna Limited* where Mr. Hanif Shekh was similarly charged for fraudulent circulation of bulk SMSes in that scrip and was also found guilty of the same. The said SEBI order, *inter alia*, reached a finding that apart from using his admitted number 9067584982, Mr. Hanif was also using another mobile number 8511591152,

as is also the allegation in the instant matter before me. Thus, his complaint on December 29, 2022 appears more as a response to the adverse directions issued in the *Darshan Orna* matter merely 10 days earlier on December 19, 2022 and accordingly, intended to pre-empt any future regulatory actions on the same issue, rather than borne out of the investigation in the instant matter as sought to be contended by him.

215. What is more interesting in this regard is that Mr. Hanif merely made a bald assertion during his personal hearing in the *Darshan Orna* matter in September 2022 that he did not own the number 8511591152, without so much as a whisper about Mr. Inayat Deriya, as is being vehemently contended in the instant matter. Since his unsubstantiated claim did not find favour with the Adjudicating Officer in the *Darshan Orna* matter, it is more than obvious that he has now changed his defence strategy and resorted to this bogey of Mr. Inayat being the owner of these mobile numbers. As already noted in the previous paragraphs, I am not inclined to subscribe to this theory of Mr. Hanif Shekh being kept in the dark of the unauthorised use of mobile numbers in his name by Mr. Inayat Deriya.

216. In the same vein, I reject the unsubstantiated claim of Noticee 1 that other accounts of Sai Metaltech LLP maintained with HDFC Bank, Bank of India, etc. also contained mobile numbers of different authorised employees and support staff for operational convenience. As evident from the other AOFs of SBI and OBC, the AOFs for partnership firms comprise a customer identification form for the individual partners as well containing their KYC details and thus, in light of the prudent KYC norms in place for banks, it seems virtually impossible for someone to add random numbers of support staff in his own customer identification form. If anything, this fact reinforces the conclusion that all the numbers mentioned in the customer identification forms had a nexus with Mr. Hanif Shekh. Similarly, I reject the argument of Noticee 1 that the presence of only his admitted mobile number in his personal bank accounts proves that all the other numbers did not belong to him. The findings recorded hereinabove have unravelled the desperate attempt by the Noticee to dissociate himself from the other numbers by drawing an artificial distinction

between personal and delegated tasks, and this argument is also an extension of the same theme, rendering it unworthy of serious consideration. Even otherwise, it is logically fallacious to state that since a person uses one particular number in his account, no other number can belong to him.

217. The deduction that these phone numbers belonged to Mr. Hanif and nobody else is further strengthened when I note from the submissions of Swiggy that the Swiggy account linked to the registered mobile number 9537570268 is registered with the name 'Hanif' and the delivery address is similar to the address provided by Mr. Hanif Shekh during his statement recording and in the customer identification forms of the AOFs of Sai Metaltech LLP.

218. Similarly, the Zomato account with the registered mobile number 9157787756 is also registered with the name 'Hanif' and with the same delivery address as that of Mr. Hanif Shekh. It was also observed that on January 30, 2021, an order was placed from this Zomato account and was delivered at Double Tree Hotel, Ahmedabad and the SCN records that an inquiry from the said hotel confirmed that Mr. Hanif Shekh had stayed in that hotel on that day. Since it is the claim of Mr. Hanif Shekh that the mobile numbers 9537570268 and 9157787756 belonged to Mr. Inayat Deriya instead of him and that Mr. Inayat was the one who actually used to place the food orders, it is not clear to a discerning mind as to why the said accounts were registered in the name of 'Hanif', when they could very well have been registered in the name of Mr. Inayat.

219. It was also observed from the CDR for mobile number 9537570268 that this number was majorly being operated from a similar location as the address of Mr. Hanif Shekh. Even the other mobile numbers, viz., 9067584982 (the admitted number of Mr. Hanif) and 8511591152 were also found to be operating from the same location. The nexus of these numbers to Mr. Hanif Shekh is further reinforced by the fact that mobile numbers 9537570268 and 8511591152 had the same IMEI number (i.e., were being operated from the same mobile phone) for a certain period.

220. In this regard, the Noticee has sought to wriggle out of the only possible inference by claiming that many mobile numbers were connected to the same mobile tower since there was only one mobile tower in the locality and due to the physical proximity between Mr. Inayat Deriya and Noticee 1. The Noticee has tried to assert that geographical proximity does not prove physical ownership. However, I note that the overlap of tower location was not a fleeting but a regular feature, and more particularly, as per the CDR location data, both Mr. Hanif's admitted mobile number and 9537570268 were regularly located around Mr. Hanif's residence during the night hours between 10 PM to 8 AM. In this regard, I note that Mr. Hanif Shekh has not made a claim that Mr. Inayat also shared the same household as him. However, I am of the view that in the face of such cogent evidence of his ownership of these mobile numbers, even such a claim would not have aided the Noticee's defence.

221. Accordingly, on the strength of these striking evidences converging from various independent sources, I am drawn to the irrefutable conclusion that Mr. Hanif Shekh was the owner, or at least in control / possession, of these four mobile numbers with which he used to communicate with the SMS resellers. As a reasonable sequitur to the same, I also hold that the email IDs other than hkshekh@yahoo.co.in, viz., dgfinindia@gmail.com and midcapgains@gmail.com which were used to communicate with the above mentioned resellers were also in control of Mr. Hanif Shekh.

222. At this juncture, I also take note of the judgments of the Hon'ble Supreme Court on the issue of preponderance of probabilities relied upon by Mr. Hanif Shekh, viz., *Dr. N.G. Dastane v. Mrs. S. Dastane [(1975) 2 SCC 326]* and *Maya Gopinath v. Anoop SB [SLP (CIVIL) No. 13398/2022]* to, *inter alia*, contend that SEBI had failed to produce direct evidence to demonstrate that the disputed phone number belonged to the Noticee and the circumstantial evidence placed on record did not weigh in favour of the probability that the number belonged to the Noticee. I have gone through both these judgments which merely affirm the principles of preponderance of probability as have already been recorded in this Order at para 190 above and thus, in view of the foregoing conclusion of Mr. Hanif Shekh controlling these various

phone numbers, I find that these judgments do not lend any weight to the defence sought to be advanced by the Noticee.

223. Once it has been conclusively established that the Noticee 1 was in control of the said mobile numbers, I now move on to the question as to whether the Noticee was involved in the circulation of buy recommendations by bulk SMSes and websites.

Involvement of Mr. Hanif Shekh in circulation of buy recommendations

224. The SCN alleged that certain websites were used to recommend buying the scrips in this matter, viz., www.midcapgains.in (for MUL, 7NR and DRCL) and www.mbstocks.in (for VFL). As regards www.midcapgains.in, it is noted that the website was registered in the name of First Economy Pvt. Ltd. (FEPL) who submitted during investigation that one Mr. Rohit Jain approached it for website development and advertisement on Moneycontrol website, and once customers registered on the website, they started getting recommendations to buy the aforesaid scrips. FEPL also submitted that the website owner was using the mobile number 9537570268 and the email id, midcapgains@gmail.com for communication with FEPL.

225. Further, GoDaddy, the domain registrar for www.mbstocks.in, submitted that the website was created on December 29, 2018 and email ID of the website owner was dgfinindia@gmail.com which was used for communication with him. The investigation has revealed that the email ID dgfinindia@gmail.com is linked with mobile number 8511591152.

226. In view of the fact that both these mobile numbers and email IDs were in control of Mr. Hanif Shekh, the SCN *prima facie* observed that he was the owner of and closely involved in creation of these websites.

227. Further, the allegation regarding involvement of Mr. Hanif Shekh (who has been held hereinabove to be in control of the mobile numbers: 9537570268 and 8511591152) in sending of bulk SMSes and operating the websites was based on the following observations:

(a) CDR for mobile number 9537570268 revealed that calls were exchanged between this number and the numbers of Spark TG and Awadh Info.

(b) Screenshots of Whatsapp chats between representative of Awadh Info and the person having number 9537570268 regarding Sender-IDs and content of message related to MUL were found to be similar to those messages received by the complainants in the matter. Further, there were screenshots of Whatsapp chats between these numbers where the person having number 8511591152 stated that the advertisements of midcapgains.in were directly running on Moneycontrol as well.

(c) Screenshot of the Whatsapp message sent by the representative of FEPL (which created the website midcapgains.in and ran advertisement for the same on Moneycontrol) to the person having number 9537570268 regarding the advertisement campaign was submitted by FEPL.

(d) As per the screenshots of Whatsapp chats with the representative of Popular SoftTech, it was observed that the person having number 9537570268 asked for credit of 3 lakh SMS in his account and there were multiple Whatsapp calls between these persons on certain days.

(e) Documents were provided by Spark TG regarding chats indicating that the person having number 9537570268 was asking for missed call service and the SMS content was also found similar to those received by complainants in this matter.

228. The above observations indicate that the owner of the aforesaid mobile numbers, Mr. Hanif Shekh, was in contact with these SMS resellers and website developers regarding sending SMSes, creating websites and running advertisement campaigns for the said websites. However, before arriving at a conclusive finding in this regard, it is necessary to deal with the contentions of Mr. Hanif Shekh regarding these SMS resellers and website developers and I proceed accordingly.

Availing services of FEPL for circulation of buy recommendations

229. Noticee 1 has contended that Mr. Jigar Zatakia, Director of FEPL admitted in his reply to SEBI's summons that the website "www.midcapgains.in" belonged to him and that the person who approached FEPL was one Mr. Rohit Jain, and accordingly, SEBI erred in holding that the buy recommendations on the website were made by the Noticee. However, I note that the same is a disingenuous misreading of the statement of Mr. Jigar Zatakia since he had only submitted that FEPL was a Digital Marketing Agency specialising, *inter alia*, in mobile app development and had purchased the website www.midcapgains.in from GoDaddy when one Mr. Rohit Jain had approached him for the same. This is not the same as saying that FEPL was in control of the said website and as per the screenshots submitted by FEPL of Whatsapp messages with the said Mr. Rohit Jain (with mobile number 9537570268), it is clear that FEPL had given administrator access to Mr. Rohit Jain and as per the bills submitted by FEPL, there were regular payments by the said client to FEPL. Thus, it is clear that FEPL was the registrant of the said website and the same was purchased from GoDaddy on behalf of the person with mobile number 9537570268 and I note that even the Interim Order had acknowledged the fact that FEPL was the registrant of the website. I also note at this stage that this mobile number has already been established to be belonging to Mr. Hanif Shekh and thus, the name Rohit Jain merely appears to be a decoy to hide Mr. Hanif Shekh's identity from FEPL, purportedly to avoid any future repercussions. Accordingly, I have no hesitation in holding that Mr. Hanif Shekh was the person who was dealing with FEPL for creation, management and advertisement of the website www.midcapgains.in which was used for sending buy recommendations in the relevant scrips.

230. Further, the Noticee has argued that the as per information submitted by the domain registrar GoDaddy.com, LLC ("GoDaddy"), the email ID dgfinindia@gmail.com (which was the contact email ID for the website www.mbstocks.in) belonged to a person with mobile number 9638527410, who as per Truecaller was one Mr. Dinesh Muthe and not the Noticee. However, I note that as per the information submitted by GoDaddy regarding mbstocks.in, the associated phone number at one place was

mentioned as 9638527410 and at another place was mentioned as 9876543210, (which merely appears to be a number containing all the digits from 0 to 9 in a descending order and *prima facie* does not appear to be a real entry). Further, as per the details submitted by GoDaddy regarding the website www.midcapgains.in, I note that the phone number of the registrant is mentioned as 9999999999 (which is merely the number '9' repeated ten times and again does not appear to be a real entry). However, I note that as per the 'Contact Audit History' provided by GoDaddy for the website www.midcapgains.in, this number 9999999999 was updated to 9537570268, which has already been established to be belonging to Mr. Hanif Shekh. Thus, I am of the view that in case the Noticee seeks to rely on the contact information supplied by GoDaddy, i.e., 9638527410, to claim that the website www.mbstocks.in did not belong to him, then at the same time he cannot disregard that the website www.midcapgains.in belonged to him since it was his number which was updated in the 'Contact Audit History' provided by GoDaddy. However, I am not inclined to rely on either of the contact information provided by GoDaddy owing to the presence of apparently unreal numbers in the information supplied. Accordingly, I am of the view that the contact information provided by GoDaddy does not come to the rescue of the Noticee, and does not detract from the finding that Mr. Hanif Shekh was responsible for controlling the website www.midcapgains.in, which has already been established in the preceding paragraph.

Availing services of Awadh Info Pvt. Ltd. for circulation of buy recommendations

231. The Noticee 1 contended that Mr. Rehan Mohsin (of Awadh Info) submitted a declaration allegedly issued by Radhe Securities of Bhavnagar dated around 2014 (*regarding a proposed engagement of Awadh Info's services for sending trade updates to clients by Radhe Securities, which was the employer of the Noticee in 2014*) while making submissions regarding Multibagger Securities, which was a completely different entity with a Delhi-based address. Further, the cash deposit slips submitted as evidence by Mr. Rehan Mohsin were from 2017 and 2019, which did not align either with the timeline of the Radhe Securities' declaration or with

Multibagger's time of operation. The Noticee also pointed out that as per the 2014 email of Radhe Securities, the registered user ID of the Noticee was "HKSHEK" whereas the user ID of the client as per the Whatsapp chats of 2019 submitted by Mr. Rehan Mohsin was completely different, viz., "sharetips1" and Awadh Info had requested ID proof, residence proof, PAN card, and a SEBI certificate from the said client which indicated onboarding of a new client rather than someone who had a long standing account, viz., Hanif Shekh as sought to be alleged in the SCN. The Noticee also maintained that the chats of Mr. Rehan Mohsin were with Mr. Inayat Deriya and not the Noticee.

232. It was also argued that Mr. Rehan Mohsin had himself submitted before SEBI that he did not know the SMS sender personally as he was contacted through google search and that it was not possible for Awadh Info to verify who sent which message making the SEBI's adverse inferences against the Noticee untenable. Awadh Info also failed to provide any KYC or onboarding forms, invoice or service agreements, payment confirmations, SMS content audit logs, DLT registration records, Emails / SMS / WhatsApp messages. Further, during his cross examination, Mr. Rehan Mohsin admitted that he never met the Noticee physically or virtually, neither received any cash personally from the Noticee, and did not witness the Noticee ever signing any document.

233. Noticee 1 also averred that as soon as he became aware of the malicious submissions made by Mr. Rehan Mohsin before SEBI regarding cash deposits in his account in 2019 for bulk SMS, he filed a formal police complaint against Mr. Rehan Mohsin and the ensuing investigation revealed that the cash was deposited by Mr. Rehan himself rather than any payments made by the Noticee.

234. I have carefully perused the submissions of the Noticee in respect of information supplied by Mr. Rehan Mohsin. I note that Interim Order has relied on the information provided by the SMS resellers, including Awadh Info, to the extent of the mobile numbers and email IDs used by the client who approached each of them for bulk SMS service in the scrips in question in this matter. To this extent, I find that Hanif

Shekh, owner of mobile number 9067584982, was indeed the person who approached Awadh Info as a representative of Radhe Securities in 2014. I further note from the submissions of Awadh Info that the person who approached them in 2019 was one Hanif Khan on behalf of one Multibagger Securities Research & Advisory Pvt Ltd and this person's email ID was hkshekh@yahoo.co.in and mobile numbers were 9157787756, 9067584982, 9537570268 and 8511591152, all of which have been found to be in control of Mr. Hanif Shekh. The fact that the Noticee was allotted a different user name or that his KYC and other details were sought by Awadh Info afresh, when seen in light of the fact that the last purported interaction of the Noticee with Awadh Info was more than 5 years ago, makes it perfectly reasonable for a vendor to seek new documents and allot a new user ID to a client. This pedantic assertion by the Noticee does not at all lead to an inference, as sought to be contended by him, that Multibagger Securities was a different client and had no relation to him.

235. Further, the Noticee claimed that the police investigation on his complaint confirmed that the cash deposit slips alleged to be the payment from the Noticee to Mr. Rehan Mohsin were actually cash payments made by Mr. Rehan himself in his own account. In order to support this argument, the Noticee also referred to the cross-examination of Mr. Rehan Mohsin wherein Mr. Rehan admitted that he had not met the Noticee personally and not taken any cash payment from him. At this point, I find it relevant to mention that it was not an allegation in the Interim Order that the Noticee and Mr. Rehan had met personally or that Mr. Hanif Shekh had deposited the cash in Mr. Rehan's account or that Mr. Hanif had himself handed over the cash to Mr. Rehan Mohsin. Since this contention of the Noticee does not even obliquely pertain to the SCN and in any event, the Whatsapp screenshots (as would be discussed in the subsequent paragraphs) clearly show that Mr. Rehan Mohsin was having conversations with Mr. Hanif Shekh regarding bulk SMSes, I am not delving any deeper into the arguments of the Noticee 1 in this regard.

236. Even though I do not find the Noticee's aforesaid arguments regarding Mr. Rehan Mohsin worthy of acceptance, I do note from the screenshots provided by Awadh

Info of Whatsapp chats with Noticee 1 (on his number 9537570268) that the Noticee was discussing creation of sender IDs mimicking reputed brokers and organisations such as ZROHDA, SHRKHN, ICISEC, NSEBSE, etc., the content of the SMSes to be sent and also the time and delivery status of the SMSes scheduled to be sent from the sender IDs where the tenor of conversations shows urgency in sending these bulk SMSes. Further, I note that the said Whatsapp chats pertain to the period September to December 2019 which was actually the time period when bulk SMSes with buy recommendations were circulated for the scrips of MUL, 7NR and DRCL from the aforesaid sender IDs. Therefore, I am drawn to the only possible conclusion that the bulk SMSes sent during this period by Awadh Info were at the behest of none other than Mr. Hanif Shekh.

237. Having said that, I also regard as immaterial the submission of the Noticee that Mr. Rehan Mohsin and his associates threatened the Noticee for exposing pump and dump scams and also falsely implicated him in other SEBI cases since SEBI's investigations, including the present one, are not driven solely by complaints lodged by complainants and involve collection of evidence from various other sources. Any private dispute of the Noticee with any third party is tangential to the allegations in the SCN and I find that the Noticee can find no succour by trying to insinuate acrimonious relations with Mr. Rehan Mohsin.

Availing services of Newrise Technosys Pvt. Ltd. for circulation of buy recommendations

238. As regards the reseller, Newrise, Noticee 1 has argued that during his cross-examination, Mr. Rakesh Dwivedi of Newrise denied ever meeting the Noticee personally or receiving any cash. Further, he claimed that none of the SMS chats furnished by Mr. Dwivedi to SEBI contained any order placed in relation to bulk SMS service in relation to the 5 scrips which are the subject matter of this case. In addition, he submitted that Newrise had not maintained any client-wise bifurcation of bulk SMS services vis-à-vis specific scrips and without client-wise usage segregation or login-level authentication, the claims made by Newrise could not

meet the evidentiary threshold required for regulatory proceedings to implicate the Noticee.

239. I have gone through the information submitted by Newrise in response to SEBI's summons, including the Whatsapp screenshots and the excerpts of the itemised mobile bill statement, and I note that the representatives of Newrise were communicating with a person who had the mobile numbers 8511591152 (proved to be belonging to Hanif Shekh) and 9067584982 (admitted by Hanif Shekh to be belonging to him). Newrise has also submitted that the sender ID used by client for sending the bulk SMSes was 'MULTIB' during the period of January 2019 and I observe from the SCN that this sender ID was used for circulating buy recommendations in the scrip of GBL during the same period of January 2019.

240. In respect of the same, the Noticee has not controverted the evidence furnished by Newrise (even during the cross-examination of Mr. Rakesh Dwivedi) and has merely dwelled on aspects such as no client-wise bifurcation being maintained by Newrise, no sufficient record keeping by Newrise to attribute particular SMS activity or login to a particular client, and denial of Mr. Rakesh Dwivedi regarding any physical meeting or cash exchange. These submissions of the Noticee are not enough to cast a doubt on the reasonable inference drawn in the SCN based on the submissions of Newrise that the Noticee was the person who was dealing with Newrise regarding sending bulk SMSes during the relevant period.

Availing services of Spark TG Pvt. Ltd. for circulation of buy recommendations

241. As regards the reseller, Spark TG, the Noticee averred that Ms. Manjari Soni of Spark TG, during her cross-examination, had denied any personal/professional relationship with the Noticee and also submitted that Spark TG was not in the business of bulk SMS services. The Noticee also argued that Ms. Manjari admitted that Spark TG took payments in cash and did not perform proper KYC verification of the users allegedly operating under certain login IDs. The Noticee also contended

that Spark TG failed to produce any evidence such as invoice, email trail, user agreement or server log that connected the Noticee to any account on their platform.

242. I have gone through the submissions of Spark TG in response to SEBI's summons and find that the arguments of Noticee 1 are wholly misconceived. I note that Spark TG has submitted that the client (who interacted with their contact person, Ms. Manjari Soni) subscribed to the 'missed call service' from Spark TG where any person interested in the client's services could give a missed call on a particular number and in response, the person would get a pre-set SMS confirmation message decided by the client. In this regard, Spark TG specifically submitted that for SMS service, they had partnered with one PRP Services Private Limited. Therefore, the Noticee's contention based on the admission of Ms. Manjari Soni that Spark TG was not in the business of bulk SMS services and thus, Noticee could not have availed such service from Spark TG, is of no avail since the SCN had not specifically alleged that the confirmatory SMS service was provided by Spark TG itself. That the Noticee actually availed a missed call service from Spark TG, which is the primary issue under consideration here, is further dealt with in the subsequent paragraphs.

243. I note that the Noticee's submission regarding Spark TG not providing any evidence such as email trail connecting the Noticee to their platform is factually incorrect. The records show that Spark TG has furnished extensive material in respect of the missed call service such as chat transcripts with Noticee, header whitelisting email, copy of purchase order, email communication between the Noticee and Ms. Manjari Soni, including an email communication during October-November 2019 where the Noticee confirmed the exact confirmatory SMS which should go to persons who gave a missed call on the number. I note that the content of the said SMS exactly matches the SMS content mentioned in the SCN as being received by persons who have a missed call on the number. Further, Spark TG also submitted that the said client communicated with it from phone numbers 9537570268 and 9157787756, which have already been established to have been in control of Mr. Hanif Shekh.

244. I also note that the Noticee, by claiming that Ms. Manjari Soni admitted during her cross-examination that Spark TG did not do proper KYC verification, has misinterpreted the submissions of Ms. Manjari Soni since, in response to the KYC issue, she had merely replied that she took care of Sales and Marketing at Spark TG, and that Spark TG did KYC of clients which she could check and get back on.

245. In view of the foregoing, I am of the view that none of the contentions of the Noticee are robust enough to negate the evidence provided by Spark TG that Noticee 1 availed missed call service from Spark TG during October to December 2019, during which period buy recommendations were made in the scrip of MUL.

Availing services of Popular SoftTech for circulation of buy recommendations

246. As regards the reseller, Popular SoftTech, the Noticee has made submissions similar to those for other resellers, viz., that during his cross-examination, Mr. Wahab Khan of Popular SoftTech denied any personal / professional relationship with the Noticee and denied receiving any cash from the Noticee and that Mr. Wahab had stated that he received the cash from one Mr. Vishal Shah, who had actually purchased the SMS credits from Popular SoftTech. Noticee 1 also contended that the identity proof of Mr. Vishal Shah proved that the Noticee was not the same person as Vishal Shah as was alleged in the SCN.

247. At the outset, I note that I am not inclined to accept the argument of Noticee 1 that merely because Mr. Wahab Khan denied any personal / professional relationship with the Noticee and denied receiving any cash from the Noticee, the allegation against the Noticee that it dealt with Popular SoftTech stands negated. I have already dealt with and rejected this very argument in respect of the other resellers and for the sake of brevity, I summarily note that the SCN had nowhere alleged that the Noticee had physically met or handed over cash to Mr. Wahab. Rather, it has emerged from a perusal of the material on record that the Noticee used to communicate with these resellers through email/Whatsapp messages, which have been furnished by the resellers in response to summons issued by SEBI.

248. Since there were no requirements by the resellers of physical verification of clients and the mode of communication with clients was online, it was very easy for the Noticee to give someone else' KYC documents to the resellers, so as to avoid detection by regulatory agencies in future. In the face of the material provided by the reseller in this regard, I am not inclined to extend the benefit of doubt to Noticee 1.

249. It is noted from the screenshots of Whatsapp call details and records of email communications furnished by Popular SoftTech that the phone number used by the client in this case was 9537570268 and the email ID was midcapgains@gmail.com, both of whom have already been established hereinabove to have been in control of Mr. Hanif Shekh. I also note that Popular SoftTech has provided screenshots of images of cash deposit slips received by Popular SoftTech from the number 9537570268 over Whatsapp as proof of payment. Further, it is also observed from the Whatsapp chat screenshots that pursuant to sharing such cash deposit slips, the Noticee was asking Popular SoftTech for credit of SMSes in his account. The Noticee has also not been able to controvert the said Whatsapp screenshots, call details or the email communications. Most certainly, I hold the electronic records such as communication proofs on Whatsapp and email as more reliable than an unrelated driving license copy of one Mr. Vishal Shah provided from a remote location. Accordingly, the charge that the Noticee availed bulk SMS facility from Popular SoftTech stands established.

250. Before concluding this part, I cannot help but observe that the Noticee 1's submissions are riddled with fanciful assumptions and untenable hypotheticals which utterly fail to dislodge the allegations levelled against him. Thus, in view of the discussions contained in the preceding paragraphs, I have no hesitation in concluding that the Noticee was responsible for circulation of buy recommendations through websites and bulk SMSes.

251. In this regard, I note that Noticee 1 has adverted to the judgment of the Hon'ble Supreme Court in the matter of *SEBI v. Sunil Krishna Khaitan* (Civil Appeal No. 8249 of 2013) to contend that the principle of doubtful penalisation is applicable to the

present case and thus, no penalty be imposed. I have gone through the said judgment and its exposition of the principle of doubtful penalisation which, quite simply, means that if two views and reasonable constructions can be put on a provision, the court must lean in favour of construction which exempts the subject from penalty rather than one which imposes penalty. I am of the view that this judgment and the aforesaid rule of doubtful penalisation is not at all applicable to the facts of this case since the said principle is a rule of construction of statutes and the Noticee has not explained as to which particular provision of the SEBI Act or the PFUTP Regulations, with which he is charged, could have two reasonable constructions so as to excuse his liability. Further, this principle applies only in a case where the statutory provision itself is ambiguous and not where a Noticee challenges the inference drawn on the basis of evidence on record. In any event, I reiterate that the allegation against the Noticee of circulation of buy recommendations has been conclusively proved. Therefore, the present argument of Noticee 1 is without merit.

252. The pivotal role played by the bulk SMS circulation in generating liquidity in the scrips which later aided in generation of immense profits in the respective scrips by offloading of shares can be gauged from the drastic spike in the total traded volume in these 5 scrips between the SMS period vis-à-vis the pre-SMS period as are tabulated below:

Table 5

Scrip	**SMS period in the scrip**	**% spike in volume during SMS period compared to Pre- SMS period**
Mauria Udyog Limited	21.09.2019 to 27.12.2019	1638%
7NR Retail Limited	11.11.2019 to 27.12.2019	966%
Darjeeling Ropeway Company Limited	23.12.2019 to 27.12.2019	1311%
GBL Industries Ltd.	15.01.2019 to 31.01.2019	867%
Vishal Fabrics Ltd.	07.09.2020 to 20.10.2020	BSE- 779% NSE- 627%

253. At this juncture, I note that Mr. Hanif Shekh has contended in his representation / submissions made in March-April 2026 that the witnesses cross-examined by him considerably altered and even disowned their earlier statements and accordingly, the allegation against him of circulating the buy recommendations should be expunged. In this regard, I find that in light of the aforesaid discussion, it is clear that the allegation of circulation of buy recommendations through bulk SMSes / websites has been established on the basis of the whatsapp chats / email exchange / CDRs involving Noticee 1 using the mobile numbers / email ID, which have already been established to be belonging to him. The fact that representatives of the re-sellers, during their cross-examination, denied personally receiving any cash from Noticee 1 or meeting him, does not take away the established fact that Noticee 1 was behind the correspondence with the said re-sellers over whatsapp / email / calls. Accordingly, the present submission of Mr. Hanif Shekh of expunction of the said allegation is devoid of merit.

254. In the same vein, I am of the view that the request of Mr. Hanif Shekh, at this belated stage of the instant proceedings, to be afforded an opportunity of cross-examination of the Investigation Officer, in case the allegation of circulation of buy recommendations is not dropped, is nothing but a desperate attempt to somehow stall these proceedings. Further, he has not even mentioned as to what purpose would be served by cross-examining the Investigating Officer at this stage. Be that as it may, I am of the view that the facts and findings of the Investigation Report were based on material collected during the investigation, rather than being based on the personal, subjective knowledge of the Investigating Officer, so as to warrant his cross-examination in order to ascertain the veracity of the observations contained in the Investigation Report. Accordingly, once the Noticee has been afforded ample opportunity to contest the findings and allegations contained in the Investigation Report or the SCN by means of his oral/written submissions, any request for cross-examining the Investigating Officer is unwarranted.

255. Furthermore, the Noticee's request for another opportunity of personal hearing before me on the grounds of efflux of time since the last personal hearing is also untenable since the Hon'ble Bombay High Court, vide its order dated August 14, 2025 in the aforestated Mauria Writ Petitions pending before it, had categorically directed that the hearing in this matter be expedited by SEBI without any adjournments to be granted to the Noticees and the Final Order be passed on or before July 1, 2026. Thus, once an opportunity of hearing has already been granted to Mr. Hanif Shekh in pursuance of the said order of the Hon'ble Bombay High Court, a further opportunity of hearing, on any grounds whatsoever, is not warranted.

256. Having established that Mr. Hanif Shekh (Noticee 1) was the person who pumped the five scrips during the respective SMS Periods, I now proceed with a scrip-wise examination of price manipulation and creation of artificial volume, consequent offloading of shares and movement of unlawful gains to the ultimate beneficiaries by means of several conduit entities, many of which were also alleged to have funded the trades of various entities.

Allegations with respect to MUL scrip

257. Even though the MUL scrip was listed on BSE on July 14, 2015, the first trade in the scrip was executed only on January 27, 2017 and from that point onwards till September 20, 2019, there was a sustained increase in the price (from ₹ 10.20 to ₹ 255.45) and volume of the scrip, which was not supported by any corporate announcements or any major change in the Company's earnings, and the Company was instead posting losses and decrease in revenue.

258. The SCN identified a group of 11 entities (Noticees 134 to 144) which were connected to each other through familial relationships, common partnerships/directorships, common addresses, fund transactions (both amongst each other and with an entity, K M Enterprise, owned by a friend of Noticee 133, Mr. Piyush Agarwal), etc., as the 'PV Influencers' in the MUL scrip. The investigation also unearthed an email communication between two employees of MUL (Noticees

74 and 75) exchanging an excel sheet purportedly containing details of shares sold by certain MUL employees (who acted as 'Offloaders' in the scrip) and payment to be made to two entities, viz., 'Piyush' and 'Malay'.

259. The SCN alleged that these 11 PV Influencers traded with each other and were responsible for creation of 39.92% of the total buy volume and 35.22% of the total sell volume in the MUL scrip during the pre-SMS period. The SCN noted peculiar trading instances such as a Noticee placing multiple buy orders at one go for miniscule number of shares at a price very far away from the LTP, then modifying it substantially within seconds of a sell order placement by a connected entity to the exact same price as the sell order, leading to a matching of trades and creation of volume. It was noticed that the sell orders placed by the sellers in some of these instances were also lower than the LTP, which defies the common sense principle of a seller always looking for the maximum possible price for his/her shares. Conversely, there were other instances where the initial order by a Noticee, though far less than LTP, was subsequently modified to match the order of a connected entity placed at a price far higher than LTP.

260. It was also observed that time difference between placement of buy and sell orders in more than 65% of the *inter se* trades by these entities was equal to or less than 10 seconds, leading to an allegation of synchronised trades and meeting of minds by these connected Noticees. It was also noticed that by trading amongst themselves, these Noticees had created a net buy LTP as well as a net sell LTP of ₹ 906.45 each during the pre-SMS period, even though the actual increase in the price during this period was only ₹ 245.25, clearly indicating that these Noticees were acting contrary to the normal market forces. Further, the entire trading activity of these Noticees had contributed ₹1175.88/- to the total LTP during this period. It was, thus, alleged that this abnormal trading pattern of PV Influencers led to unwarranted price fluctuation and created a false appearance of trading in the scrip.

261. The SCN also drew a connection between this group of 11 PV Influencers and the alleged kingpin, Mr. Hanif Shekh by noting that one K M Enterprise, which was a partnership firm owned by a friend of Noticee 134 (Mr. Piyush Agarwal), had financial

transactions, with PV Influencers, with a few entities of Sub-Group 2.A (which have been defined at para 5 of this Order and were alleged to be involved in funding the buy trades of sub-group 2 entities, receiving sale proceeds of offloading, and finally routing them to entities connected to Mr. Hanif Shekh), and with Sub-Group 6 entities (which were Forex companies alleged to be instrumental in routing the sale proceeds from 'Offloaders' to the ultimate beneficiaries). The 'Offloaders' in the MUL scrip were identified to be certain MUL employees (Sub-Group 1) and entities of sub-groups 2 and 3.

262. The SCN also alleged that once a momentum was generated in the scrip by the abnormal dealing of the PV Influencers, the second leg of the allegedly fraudulent scheme was unveiled by circulation of buy recommendations through bulk SMSes and websites, leading to spike in trading volume and price of MUL scrip. At the same time, it was observed that another set of 7 interconnected entities, *viz., 'Collaborators'* (Noticees 145-151) were frequently trading in the scrip, so much so that they contributed 23.08% and 22.71% respectively to the buy and sell volume in the scrip during the SMS period (September 21, 2019 to December 27, 2019), purportedly to maintain the momentum built in the scrip by PV Influencers.

263. These Collaborators were found to be connected to each other through *inter se* fund transfers, common UCC details, frequent fund transactions of Noticee 145 with Noticee 152 (viz., Mr. Malay Bhow, who was also found to be connected to Mr. Hanif Shekh through regular calls). It was also noted that Noticees 145 and 148 had a trading account with Malay Bhow's broking firm, Sunflower Broking. The SCN also noted that an email communication was found between two employees of MUL (Noticees 74 and 75) exchanging an excel sheet purportedly containing details of shares sold by certain MUL employees (who acted as 'Offloaders' in the scrip) and payment to be made to two entities, viz., 'Piyush' and 'Malay'. Fund transfers were also observed from two of MUL's employee-offloaders to one of the collaborators, Mr. Kalpesh Dantani (Noticee 146) and the aforesaid excel sheet also contained details of these fund transfers.

264. An analysis of their trading activity revealed that the Collaborators were forming small groups and taking turns to deal in the scrip and at least one of these entities was present on every trading day during this period.

265. It was also observed that the Collaborators were majorly indulging in buying considerable quantities of shares and selling off the same quantities on the same trading day and continuously suffering losses (to the tune of approx. ₹ 52 lakh cumulatively), and in view of the weak fundamentals of MUL, this repetitive intraday trading strategy did not appear prudent and genuine. It was also observed that these entities were splitting their considerable trading volumes into multiple orders of miniscule quantities to demonstrate artificial liquidity, so much so that the order quantity was 20 shares or less in approx. 27% of their buy trades and 42% of their sell trades.

266. Thereafter, the SCN noted that once sustained momentum was generated in MUL scrip, gullible investors were induced to invest into the scrip and taking advantage of the same, entities allegedly connected with the Company (the employees and contractors thereof, termed as sub-group 1) and to Mr. Hanif Shekh (sub-groups 2 and 3) offloaded their shares at inflated prices.

267. The 62 sub-group 1 entities were alleged to be connected to MUL and to each other on account of being employees or contractors of MUL, many entities having common addresses as MUL, many entities having common email IDs on their ITRs, many entities having accounts in same bank branches, entities having negligible transactions in their bank account before and after the offloading phase, all of them transferring the sale proceeds to almost the same set of entities, their names appearing in the excel sheet exchanged between two employees of MUL, etc.

268. The 16 sub-group 2 entities were alleged to be connected to each other and to Mr. Hanif Shekh since they had frequent bank transactions with one another or with another set of entities (sub-group 2.A, which has been defined at para 5 of this Order) related to Mr. Hanif Shekh (which were alleged to have funded the trades of these sub-group 2 entities), majority of the entities had bank accounts in same branch, many entities had common mobile numbers and email IDs in their ITRs, one

entity had the same email ID as a Hanif-connected sub-group 2.A entity, and these entities traded in many other scrips where bulk SMS circulation was alleged.

269. The 19 sub-group 3 entities were alleged to be connected to each other and to Mr. Hanif Shekh since 15 of them had a common address (which peculiarly was not even a complete address since it referred only to a village, Ramachandranagar) and the remaining 2 out of 4 entities had a common address and common directors, certain entities had common IP/ MAC addresses while logging into their bank/ trading accounts, certain entities had frequent bank transactions with certain Hanif-connected sub-group 3.A entities (which have been defined at para 5 of this Order and were alleged to have funded the trades of these sub-group 3 entities), one entity (Noticee 106) had a similar address as Noticee 5 (viz., Econo Trade India Ltd., an entity allegedly controlled by Mr. Hanif Shekh), certain entities (Noticees 100 and 103) had frequent transactions with Lagan Barter Pvt. Ltd. (Noticee 224, a Hanif-connected entity and part of sub-group 5.A, which has been defined at para 5 of this Order), certain entities had more than 1% shareholding in Econo Trade and in Kanungo Financiers (Noticee 222, a Hanif-connected entity and part of sub-group 5.A), and these entities traded in 4 other scrips in the matter where bulk SMS circulation was alleged.

270. The intricate connections of these groups of Offloaders amongst themselves and/or with MUL and Mr. Hanif Shekh, when seen along with their trade timing, peculiar pattern of heavy selling, unusually high trading exposures not matching with their declared incomes, and transfer of sale proceeds by these Offloaders, without fail, to either the MUL promoter-connected entities or to other entities connected to Mr. Hanif Shekh, albeit through various layers of conduit entities, led to them being held *prima facie* liable in the Interim Order for making unlawful gains.

271. Once the *modus operandi* of the alleged fraudulent scheme in the MUL scrip has been charted out, it is important to consider the defences raised by the various groups of Noticees, in order to reach a logical conclusion with respect to the allegations levelled in the SCN. I proceed accordingly.

Role of PV Influencers in price manipulation and creation of artificial volume during pre-SMS period

272. Noticee 134, Mr. Piyush Agarwal, submitted that the alleged ties between the PV Influencers were remote and challenged the inference of meeting of minds between them. He also contended that there was no evidence linking him to either Mr. Hanif Shekh or the promoters of MUL.

273. In this regard, I note that the material on record clearly brings out the fact that the Noticees, Mr. Piyush Agarwal and Mr. Sapan Kumar Agarwal were partners in a firm, MKSKA & Co., which was located at the same address as two other Noticee companies, viz., Vepar Solutions and Juscorp Enterprises (which are owned by Mr. Piyush Agarwal and Mr. Sapan Kumar Agarwal, respectively). Another Noticee, Mr. Shyam Kumar Singh was found to have multiple bank transactions with Mr. Sapan Kumar Agarwal and MKSKA & Co. and was also a director of another Noticee company, viz., Corredor Services Pvt. Ltd., which, in turn, had multiple bank transactions with Juscorp and MKSKA & Co. Further, fund transactions were noted between A1 Solutions (Noticee 136) and other entities, viz., Mr. Piyush Agarwal, Corredor, Juscorp, MKSKA & Co. and Mr. Shyam Kumar Singh. Noticees 141 to 144 (Kamal Gupta HUF, Chinnu, Gyanendra Gharti Chhetri and Aayush Tanwar) also had multiple bank transactions with each other, with MKSKA & Co., and with A1 Solutions and Mr. Shyam Kumar Singh. I further note from the submissions of Noticee 134 that he was a relative of Noticee 142, a friend of Noticee 141's Karta (Kamal Gupta), and also a friend of the proprietor of one K M Enterprise, whose connection with Mr. Hanif Shekh would be explained in the subsequent paragraphs.

274. On a perusal of these connections, I find that the SCN has cogently brought out the connections between these Noticees and such strong connections based on common directorships, common addresses and multiple bank transactions could not at all be termed as remote, and are, in my view, strong enough to identify these entities as associated / connected with each other.

275. As regards connection of Noticee 134 with Mr. Hanif Shekh, I note from his statement recorded during SEBI's investigation that he was a friend of the proprietor of K M Enterprise. The SCN also observed that this K M Enterprise had fund transfers during the relevant time with other entities, viz., Corredor, Juscorp, Vepar and MKSKA & Co. In this regard, I note that this K M Enterprise has been found to have had multiple big ticket transactions running into crores of rupees with certain sub-group 6 entities (which are the Forex companies which were employed in the alleged scheme to route the sale proceeds to ultimate beneficiaries in the form of cash) and with one Samukh Trade (Noticee 204), which is a sub-group 2.A entity alleged to be involved in funding the trades of sub-group 2 entities and routing the sale proceeds of sub-group 2 entities back to the ultimate beneficiaries. The exact role of these sub-groups would be dealt with in this Order while analysing the flow of funds by Offloader entities. I also note that some employee-offloaders in the MUL scrip transferred their sale proceeds to one, Reliance Enterprises, which again had multiple financial transactions with K M Enterprise. Interestingly, these transfers of sale proceeds by employees to Reliance Enterprises was also recorded in the excel sheet exchanged over email between two employees of MUL, purportedly for the purpose of reconciling payments to be made to two persons named 'Piyush' and 'Malay'.

276. At this juncture, it is made clear that as per the SCN there is no allegation that the sale proceeds of Offloaders reached Mr. Piyush Agarwal. However, it would suffice to say that the fact that certain PV Influencers had financial dealings with Piyush Agarwal-connected K M Enterprise, which had frequent dealings with sub-group 2.A and sub-group 6 entities (who were alleged to be involved in funding trades of other Noticees and transfer of unlawful profits), makes it quite apparent that Mr. Piyush Agarwal and other PV Influencers were not acting in a vacuum and there were discernible connections with the scheme employed by Mr. Hanif Shekh and I now proceed to analyse the trading activity of the PV Influencers to draw a conclusion on their participation or lack thereof, in the scheme.

277. Before proceeding further, I find it relevant to deal with another argument by the Noticees that bank transactions were done in the usual course of business and merely having such transactions could not lead to inference of prior meeting of minds. The Noticees have also relied on the judgment of Hon'ble SAT in the matter of *Arshad Hussain Warsi vs. SEBI* in support of the same. It is noted that as distinguished from the factual situation in the case cited by the Noticees, the present case is not premised merely on bank transactions and such transactions are referred to establish that the Noticees were connected to each other, and there was no allegation in the SCN that any of the entities, with whom such bank transactions were found, had funded the trades of the Noticees. The SCN levelled the allegation of price manipulation and creation of artificial volume based on the analysis of trading activity of entities connected with each other through various links, including fund transfers. Accordingly, the ensuing section deals with analysis of the trading activity in light of the replies filed by the Noticees.

278. As regards the trading activity during pre-SMS period, Noticee 134 (Piyush Agarwal) has contended that he made regular buy and sell trades in the scrip with the express intention of profiting from his personal investing strategy. He argued that the Interim Order contained no analysis of the trading pattern and timing of placement of buy and sell orders to support the allegation of scrip price manipulation, other than contribution to LTP and purported membership in a group of entities known as PV Influencers. He also disputed the charge that there was no change in beneficial ownership since trades were delivery based and led to change in ownership at every stage. Further, his traded volume was claimed to be minuscule compared to the total traded volume in the scrip and could not have any material impact. Only 270 instances out of a total 329 matched trades with other PV Influencer entities were synchronised and synchronised trades were also a minuscule part of the overall trade volume. The Noticee relied on the judgments of Hon'ble SAT in *S.P.J. Stockbrokers Private Limited v. SEBI* and *Ketan Parekh vs. SEBI* to contend that a charge of synchronised trading barring any actionable material other than the trades executed could not be sustained, unless such trades were, *inter alia*, executed with a view to manipulate the market. The Noticee also challenged the method used in

the Interim Order to calculate contribution to LTP on the ground that any contribution would be counted on both buy and sell side and thus, would lead to double incidence. Similar arguments were raised by the other PV Influencers who filed their replies to the Interim Order.

279. In relation to the above arguments, I note that the investigation has brought out that certain PV Influencer entities were placing buy orders quite far away from LTP and then modifying those orders to bring them closer, although at a price still less than the LTP, within seconds of sell orders being placed by connected PV Influencers, so as to ensure matching and creation of artificial volume in the scrip, where the beneficial ownership did not transfer outside the group. Similarly, there were many instances where the buy orders were placed at prices far less than the LTP (which is prudent for a buyer), but immediately upon a sell order being placed by a connected entity at a price quite higher than the LTP, the initial buy order was modified to a price matching the sell order price and the trade got executed at a price much higher than the LTP. Such modification of the initial buy order placed far less than LTP to a price much higher than LTP, immediately upon placing of a sell order does not *ipso facto* appear to be a genuine trading practice, and when seen in light of the fact that the counterparty was a connected entity and MUL had weak fundamentals and financials during the relevant period, the same gives rise to a reasonable inference that the trades were permeated by a fraudulent intent to generate artificial volume and price. I also note that in the year 2019 these PV Influencers traded intraday in the MUL scrip on 413 instances cumulatively, which is an oddity for a scrip which did not have much liquidity or frequent corporate announcements, so as to benefit from an intraday play. Further, it was observed that the time difference between placement of buy and sell orders in more than 65% of the *inter se* trades by these PV Influencers was equal to or less than 10 seconds.

280. The immense contribution of these 11 entities (Noticees 134 to 144 in this Order) to the generation of artificial volume and price in the scrip during the pre-SMS period stretching from January 27, 2017 to September 20, 2019 can be gauged from the fact that they were responsible for creation of 39.92% of the total buy volume and

35.22% of the total sell volume in the MUL scrip, and a net buy as well as net sell LTP of ₹ 906.45 each by trading amongst themselves, when the scrip itself recorded a total LTP of only ₹ 245.25, clearly highlighting the relentless attempts by the PV Influencers in building momentum in the scrip for more than 30 months. I note that any attempt by some of these entities to contend that their individual LTP contributions were net negative or not substantial and thus, they could not be alleged to be LTP contributors, is devoid of merit since it has been already demonstrated that these entities were acting as one group, rather than individually, so as to consider their individual LTP contributions during investigation. In any event, since these entities were motivated by the end goal of creating momentum in the scrip, there could be instances where some of them might have traded at prices less than LTP only to ensure that the trades at least get executed in a relatively illiquid scrip and LTP could, in any event, be contributed by other parties, as is evident from the disproportionate LTP contribution made by other PV Influencers. Creation of artificial volume and an appearance of trading is in itself a way to indicate attractiveness of the scrip and induce investors, leading to a consequent price rise, and mere LTP contribution or lack thereof, would not be fatal to the charge of artificiality of trades.

281. The PV Influencers have also raised a contention that the method of recording of positive LTP contribution in the Interim Order has led to double incidence as the same would be counted both on buy as well as sell side. However, this argument spawns from a factual misreading of the SCN since the Table No. 6 of the SCN clearly highlighted that by trading amongst themselves, these Noticees contributed ₹906.45/- each to the net buy as well as the net sell LTP, rather than the figures for net buy and net sell LTP being cumulated and getting counted twice. Further, I note that what is relevant to note from the LTP contribution figures is the substantial magnitude of LTP contribution by the PV Influencers, rather than the absolute numbers as such. Furthermore, for the sake of argument and without any prejudice whatsoever to the foregoing discussion, even if the contention of the Noticees of double incidence is to be accepted, the same would imply that their LTP contribution was half of ₹906.45, i.e., approx. ₹453/-, which is also much higher than the total

LTP of ₹245.25/- in the scrip during this period. Thus, the present argument of the Noticees is not just factually erroneous but also futile.

282. Another related argument made by the Noticees was that the logic of computation of alleged profits earned by PV Influencers was not provided in the Interim Order and since PV Influencers were not classified as the offloaders, any benefit to one Noticee was a loss to another, making the calculation inaccurate.

283. In this regard, I find on the basis of the foregoing discussion that the PV Influencers have not been able to rebut the allegations levelled against them. The profits made by PV Influencers were calculated in Table No. 15 as the *difference* between their respective sell and buy values, which were clearly mentioned in the said Table. Once their trading activity has been held to be manipulative and merely for the purpose of artificial price and volume creation, the entire profits, i.e., *net* of sell and buy trades, earned by them are liable to be disgorged. The fact that the Noticees were not classified as Offloaders in the SCN, as sought to be contended by them, is of no relevance for calculation of profits, and at no point, did the SCN confine itself to calculation of profits only for trades executed during the period of SMS circulation. Be that as it may, it is also a matter of record that the PV Influencers in MUL not only bought and sold during the pre-SMS period but also during the SMS period.

284. Further, the contention of the Noticees that profit of one Noticee was a loss to another since the profits were calculated based on trades within the group is a gross misreading of the Interim Order since it was never alleged therein that the Noticees only traded amongst each other. It is also pertinent to note in this context that on a net basis, each one of the PV Influencers' sell value during the relevant period was more than their buy value. Even otherwise, such an argument of the Noticees makes a further mistaken assumption that there was a one-to-one mapping of all trades of all PV Influencers, meaning that every Noticee executed all its buy and sell trades with the same counterparty Noticee, and accordingly, this argument is rendered baseless.

285. Notwithstanding the same, I am also of the view that the approach sought to be advocated by the Noticees of disregarding profits, if the same was accompanied by a consequent loss to another Noticee, is not only alien to the prevailing statutory framework governing disgorgement but would, in effect, amount to setting off of the losses made by Noticees due to their manipulative activities against the unlawful profits of their connected entities, and guarantee them risk-free profits and encourage manipulative activity.

286. I also note that the PV Influencers who filed replies to the SCN have themselves accepted that there was a high percentage of matching trades which were synchronised (e.g., 270 synchronised instances out of 329 matched trades for Noticee 134), even though they have contended that their synchronised trades were a miniscule percentage of the total trades in the scrip. In this regard, it is noted that SCN had itself noted that synchronised trading was not the only strategy employed by the PV Influencers in creation of artificial price and volume. Furthermore, a very high percentage of synchronised trading vis-à-vis matched trades by respective entities in a relatively illiquid scrip, even if low when compared to the overall trading volume, reveals a concerted action by these connected entities rather than a mitigating circumstance as sought to be relied upon by the Noticees.

287. In the same vein, I regard as inapplicable the Noticees' contention that allegation of mere synchronised trading barring any actionable material other than the trades executed could not be sustained in view of the judgment of Hon'ble SAT in the matter of *S.P.J. Stockbrokers Private Limited v. SEBI*. The reason being that the present matter has clearly established the collusion between the entities and is not based merely on the trading pattern as opposed to the *S.P.J. Stockbrokers Private Limited* case where even the name of the group participants and their *inter se* connections had not been established and no circumstantial evidence had existed to suggest that synchronisation was for the purpose of market manipulation. Accordingly, I also hold that various other similar judgments cited by these Noticees in support of this argument, viz., *Ketan Parekh vs. SEBI*, *SEBI vs. Rakhi Trading Pvt. Ltd., Jatin*

Manubhai Shah vs. SEBI and H.B. Stockholdings Ltd. vs SEBI, are also not applicable to the case at hand.

288. In the face of such undeniable evidence of fraudulent trading activity of the PV Influencers in the scrip of MUL, I find the reliance placed by these entities on the judgments in the matters of *Messrs. Lalchand Bhagat Ambica Ram vs. The Commissioner of Income-Tax, Bihar & Ors., HL Saini vs Union of India,* and *Mumbai SEZ Ltd. vs. SEBI,* which, *inter alia*, held that findings of guilt could not be based on conjectures and surmises, to be irrelevant to their defence.

289. The Noticees have also contended that a charge of artificial price and volume creation needs to establish that all the parties to the transactions, clients and brokers, had a common understanding and acted in concert. However, I dismiss this contention at the threshold since there is no requirement in law that involvement of brokers is a *sine qua non* for price manipulation and creation of artificial volume and neither has the SCN alleged any involvement of brokers as such. As per the SCN, it was the PV Influencer(s) who themselves indulged in price manipulation and creation of artificial volume.

290. The Noticees have further argued that the Interim Order did not establish the motive of the parties for engaging in synchronised trades. They also contended that serious allegations of fraud made against a Noticee needed a high level of proof and that fraud even in civil proceedings must be established beyond reasonable doubt, as held by the Hon'ble Supreme Court in the judgment of *UOI v. Chaturbhai M. Patel*. In this regard, I note that unless the language of the statute indicates as such, *mens rea* or intent is not an essential ingredient of a civil wrong, as held by the Hon'ble Supreme Court in *Chairman, SEBI vs. Shriram Mutual Fund*. Further, in the context of the PFUTP Regulations, the Hon'ble Supreme Court in the matter of *SEBI vs. Kanaiyalal Baldevbhai Patel* (supra)*, inter alia,* observed as under:

> *"5. … The emphasis in the definition in Regulation 2(c) of the 2003 Regulations is not, therefore, of whether the act, expression, omission or concealment has been committed in a deceitful manner but whether such act, expression,*

omission or concealment has/had the effect of inducing another person to deal in securities.

8. … The test to determine whether the second person had been induced to act in the manner he did or not to act in the manner that he proposed, is whether but for the representation of the facts made by the first person, the latter would not have acted in the manner he did. This is also how the word inducement is understood in criminal law. The difference between inducement in criminal law and the wider meaning thereof as in the present case, is that to make inducement an offence the intention behind the representation or misrepresentation of facts must be dishonest whereas in the latter category of cases like the present the element of dishonesty need not be present or proved and established to be present.

14. To attract the rigor of Regulations 3 and 4 of the 2003 Regulations, mens rea is not an indispensable requirement and the correct test is one of preponderance of probabilities. Merely because the operation of the aforesaid two provisions of the 2003 Regulations invite penal consequences on the defaulters, proof beyond reasonable doubt as held by this Court in Securities and Exchange Board of India Vs. Kishore R. Ajmera(supra) is not an indispensable requirement." (emphasis supplied)

291. Furthermore, quite evidently, the Hon'ble Supreme Court has, while placing reliance on its judgment in *SEBI vs. Kishore R. Ajmera* (supra), held in *SEBI vs. Kanaiyalal Baldevbhai Patel* (supra) that proof beyond reasonable doubt is not an indispensable requirement for proving a charge under the PFUTP Regulations and the standard is one of preponderance of probabilities. In this regard, I note that the Noticee 134 has himself, in support of this argument, cited the decision of the Supreme Court in *Razikram v. J.S. Chauhan* (supra) which, *inter alia*, held that "*the definition provided in Section 3 of the Evidence Act does not insist on perfect proof because absolute certainty amounting to demonstration is rarely to be had in the affairs of life. Nevertheless, the standard of measuring proof prescribed by the definition is that of a person of prudence and practical good sense.*" Be that as it may, I am of the view that the judgments quoted by Noticee 134, including *Razikram v. J.S. Chauhan and UoI vs Chaturbhai M. Patel* (supra) deal with different domains of law and once a decision of the Hon'ble Supreme Court which holds the field in the present matter is available, there is no need to resort to other judicial authorities. Accordingly, the present argument of the Noticees is untenable.

292. At this stage, I find it it apposite to refer to the recent judgment of the Hon'ble Supreme Court in the matter of *Reliance Industries Ltd. & Ors. vs. SEBI* [2026 INSC 585] which has clarified the test for proving fraud under Regulation 2(1)(c) of the PFUTP Regulations by reconciling the various previous judgments of the Hon'ble Supreme Court on the same issue, even though I note that none of the Noticees herein has relied upon the said judgment. The Hon'ble Court has, *inter alia*, held that in situations where injury due to a wrongful act is established, i.e., inducement to deal in securities has caused the other person to be adversely affected and allowed the party accused of fraud to gain unlawful profits or avert ordinary losses at the former's expense, there would be no requirement to prove deceitful intention to establish fraud. Further, in situations where injury is impossible to be proved, the requirement of proving a wrongful intention becomes mandatory to establish fraud, and such wrongful intention could either be clear from the blatant misconduct or attending circumstances that cogently establish such intention.

293. Upon a perusal of this judgment, I find that the instant case exemplifies a textbook case of fraud since not only the inducement of investors by circulation of buy recommendations through SMS / website has been identified, but the blatant misconduct of price manipulation and creation of artificial volume by the PV Influencers as part of one unified scheme, has also been cogently and sufficiently established, since no other conclusion than fraud could be derived from the attending facts and circumstances in this matter. Therefore, even though the onus on SEBI as per the *Reliance Industries Ltd.* (supra) judgment is to prove either a 'deceitful mens rea' or an 'injurious actus reus' in order to establish fraud, the investigation in this matter has actually satisfied both the requirements.

294. Having dealt with the arguments advanced by the PV Influencers, I have no hesitation in concluding that the PV Influencers engaged in trading amongst themselves in a synchronised manner and took the price of the scrip of MUL from ₹10.20 to ₹255.45. Thus, the charge in the SCN that they indulged in price manipulation and creation of artificial volume in the scrip of MUL in order to build a

momentum and induce other investors to invest in the scrip stands established. I now proceed to deal with the submissions of the 'Collaborators' in light of their replies and other material on record.

Role of Collaborators in creation of artificial volume in MUL scrip

Connections amongst the Collaborators

295. I note at the outset that none of the collaborators, except Goenka Business Finance Limited ("GBFL", Noticee 145) have filed their replies to the SCN. GBFL submitted that it was a public listed company registered with the RBI as an NBFC and involved in providing secured or unsecured loans and advances to borrowers, and acquisition of securities, etc. and that it had provided loan facilities to its clients, viz., Kalpesh Dantani (Noticee 146), Sanjaybhai Babubhai Solanki (Noticee 148) and Suresh Vaghela (Noticee 150) supported by valid loan documents and it was these loan amounts that were referred in the SCN. The fund transactions with Mr. Yasin Ghori were stated to be salary payments, reimbursements of TDS payments on behalf of GBFL and loans extended to him. GBFL denied knowing or having any fund transactions with Shivam Kumar Patel (Noticee 147) and Amrutji Gokaji Thakor (Noticee 151) as alleged in the SCN. GBFL also submitted that its transactions with Mr. Malay Bhow and Viral Bhow were pursuant to loan agreements with these entities dated June 1, 2020.

296. I have gone through the material on record, including copies of the purported loan agreements furnished by GBFL, the trade log in the MUL scrip during the investigation period and bank account statements of the various Noticees. From GBFL's bank statement, I note that GBFL transferred an amount of ₹23 lakh to Mr. Kalpesh Dantani (Noticee 146) on September 11, 2019 backed by a purported loan agreement dated the same day. However, what is peculiar to note from the bank statement of Mr. Dantani is that he transferred this exact amount of ₹23 lakh to his broker, Edelweiss Broking Ltd. on the very next day, and as per the MUL trade log, he had started trading in the MUL scrip through Edelweiss Broking Ltd. only two days prior to this fund transfer, i.e., September 9, 2019 and traded heavily in the scrip around the date of the fund transfer (e.g., total trade value of approx. ₹ 20 lakh

on September 11, 2019). No reply to the SCN has been received from Mr. Dantani till date. The immediate transfer of the entire amount received from GBFL to his broker and proximity of this fund transfer by GBFL to the heavy trading activity by Mr. Dantani, leaves no doubt in a discerning mind that this fund transaction was for the purpose of trading in the scrip of MUL. I also note additional facts, viz., Mr. Kalpesh Dantani received ₹6.95 lakhs from Sanjaybhai Solanki on February 20, 2020 and transferred the same amount to GBFL on February 25, 2020, and Mr. Kalpesh Dantani had fund transfers with GBFL's director and authorised signatory, Yasin Abdulsattar Ghori, which further bolster the inference of a strong connection between Mr. Kalpesh Dantani and GBFL.

297. I also note at this stage from a perusal of the copies of loan agreements furnished by GBFL that the purported loans extended by GBFL to Mr. Kalpesh Dantani (for ₹23 lakh) and Mr. Sanjaybhai Babubhai Solanki (₹ 50 lakh) were backed merely by a 'Demand Promissory Note' which is nothing but an agreement to repay the loan at any time the lender requests payment rather than having a fixed repayment date and is, in effect, an unsecured loan. Further, the loan of ₹50 lakh extended to Mr. Suresh Vaghela was not even backed by this 'Demand Promissory Note'. Additionally, it needs mention at this stage that details of repayment and interest charged, if any, on these loans were not submitted by GBFL. There is no acceptable rationale behind an NBFC (i.e., GBFL) extending such big-ticket loans on promisory notes, without any other documentation, to entities with whom GBFL purportedly had no connections and who did not appear to have any repayment capacity during the relevant period. It is also noted that the accounts of these so-called borrowers rarely received any funds from other entities and those too, were mostly transferred out to other entities immediately. It was also observed that there were multiple fund transfers between Mr. Sanjaybhai Babubhai Solanki, Mr. Suresh Vaghela (both of whom got funds from GBFL) and Mr. Amrutji Thakor.

298. As regards the contention of GBFL that fund transactions with Mr. Yasin Ghori were salary payments, reimbursements of TDS payments on behalf of GBFL and loans extended to him, I note that GBFL has merely submitted copies purported to be

ledgers maintained by it in respect of Mr. Yasin Ghori. However, these unilateral ledgers are not supported by any verifiable documents such as bank statements of Mr. Yasin Ghori showing TDS payments to the Income Tax Department and accordingly, these ledgers are nothing more than self-serving documentation having no sanctity and evidentiary value. Therefore, I am of the view that GBFL has not been able to prove that the fund transfers to Mr. Yasin Ghori were for legitimate purposes.

299. Moving further, I also note from the SCN that the mobile number in the UCC details of GBFL as well as Mr. Kalpesh Dantani was the same. GBFL has attempted to trivialise this observation by claiming that it might have been an inadvertent error on part of the broker, Sunflower Broking. In this regard, I note from the reply of Noticee 152, Mr. Malay Bhow, who is the director of Sunflower Broking that the broker has over 18000 clients. Accordingly, in the characteristic circumstances of the case (viz., GBFL extending a significant unsecured loan to an avowedly unconnected party, Mr. Kalpesh Dantani and Mr. Dantani immediately transferring this exact amount to his broker and using the same for heavy trading in the scrip of MUL), I find it highly improbable that a broker with over 18000 clients made this supposed inadvertent error of recording identical UCC details of the same parties who had this suspicious loan transaction. Further, this narrative of inadvertence by the broker is rendered all the more implausible since neither GBFL nor Mr. Kalpesh Dantani have submitted any evidence to suggest that either of them raised any grievance with their broker/ exchange for non-receipt/ wrongful receipt of transaction particulars after every trading instance, which is what a normal investor would do. At this stage, it is also noted that Mr. Kalpesh Dantani also shared a mobile number in his UCC details with another Noticee, viz., Chetanbhai Dantani (Noticee 149).

300. Another interesting facet of this argument regarding genuine loan transactions of GBFL with several Noticees, is the fact that GBFL in its reply has averred that it extended the loan facilities to Noticee 152, Mr. Malay Bhow and his wife, Ms. Viral Bhow on June 1, 2020 and also furnished a copy of the purported supporting loan agreement, which was a Loan Against Securities (LAS). However, I note from the

bank statement of GBFL that GBFL had fund transactions with both these entities going as far back as March 2018, i.e., much prior to the purported loan agreement furnished by GBFL.

301. In this regard, I also deem it fit to record my observations on the submissions of Mr. Malay Bhow regarding these avowed loan transactions. Mr. Malay Bhow, in his reply dated April 11, 2024 to the SCN had also filed almost identical submissions as GBFL in respect of the fund transfers being a genuine loan, supported by a loan agreement dated June 1, 2020 and had even gone on to the extent of claiming that his wife, Viral Bhow had no transactions with GBFL during the investigation period. I further note that even during his statement recording on February 24, 2023, Mr. Malay Bhow had referred to only one 'Loan against Securities' from GBFL.

302. It is noted that in his second reply dated April 2, 2025 to the SCN, Mr. Malay Bhow surreptitiously modified his factual position regarding the date of the loan agreement by claiming that the loan agreement (which was not a LAS instrument as submitted by him earlier) was entered "on or about 2018" and also submitted that even his wife had entered into a loan agreement with GBFL at that time, probably in order to match the timeline of fund transfers. He also submitted a copy of another purported loan agreement dated January 15, 2018.

303. Further, in order to seemingly cover his tracks, Mr. Malay Bhow filed another reply, three days later (after attending a personal hearing before my predecessor Competent Authority on April 2, 2025), and withdrew his initial reply dated April 11, 2024 by which he had, *inter alia*, averred that the loan agreement was signed on June 1, 2020 and that his wife did not have any transactions with GBFL during the investigation period. In view of the apparent discrepancy and incumbency in the facts regarding the fund transfers, I deduce that filing of the later replies by Mr. Malay Bhow was merely an afterthought, probably after realizing that the initial submissions were bound to result in an adverse inference in the instant regulatory proceedings. Accordingly, I am not inclined to allow Mr. Malay Bhow to withdraw his submissions as the same is intended to mislead and will amount to making a mockery of the present quasi-judicial proceedings.

304. GBFL has also argued that its connection with either Chetan Dantani as well as Shivam Kumar was not established in the SCN. I find no merit in such an argument since the SCN is not premised on the logic that every entity of a particular group has to be connected to every other entity of that group. Rather, the connections are drawn on the basis of commonalities such as addresses, phone numbers, fund transfers, and also the trading pattern of these entities. The underlying narrative of the SCN is that entities connected on account of such commonalities had a similar trading pattern which was part of execution of the scheme orchestrated by Mr. Hanif Shekh. In this view of the matter, I note that Mr. Chetan Dantani shared the same mobile number as Mr. Kalpesh Dantani in his UCC details, indicating a strong connection with an entity whose trades were directly funded by GBFL. Further, Mr. Shivam Kumar had multiple fund transfers with other Collaborator entities. Furthermore, both Mr. Kalpesh Dantani and Mr. Shivam Kumar indulged in the same trading behaviour as the other Collaborators (as would be discussed in the following section of this Order), clearly proving that these two Noticees were an innate part of the 'Collaborators'.

305. In view of the material on record, including the submissions of GBFL, not indicating any commercial rationale in GBFL extending unsecured loans to Mr. Kalpesh Dantani, Mr. Sanjaybhai Babubhai Solanki and Mr. Suresh Vaghela, coupled with the manifestly misleading submissions by Mr. Malay Bhow regarding the fund transfers, I am of the view that the loan agreements and the loan ledgers sought to be presented before me lack credibility and are not worthy of acceptance and therefore, these fund transactions were not in the nature of loans extended by GBFL. I also note at this juncture that GBFL and Mr. Sanjaybhai Babubhai Solanki, who had huge trading volumes in MUL during this period, were trading through Sunflower Broking (the broking firm of Mr. Malay Bhow), and as noted earlier, Mr. Kalpesh Dantani shared common mobile phone numbers in his UCC details with GBFL and Mr. Chetan Dantani, thereby further strengthening the inference of a deeper connection between these Noticees, rather than a mere borrower-lender relationship.

Trading pattern of the 'Collaborators'

306. Once the *inter se* connections of the 'Collaborators' have been established, it is now imperative, as a natural sequitur to the aforesaid discussion, to discuss the trading pattern of the Collaborators, in order to further analyse their connection with the alleged manipulative scheme and deal with the allegation that they were responsible for maintaining the momentum created by the PV Influencers in MUL scrip during the SMS period.

307. In relation to the allegations regarding concerted trading by the Collaborators, Noticee 145 (GBFL) countered the charge of Collaborators taking turns to trade in MUL scrip by submitting that as per the Table No. 10 of the Interim Order (which indicated the names of respective Noticees who took turns to trade on respective days), Mr. Kalpesh Dantani and Mr. Chetanbhai Dantani did not trade for even a single day, Mr. Shivam Kumar and Suresh Vaghela traded only on one day and the Noticee 145 itself did not trade even once till October 14, 2019. In this regard, I note that this is a misreading of the SCN since Table No. 10 is not an exhaustive but only an illustrative list of days when the Collaborators traded by making small sets and before making such misguided and shallow submissions, the entire trading data of the 64 trading days comprised in the SMS period could have been perused from the trade log supplied to the Noticee, which would have clearly shown the substantial trading activity of all the Collaborators and the dates when the respective Noticees were taking turns to trade in the scrip of MUL.

308. GBFL also attempted to justify its trades by arguing that it traded in scrips based on fundamental and technical analysis of the scrip. However, I find that this contention holds no water since MUL was a fundamentally weak scrip (reporting losses and decrease in revenues in the September 2019 quarter, post which the Collaborators had started trading), and relatively less liquid. Further, majority of the trades of Collaborators (including GBFL) were in the nature of *intra-day* trades, i.e., buying and selling same quantities on the same day, rather than holding them as someone doing a fundamental analysis would do. For instance, the SCN records that out of a

total 64 trading days during the SMS period, Mr. Kalpesh Dantani purchased and sold the exact same number of shares on atleast 17 trading days and made losses on each of those days, and similarly, Mr. Shivam Kumar purchased and sold the exact same number of shares on atleast 22 trading days and made losses on each of those days. There was palpably no reason for doing intra-day trades in a fundamentally weak and less liquid scrip like MUL, other than for artificial volume creation. The argument of genuine trading in MUL is further deflated when seen in light of the fact that these Collaborators were incurring losses on regular basis and still trading in considerable volumes. To be precise, in a total of 113 instances, the Collaborators bought a cumulative 14,09,197 MUL shares and sold the exact number of shares, and incurred a net loss of approx. ₹ 37.28 lakhs and an entity-wise summary of the same is tabulated hereunder:

Table 6

Name of Collaborator	No. of trading days	Sum of Profit/Loss (₹)	Sum of buy quantity	Sum of sell quantity
Shivam Kumar	27	-273070.15	246893	246893
Amrutji Gokaji Thakor	22	-197566.95	144974	144974
Suresh Deshaljibhai Vaghela	21	-285351.9	162568	162568
Kalpesh Dantani	20	-491008.6	372505	372505
Chetanbhai Mahendrabhai Dantani	12	-538781.65	292283	292283
GBFL	8	-1868052.55	137088	137088
Sanjaybhai Babubhai Solanki	3	-73851.9	52886	52886
Grand Total	**113**	**-3727683.70**	**1409197**	**1409197**

Further, it was noted that these seven entities had a disproportionate contribution to the trading volumes during the SMS period, viz., 23.08% and 22.71%, respectively, to the total *buy* and *sell* volume in the MUL scrip during the almost 3-month SMS period. The allegation of manipulative trading by the Collaborators is further established by the fact that apart from the aforementioned abnormal trading activity, these entities were also artificially inflating the number of trades by splitting their trades into multiple orders purportedly to show market depth, so much so that in

approx. 27% of their buy trades and 42% of their sell trades, the quantity was not more than 20 shares, even though these entities were seen to be trading a considerable number of shares each day. Accordingly, I find that the meandering narrative sought to be advanced by GBFL of purported resistance and support levels in MUL on different days to justify its trades is nothing but an attempt to obfuscate the very forceful conclusion of manipulative trading by the Collaborators, arrived at on a careful consideration of the material on record, and the said attempt is, thus, rejected.

309. I also take note of the argument of GBFL that it traded in MUL during pre-SMS period, the SMS period and also post the investigation period and that the investigation period was selected by SEBI to suit its case. In this context, it is noteworthy that the criteria for selection of the Investigation Period was very intelligibly laid out in the Interim Order, viz., a pre-SMS period of sustained trading activity by a group of connected entities, followed by a period of circulation of bulk SMSes and simultaneous concerted trading by the Collaborators, followed by the Offloading phase where the entities connected with the Promoters or the kingpin indulging in heavy selling of shares at inflated prices and making abnormal profits, clearly reflecting different sets of entities executing their respective roles in the alleged scheme. Accordingly, the fact that the Noticee traded across all these periods would simply be of no significance and will not *ipso facto* absolve it of the charge of indulging in manipulated trading during the SMS period.

310. At this juncture, I also need to deal with a related argument made by the Noticee (GBFL) that it was wrong to allege that it made losses in trading since during the entire investigation period, the Noticee actually made a profit. As mentioned above, the allegation against the Noticee is only of manipulative trading at a loss during the SMS period, which is an established fact. Any profits made by the Noticee outside the SMS period would have no bearing on the charge of repetitive trading by the Noticee at a loss for the ultimate aim of sustaining the trading momentum.

Link between the 'Collaborators' and Mr. Hanif Shekh

311. Now that the *inter se* connections of the 'Collaborators' and their manipulative trading pattern has been established, I move on to the alleged connection of the Collaborators with the kingpin of the scheme, Mr. Hanif Shekh. The SCN notes that Mr. Malay Bhow, who, as noted above, had voluminous fund transactions with a Collaborator entity, GBFL, was in frequent telephonic contact with Mr. Hanif Shekh on his number 9537570268. In a seeming rebuttal to this allegation, Mr. Malay Bhow, vide his initial reply dated April 11, 2024, made general remarks that he did not have frequent communication with Mr. Hanif Shekh, that he knew the latter as they both belonged to the same broking industry and used to only have general discussions regarding market outlook and not regarding particular scrips mentioned in the SCN. He also submitted that he contacted Mr. Hanif only once or twice in 6 to 12 months.

312. Once the CDR was supplied to Mr. Malay Bhow at his request, he made a very specific denial vide his reply dated April 17, 2025 that his calls during the period matched only with one number (9537570268) alleged to be belonging to Mr. Hanif Shekh and that he never talked to Mr. Hanif on that number and instead used to speak to his father, Mr. Kasambhai Shekh and his office staff regarding shipbreaking business.

313. In this regard, I note from his further submissions dated October 6, 2025 that he came in contact with one Mr. Inayat, who was associated with Mr. Kasambhai Shekh and they both used to communicate regarding shipbreaking business. At this stage, I am compelled to note that in his previous reply dated April 17, 2025 when he first introduced the fact of communicating with Mr. Kasambhai Shekh and his office staff regarding shipbreaking business, there was not even a whisper about the existence of Mr. Inayat, and around 6 months later, he has come up with this name. This is particularly striking because as I have recorded earlier in this Order, Mr. Hanif Shekh had first raised the bogey of this Mr. Inayat Deriya in his reply filed in April 2025 in order to make this person as the scapegoat for all of Mr. Hanif's wrongdoings. Since I have already recorded my finding that this narrative about Mr. Inayat is totally bogus and disingenuous and now that Mr. Malay Bhow has also invoked the name of this

person, I am constrained to draw an adverse inference against Mr. Malay Bhow that he was in frequent communication with Mr. Hanif Shekh on his number 9537570268 and was hand in glove with him in this whole fraudulent scheme. To further buttress this inference, I note that Mr. Malay Bhow transferred ₹ 50 lakh on June 17, 2019 to one Briya Enterprise, a sub-group 5.A (as defined at para 5 of this Order) entity closely connected to Mr. Hanif Shekh (as would be detailed later in this Order) and having fund transactions with Mr. Kasambhai Shekh.

314. At this stage, I note that Mr. Hanif Shekh has sought to negate his association with Mr. Malay Bhow by contending that since he was repeatedly whistleblowing against the illicit actions of Mr. Malay Bhow, he would not be joining hands with Mr. Malay Bhow to give effect to the alleged fraud. However, it is noted that a similar argument was made by Mr. Hanif Shekh in respect of Mr. Rehan Mohsin, one of the SMS resellers (Awadh Info Pvt. Ltd.), and who was, incidentally, termed by Mr. Hanif Shekh as an associate of Mr. Malay Bhow. This argument has already been held at para 237 above to be inconsequential and tangential to the allegations in the SCN and thus, in line with the same, I note that the concerted action of Mr. Hanif Shekh and Mr. Malay Bhow has been established based on the material on record and accordingly, I do not intend to deal with any hypothesis of Mr. Hanif Shekh regarding his acrimonious relationship with Mr. Malay Bhow, especially when Mr. Malay Bhow has admitted to having discussions with Mr. Hanif Shekh regarding 'market outlook'.

315. Once the concerted action of Mr. Hanif Shekh and Mr. Malay Bhow has been established, it is relevant to deal with the contention of GBFL that no direct connection of GBFL with Mr. Hanif Shekh or the MUL promoters was proven and that its so-called connection with Mr. Malay Bhow was of no consequence. In this regard, GBFL has placed reliance on the judgment of Hon'ble SAT in the matter of *Baldevsinh Zala vs. SEBI*. I have gone through the judgment in the matter of *Baldevsinh Zala vs. SEBI* which, *inter alia*, held that:

> *"For example if 'A' is connected to 'B' and 'C' is connected to 'D' and 'D' is connected to 'F' it does not mean that 'A' to 'F' are all connected with each other or 'A' is connected to 'D' or 'A' is connected to 'E' or 'A' is connected to 'C'."*

316. The Hon'ble SAT in this regard observed that something more is required to be shown other than common address, phone numbers, etc. and also that even those commonalities *inter se* did not exist amongst the Noticees in the *Baldevsinh Zala* case. Further, the Hon'ble SAT also held that connection between the Noticees could not be inferred basis their trading pattern since there was no evidence that the Noticees in the *Baldevsinh Zala* case had traded amongst themselves to create artificial volume and appearance of trading in the scrip. It was also held that merely indicating one instance of trading between two out of the thirteen Noticees could not prove that thirteen Noticees were trading amongst themselves, and that even the *inter se* trading details contained in the SCN pertaining to only two of the Noticees. Therefore, it was held that there was no evidence that the thirteen Noticees in the *Baldevsinh Zala* case were trading amongst themselves on a continuous basis during the Investigation Period.

317. Juxtaposing the *Baldevsinh Zala* case with the instant case, I note from the aforesaid findings in respect of the 'Collaborator' entities that there is incontrovertible evidence of frequent fund transfer between these entities, including use of such funds by one of the transferees, Mr. Kalpesh Dantani (who incidentally shared the same UCC details as the transferor, i.e., GBFL) for trading in the scrip of MUL. This Order has also established that the fund transfers by GBFL to other 'Collaborator' entities were not in the nature of loans as sought to be contended. Further, the fact that all the 'Collaborator' entities were repetitively engaging in loss-making trades and made a disproportionate contribution to the total buy and sell volumes in the MUL scrip during the SMS period by trading with each other (which trades, in most cases, were of miniscule quantities) leaves no doubt at all that not only were these 'Collaborator' entities connected to each other through fund transfers and manipulative trading patterns, but these entities were actually an essential part of the fraudulent scheme orchestrated by Mr. Hanif Shekh. Therefore, I am of the view that no parallel can be drawn with the *Baldevsinh Zala* case since the evidence in that case could neither prove any commonalities between the Noticees nor any pattern of concerted trading amongst those Noticees, unlike the present case which has conclusively proved the

interconnectedness of the Noticees, not only amongst themselves but also with Mr. Hanif Shekh.

318. I hasten to add at this juncture that what the *Baldevsinh Zala* judgment rejected was remote linkage between Noticees and also automatic transitive attribution, viz., that connection of 'A' with 'B' and that of 'B' with 'A' would automatically lead to an inference of a connection between 'A' and 'C'. However, this judgment did not place any fetters on the power of SEBI to prove connections between entities based on the cumulative weight of various relevant pieces of evidence such as fund flow, common identifiers, synchronised trades, etc. In this context, it is reiterated that the present case is built on the basis of a wider evidentiary matrix and not just disparate, unconnected links between Noticees.

319. On similar lines, I also hold that the judgment of the Hon'ble SAT in the matter of *Nishith M. Shah HUF vs. SEBI* cited by the Noticees to contend that the charge of price manipulation could not be sustained in the absence of a finding of collusion between the buyer and seller is irrelevant in the facts of the present case. Even otherwise, I note that the Hon'ble SAT in its judgments in the matters of *Jayprakash Bohra vs. SEBI* (dated November 5, 2019), *Giriraj Kumar Gupta HUF vs. SEBI* (dated February 25, 2020) and *Mrs. Kalpana Dharmesh Chheda vs. SEBI* (dated February 25, 2020) had reached findings of manipulative trading based on inexplicable trading pattern of noticees, even in the absence of evidence of collusion amongst entities and thus, the statement of law laid down by *Nishith M. Shah HUF* case does not foreclose other approaches for arriving at conclusions of manipulative trading. The importance of trading pattern in concluding manipulative trading is corroborated by the observation of the Hon'ble Supreme Court in the matter of *SEBI vs. Kishore R. Ajmera* (supra) as is reproduced hereunder:

> *"The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such otherrelevant factors."*

320. In view of the foregoing discussion, it stands established that the Collaborators such as GBFL, which were involved in manipulative trading as detailed above, were also connected with Mr. Hanif Shekh, through Mr. Malay Bhow.

321. Once the substantive allegation in respect of 'Collaborators', viz., their connection with Mr. Hanif Shekh and participation in the subject fraudulent scheme, has been established, it is now imperative to deal with some of the arguments of Mr. Malay Bhow regarding his trading activity and fund transfers with other entities.

322. Mr. Malay Bhow has contended that he did not trade in any of the five scrips mentioned in the Interim Order. However, I find this statement to be completely contrary to the record since as per the trade log of MUL, Mr. Malay Bhow had indeed traded in the scrip during the period from July 2019 to December 2019. At this stage, I must record my disapproval with the conduct of Mr. Malay Bhow during the present proceedings before me. His submissions regarding fund transactions being genuine loans and his communication on Mr. Hanif Shekh's mobile number being not with Mr. Hanif but with Mr. Inayat have already been held to be false and this is the third instance of him trying to misdirect the proceedings. Having said that, I do note that there were no allegations in the SCN regarding his trading activity and thus, I am not assessing this issue any further.

323. Further, he has contended that his broking firm, Sunflower Broking, has 18000 clients, including GBFL and Sanjaybhai Solanki, and as a Director of Sunflower, he had no role in the day to day transactions of clients. I acknowledge that the SCN has not brought out any evidence of Mr. Malay Bhow's involvement in the abnormal trading activity of these clients through Sunflower and I thus, accept this contention of Mr. Malay Bhow in this regard.

324. Mr. Malay Bhow has contended that he had not received or made any payments to any of the Offloaders in the MUL scrip and that his name was dragged only because of some random entries appearing with the name 'Malay' in the excel sheet containing offloading details. I have already held hereinbefore that even though this fact may be considered suspicious in light of the attendant facts and circumstances,

there is no conclusive proof that Mr. Malay received any unlawful profits from Offloaders.

325. However, I clarify at this juncture that the essence of the allegation against Mr. Malay Bhow is that he was instrumental in facilitating the execution of the fraudulent scheme orchestrated by Mr. Hanif Shekh and this allegation has already been conclusively established. Thus, even if the material on record is insufficient to prove receipt of funds by Mr. Malay Bhow from the Offloaders and his role in the abnormal trading activity of some of the 'Collaborators', the same does not, in any manner, lessen his critical role in the fraudulent scheme noted above.

326. Moving further, I note an interesting facet of this case, viz., that Mr. Kalpesh Dantani, whose trades in MUL were found to be funded by GBFL, received funds from two of MUL's employee-offloaders, viz., Mr. Kailash Chauhan (Noticee 53) and Mr. Susheel Kumar (Noticee 73) on August 8, 2019 and his name even appeared in the excel sheet exchanged between two employees of MUL (Noticees 74 and 75) via email which allegedly contained details of shares sold by MUL employees during the offloading phase in the scrip and transfer of sale proceeds to other entities. Even though the detailed role of these Offloaders will be discussed in the ensuing sections of this Order, what is relevant to note at this stage is that apart from having connections with GBFL and Mr. Chetan Dantani and playing his role as a 'Collaborator' entity, Mr. Kalpesh Dantani was also a recipient of sale proceeds of certain Offloaders in the MUL scrip. This finding further goes on to prove that the 'Collaborator' entities were intricately involved in the scheme designed by Mr. Hanif Shekh.

327. Once the role of Collaborators and Mr. Malay Bhow in the fraudulent scheme has been established as above, I now move on to the next issue that requires my consideration, viz., whether the alleged Offloaders (Sub-Groups 1, 2 and 3) took advantage of the bullish run in the MUL scrip, caused by the trading activities of the Collaborators and circulation of buy recommendations, by selling their shares at inflated prices and finally transferring those sale proceeds to the ultimate

beneficiaries, viz., the entities allegedly controlled by the promoters of MUL and Mr. Hanif Shekh, albeit through various layers of conduit entities. Since the offloading stage involved myriad entities, I propose to deal with their submissions in a comprehensive manner hereunder.

Role of Offloaders and promoters in the scrip of MUL

Sub-Group 1 Noticees and promoters

328. The Sub-Group 1 Noticees, who were the permanent or contractual employees of MUL, made a blanket submission that they were not associated with PV influencers, SMS sender, manipulators or any of their associates. These Noticees also argued that they not only sold but also bought shares of MUL during the investigation period at the prevailing high price in the normal course and most of the shares were held by them much before the company got listed on the BSE. MUL and its promoters also contended that the SCN relied on surmises and conjectures since no agreement or understanding was established between MUL, its promoters and other entities and there was no communication between the promoters of MUL and anybody else. The MUL promoters also contended that the mere fact that their employees were the alleged offloaders and had provided factory address of MUL in their ITRs did not *ipso facto* mean that the Noticees were also party to the fraud since they did not have any transaction with these Offloaders and providing company address was a common practice since these employees spent most of the time in the factory. Implicating MUL and its promoters in the matter merely because they shared a fiduciary relationship with their employees was argued to be bad in law. The shares were stated to be acquired by the employees many years before the investigation period when nobody could have predicted an abnormal price rise.

329. The promoters also averred that an alleged email regarding transfer of profits sent almost 6 months after the offloading activity by an MUL employee from his personal email ID to a person who used to file taxes for MUL employees at that time (and was not an employee of MUL till January 2021) could not be the basis of the charge, especially when the excel sheet was factually incorrect. They also submitted that

they did not purchase or sell even a single share of any of the five companies during the investigation period and never profited directly or indirectly from the same. They also went on to argue that the price and volume of MUL kept rising even after issuance of the Interim Order which debarred the promoters, meaning that the promoters were not involved in the alleged scheme.

330. The promoters and their connected entities (Noticees 8 to 11) also sought to justify the transfer of funds by the employees to MUL/ its connected entities as repayment of loans extended by MUL to those employees in the past or as payment in lieu of purchasing shares of certain companies from the promoter connected entities. The promoters also argued that MUL (Noticee 10), Vee Em Infocenter Ltd. (Noticee 11) and Linkwise Marketing Pvt. Ltd. (Noticee 76) could not be termed as related parties only because an employee of MUL had signed the rent agreement as a witness for Linkwise and these were distinct entities as there was no common shareholding or common directors between Linkwise and MUL and MUL had even initiated IBC proceedings against Linkwise. Noticee 76 contended that the transactions with MUL impugned in the Interim Order were legitimate payments for trading cattle feed which were supported by GST payments and were taking place since 2010 and GST reports downloaded from GST website were presented as evidence of the same.

331. I note from the aforestated submissions of Sub-Group 1 Noticees and the promoters of MUL that they have primarily sought to dissociate themselves from the various other Noticees and in general, from the alleged fraudulent scheme of price manipulation and creation of artificial volume. Accordingly, the primary issue that requires determination is the connection, or lack thereof, between the various sets of Noticees and the same is analysed hereunder.

332. The material on record including the submissions of the above mentioned (sub-group 1) Noticees before me brings forth some unusual aspects regarding the Sub-Group 1 Noticees as are noted hereunder:

(a) The Sub-Group 1 Noticees or the promoters of MUL have not been able to clarify as to how these Noticees acquired the MUL shares in the first place via off-

market route, that too prior to listing of MUL, and how or whether any consideration for purchase of shares was paid by them since the same was not commensurate with their declared incomes.

(b) There has been no explanation whatsoever as to why there were hardly any banking or trading transactions in the accounts of these Sub-Group 1 Noticees prior or after the SMS period, but there was heavy selling and substantial banking transactions only during the SMS period, when the scrip saw a bullish run due to the scrip manipulation by the Collaborators.

(c) It is even more surprising to note that within a short period of offloading their shares, these Sub-Group 1 Noticees transferred majority of their sale proceeds either to MUL or its connected entities or to the entities allegedly connected to Mr. Hanif Shekh.

(d) It is curious to note that many of these Noticees had bank accounts in the same branch, many of them had mentioned MUL's address as their address in their bank and demat accounts, many of them had a common mobile number and also a common email ID in their trading accounts which belonged to Mr. Deepak Kumar Garg and was also mentioned in the trading accounts of the MUL promoter and one of her relatives and was also the recovery email of the MUL's connected entities which were allegedly involved in routing the sale proceeds of Sub-Group 1 Noticees back to MUL. Many of these Noticees also had used a common IP address while opening their Gmail accounts.

(e) An email was exchanged between Mr. D K Gupta and Mr. Deepak Garg which contained granular details of the shares sold by the Sub-Group 1 Noticees, the amount of sale proceeds transferred either to MUL or its connected entities or Hanif Shekh-connected entities and reconciliation of the payments to be made to two entities, viz., 'Piyush' and 'Malay'.

333. As already noted in this Order during consideration of the role of PV Influencers and Collaborators, even though there is a great deal of suspicion that 'Piyush' and 'Malay' referred to in the aforesaid excel sheet refer respectively to Noticee 134, Mr. Piyush Agarwal, who was a PV Influencer, and Noticee 152, Mr. Malay Bhow, who

was found to be the link of the Collaborators to Mr. Hanif Shekh, I note that the investigation has not been able to bring out with cogent evidence that the sale proceeds, or part thereof, flowed back to Mr. Piyush Agarwal or Mr. Malay Bhow. However, what is amply clear from the previous para is that the Sub-Group 1 Noticees, who were entities with meagre incomes not commensurate with their substantial holding of MUL shares and who had negligible transactions in their accounts before and after the SMS period, automatically and all at the same time as circulation of bulk SMSes, started selling their MUL shares *en masse* and thereafter, mechanically transferring the sale proceeds to, *inter alia*, the Company and its allegedly connected entities, viz., Linkwise Marketing Private Limited ("Linkwise") and Vee-Em Infocentre Pvt. Ltd. ("Vee EM") (Noticees 11 and 76).

334. At this juncture, it is essential to discuss the connection of Noticees 11 and 76 with MUL as was alleged in the SCN. I note from the SCN that while opening their Gmail accounts, both these Companies have provided the same recovery email ID: lmgupta@mauria.com, which has already been noted above to be belonging to MUL's secretarial staff, Mr. Deepak Kumar Garg (Noticee 75) and also mentioned in the UCC details of the promoter of MUL, Ms. Deepa Sureka and one of her relatives. Further, even the mobile number linked to the Gmail account of Linkwise belonged to Mr. Deepak Kumar Garg. Mr. Deepak Kumar Garg was also found to have signed as the witness on the rent agreement of Linkwise dated March 2, 2016. As regards Vee EM, it is observed that the Sureka Group (which consisted of entities directly/ indirectly controlled by Navneet Sureka and his family members) has significant shareholding in this Company and MUL had disclosed Vee EM as one of its related parties in a corporate filing with BSE. When these facts are seen in light of the substantial fund transfers by these two Companies to MUL very proximate to the sale of shares by MUL employees, it is quite apparent that these entities were being used as a vehicle for the ultimate benefit of MUL and its promoters.

335. In this regard, I find that Linkwise has sought to project the multiple bank transfers to MUL as legitimate payments for trading cattle feed which it supported by GST payments and also submitted GSTR-3B reports downloaded from the GST portal.

This narrative sounds too good to be true and unappealing to the reasonable mind and I record my reasons for the same. *Firstly,* I note from the submissions of MUL that it claims to be an industry leader in India in manufacturing and export of Welded Steel Cylinders and it is not clear to a discerning mind as to what would a company manufacturing Steel Cylinders do with cattle feed, that too of such high value. *Secondly,* Linkwise has merely submitted the GSTR-3B forms and it is not clear from the said forms as to what were the transactions being evidenced by them. I also note that cattle feed attracts 0% GST under the present GST regime and in this context, the GSTR-3B form merely proves that a mere filing was done on the GST portal, rather than being a proof of a bonafide transaction, especially when no invoices, e-way bills, etc. have been submitted in support. *Thirdly,* even though Linkwise has attempted to cloak its fund transfers to MUL as cattle feed payments, it has not been able to justify as to why were so many MUL employees, who were seemingly unrelated to Linkwise, transferring huge amounts to Linkwise in the first place and in any event, it is too much of a coincidence that all the purported payments to MUL for cattle feed were made just proximate to MUL employees offloading their shares and transferring the sale proceeds to Linkwise. Accordingly, this argument of *bonafide* fund transfers between MUL and Linkwise is devoid of any merit and is rejected.

336. I also take note of the attempt by the MUL promoters to dissociate MUL from Linkwise and Vee EM by contending that these are distinct entities and had no common shareholding or common directors to be termed as 'related parties' of MUL and that MUL had even filed IBC proceedings against Linkwise. However, I must note that the allegations in the SCN were not premised as such on the technical definition of *'related party'* or that these entities had common shareholding and management. I find that once the aforesaid commonalities and the sheer magnitude of fund transfers proximate to offloading of shares are established, the only plausible conclusion that emerges is that the impugned amounts transferred by Linkwise and Vee EM to MUL were actually wrongful transfer of sale proceeds of Sub-Group 1 Noticees and any further analysis of the legal relation between MUL and Linkwise/Vee EM is not warranted. Lastly, the contention of the Noticees that there

could be no allegation of connection between MUL and Linkwise since MUL had filed IBC proceedings against Linkwise, is neither here nor there and is tangential to the issue at hand, not the least because the said IBC proceedings were initiated in 2021 (i.e., much after the investigation period in the present matter), and also because, as per MUL's own admission, the IBC proceedings were ultimately dismissed for non-prosecution. Further, the nature of dispute in the said IBC proceedings is not on record and is, in any event, alien to the present matter and thus, cannot lend any respite to the Noticees in the wake of other irrefutable evidence.

337. The MUL promoters have also argued that an excel sheet sent in May 2020, i.e., 6 months after the SMS period by Mr. Deepak Kumar Garg to Mr. D K Gupta (*who, as claimed, became an employee of MUL only in February 2021 and only used to file taxes of employees earlier*) regarding transfer of profits could not be the basis of the charge, especially when there were factual inaccuracies in the excel sheet. In support of the same, the promoters have cited 2-3 instances where the figures mentioned in the excel sheet do not correspond with any of the bank entries. In this regard, I note at the outset that the said excel sheet was neither the basis of levelling the charge on the Noticees nor the basis for calculation of actual profits transferred to MUL and was merely an evidence meant to corroborate the findings derived from the actual bank and demat statements and other evidence on record. Further, the fact that the Noticees have only been able to contest 2-3 transfers out of a total of more than 400 instances of such transfers actually goes on to prove that the information contained in the excel sheet was substantially true, viz., that the MUL employee-offloaders mechanically transferred their sale proceeds to MUL and the promoter-related entities. I also note that once the alleged fund transfers from the MUL employees to MUL and the promoter-related entities have been proved and largely corroborated by the excel sheet, the fact as to whether Mr. D K Gupta was an employee of MUL at that time is rendered irrelevant to the charge of transfer of sale proceeds to MUL.

338. Vide its reply dated January 15, 2025, MUL contended that although as per Table No. 29 of the Interim Order, all except 17 *Sub-Group 1* Noticees transferred their sale proceeds to MUL, it was clear from the bank statements of the employees that actually 36 of them did not transfer any funds to MUL and the amounts received from the rest of the employees were actually repayment of loans extended earlier by MUL. Further, it was contended that the amount actually transferred by these employees was only ₹ 3.22 crore instead of ₹ 20.21 crore as alleged in the SCN.

339. Before I proceed to analyse this submission of MUL, I must record that MUL, in one of its later replies dated January 15, 2026, has changed the purported number of Sub-Group 1 Noticees who did not transfer funds to MUL from 36 to 40. Be that as it may, I note that the amounts mentioned in Table No. 29 of the Interim Order have been arrived at after an analysis of the bank statements of the Sub-Group 1 Noticees which were also supplied to MUL. I find that in order to wriggle out of the obvious conclusion, MUL has harped upon the point that Noticees 11 and 76 were not connected to it, for them to transfer sale proceeds to MUL, and has only sought to justify the funds transferred directly by the Sub-Group 1 Noticees to MUL by submitting random documents purported to be ledger entries.

340. Once the Interim Order has clearly highlighted repeated instances of funds moving chronologically first from Sub-Group 1 Noticees to Noticees 11 (Vee EM) and 76 (Linkwise) and then onward to MUL, MUL ought to have justified all such transfers rather than merely the direct receipts from Sub-Group 1 Noticees and by failing to do so, it is implicit that it has not disputed the allegation in that regard. Further, in the backdrop of such suspicious conduct by MUL and its promoters, submission of internal documents such as ledgers has no credibility at all unless supported by certain verifiable documents such as Board resolutions (for grant of such heavy loans to employees who clearly did not have the resources to repay these purported loans), loan agreements or previous bank statements establishing existence of these loans. In this view of the matter, I also consider the contention of MUL that it had made certain advances to the aforesaid 22 Sub-Group 1 Noticees (from whom it received funds post offloading of shares) in connection with labour mobilization

during a labour strike in its factory and when manufacturing did not proceed, the amounts were returned, to be patently concocted, inherently improbable and merely an afterthought.

341. I also note that various Sub-Group 1 Noticees have also made such perfunctory assertions that they sold MUL shares to pay off their liabilities, even though there is no mention of what these liabilities were and why they had transferred most of their sale proceeds either to MUL or its connected entities and even to Mr. Hanif Shekh's connected entities. In my view, such bald assertions do not rebut the allegations in the SCN and accordingly, I consider the figures for diversion of sale proceeds as mentioned in Table No. 29 of the Interim Order to be correct.

342. Another argument has been made by Noticee 11 (Vee EM) to justify the receipt of funds from Sub-Group 1 Noticees by claiming that these payments were in lieu of sale of unlisted shares of certain companies, viz., *Bliss Solitaire and Modgen Fashions*, to these Noticees and Annual Returns of these unlisted companies downloaded from MCA Portal have been furnished in support of the same. I have gone through the Annual Returns submitted by Noticee 11 and I find that almost all of the share transfers which occurred in these companies during 2019-20 were between MUL promoters, Linkwise, Vee EM and Sub-Group 1 Noticees, and as per MUL's submissions, Vee EM holds 34.15% shares in Modgen Fashions and 19.26% shares in Bliss Solitaire. I also note from the MCA filings of both these Companies that Noticee 49, Mr. Hari Om Rathore has been a Director in the past in both the companies and two other Noticees, viz., Mr. Jagdish Chahar (Noticee 12) and Mr. Jagdish Singh (Noticee 14) have also been the Directors of Modgen Fashions in the past. Further, no justification has been professed as to why Vee EM (and even Linkwise) had entered into sale transactions with the seemingly unconnected Sub-Group 1 Noticees in the first place. I also note from the Annual Returns of these companies that many of the Sub-Group 1 Noticees were transferring shares of these 2 companies amongst themselves during the same time. In view of these attending circumstances, it is very clear to me that this justification of fund transfer on account of purchase of shares of *Modgen Fashions and Bliss Solitaire* is nothing but an

attempt to cover up the wrongful repatriation of sale proceeds in MUL scrip to Vee EM and a blatant misuse of the corporate structure. The principle of preponderance of probabilities is squarely applicable in this regard and leads me to the conclusion that the narrative of fund transfers on account of share purchase is bogus and rather corroborates that MUL and its promoters were connected with Linkwise, Vee EM and Sub-Group 1 Noticees.

343. At this stage, I note that promoters of MUL have indulged in a brazen misuse of the corporate structure for perpetrating fraud and the corporate forms of Linkwise and Vee-EM and even MUL, appear to be a mere façade for execution of the fraudulent scheme. I note that the Hon'ble Supreme Court in the landmark judgments of *Life Insurance Corporation of India vs. Escorts Ltd. & Ors.* (MANU/SC/0015/1985) and *Delhi Development Authority vs. Skipper Construction Company (P) Ltd. and Ors.* (MANU/SC/2416/1996) has given due recognition to the principle of piercing of the corporate veil in cases where a corporate entity is misused to perpetrate fraud. Accordingly, I hold, in the peculiar facts and circumstances of this case that the companies such as Linkwise and Vee-EM are a mere alter ego of the MUL promoters rather than being distinct entities and the attempt of the MUL promoters to skirt their personal liability by propping up these companies in the chain of fund transfers does little to convince me of the innocence of the promoters.

344. Another argument that has been raised by MUL and also by several Sub-Group 1 Noticees is that there was a discrepancy in the alleged profit figures recorded in Table No. 12 vis-à-vis Table No. 29. In this regard, I do note that, on a first look, there appears to be a discrepancy in the profit figures recorded in these Tables. However, a deeper look at both these Tables reveals that there is no error of calculation as such and it seems that sequencing of a few names has been inadvertently changed in Table No. 29 vis-à-vis Table No. 12. For instance, the alleged profit made by one Mr. Santosh Raut who figures at Serial number 6 in Table No. 12, is mentioned as ₹ 2,09,24,993/-, whereas this profit amount is recorded against one Mr. Govind Ojha, who figures at Serial number 6 in Table No. 29 instead of Mr. Santosh Raut. I note that there are certain other instances of this sequencing

issue between these Tables which has led to the respective Sub-Group 1 Noticees claiming that the calculation is incorrect, albeit without submitting their own version of the correct calculation. Since the Investigation Report was already supplied to the Noticees and the issue is only a minor sequencing anomaly rather than a substantive discrepancy, I hold that the profit figures mentioned at Table No. 12 are correct and shall be considered for the purpose of this Order.

345. In this view of the matter, I also hold that other defences sought to be canvassed by MUL promoters, viz., that the mere fact that MUL's employees were the offloaders and had mentioned MUL's address in their bank account records could not *ipso facto* lead to the conclusion that the promoters were party to the fraud; that shares were held by employees much before the investigation period; that the MUL promoters did not purchase or sell even a single share of any of the five companies during the investigation period, do not lend any succour to the case against them. This is because the charge against the promoters was not premised only on the facts that MUL employees were the offloaders and had mentioned MUL address in their bank accounts, and the role of MUL and of its promoters in the fraudulent scheme has been conclusively proved hereinbefore. Further, once the role of the employee-offloaders in blindly transferring their sale proceeds to MUL and entities controlled by MUL promoters has been clearly brought out in this Order, it is of no consequence that the shares were held by these employees much before the investigation period or that the MUL promoters did not themselves indulge in trading of MUL shares.

346. Before proceeding on to the next argument of MUL and its promoters, I note, at the cost of reiteration, that the principle of preponderance of probabilities dictates that the cumulative impact of the entire material on record has to be taken into account rather than testing each piece of evidence in isolation as sought to be done by the MUL promoters. Once the totality of facts and circumstances which have emerged in this case are considered, it becomes unmistakably clear that the version of events advanced by the MUL promoters by attempting to appreciate the individual pieces of evidence in silos is improbable, to say the least. At this stage, even at the cost of repetition, I cannot help but underscore that MUL, its promoters and related entities,

in all their relentless and meandering written submissions, have not been able to address the meat of the matter, viz., what was the nature of the extraordinarily huge fund transfers received by them from the Sub-Group 1 offloaders post the offloading activity in the MUL scrip.

347. Moving on, I note that MUL, its promoters and Vee-EM (Noticees 8 to 11) have contended that they were implicated only on the accusation of having a fiduciary relationship with certain labour contractors of MUL and that such implication was held to be bad in law in terms of the judgment of the Hon'ble SAT dated December 4, 2023 in the matter of *Mukesh Ambani vs. SEBI.* MUL also relied upon the judgments of the Hon'ble Supreme Court in the matters of *Sunil Bharti Mittal vs. CBI* [(2015) 4 SCC 609] and *Iridium India Telecom Ltd. vs. Motorola Inc.* [(2011) 1 SCC 74] to contend that attribution of liability to a body corporate could not be made mechanically. In this regard, I note from the foregoing analysis that the involvement of Noticees 8 to 11 in the fraudulent scheme and obtaining the unlawful gains thereof has been established by means of cogent evidence and neither the SCN nor this Order purports to impose any liability on the Noticees merely on account of their fiduciary relationship. Thus, the instant argument of the Noticees is baseless. Accordingly, I also note that the protracted arguments made by MUL that not all Sub-Group 1 entities were its permanent employees and some of them were mere contractors whose conduct could not be imputed on to MUL, or that mere facilitation of some employees for opening of bank or demat accounts, tax filing, etc. could not mean that MUL controlled such accounts, to also be irrelevant since the liability of MUL and its promoters is based on their own role in the scheme, viz., wrongful receipt of sale proceeds, and not because there was a connection between the offloaders and MUL.

348. I am also not inclined to accord any weightage to the argument of Sub-Group 1 Noticees that they not only sold but also bought shares during the investigation period since the same would not be a mitigating factor to the charge levelled and proved against them, viz., that all Sub-Group 1 Noticees offloaded their shares during the same period, at artificially inflated prices and immediately thereafter

diverted those proceeds to other entities who were the ultimate beneficiaries, rather than retaining them for personal use as a prudent investor would do.

349. In view of the foregoing discussion, the indubitable conclusion I can arrive at is that the Sub-Group 1 Noticees were merely the fronts for promoters of MUL holding shares on their behalf and sold them off at inflated prices once the bulk SMS circulation led to inducement of innocent investors in the scrip and thereafter, the sale proceeds were transferred by these offloaders, *inter alia*, to MUL and entities related to the promoters of MUL. It is noted that the Sub-Group 1 Noticees made a cumulative profit of upwards of ₹50 crore as a result of their trading activity during the SMS period. However, I note from the material on record that two of the Sub-Group 1 Noticees, viz., Mr. Dashrath Yadav (Noticee 46) and Ms. Saroj Yadav (Noticee 69) did not sell any shares during the SMS period.

350. In light of the finding that MUL was used as a vehicle for perpetuating a securities market fraud of this scale, I am of the considered view that a suitable period of debarment from accessing the securities market is required to be imposed on MUL. Accordingly, the request of MUL to raise fresh capital by means of a private placement or otherwise cannot be acceded to.

351. At this juncture, I deem it important to consider another set of arguments of MUL that the price and volume of MUL scrip kept rising even after issuance of the Interim Order which debarred the promoters, meaning that the promoters were not involved in the alleged scheme. At the very outset, I note that there has been no specific allegation in the SCN against MUL, its promoters or entities allegedly controlled by them of artificially manipulating the price and volume of the MUL scrip and the only allegation against them pertained to their role during the offloading phase in the MUL scrip. Therefore, I consider that the arguments advanced by MUL and its promoters in respect of price manipulation and creation of artificial volume in the MUL scrip are not relevant for dealing with the allegations levelled against them.

Role of Mr. Davinder Kumar Gupta and Mr. Deepak Garg

352. Moving further, it is necessary to also analyse the role of Noticees 74 and 75, viz., Mr. Davinder Kumar Gupta and Mr. Deepak Garg. I note from the material on record that many of the MUL employee-offloaders had a common mobile number and email ID in their trading accounts which belonged to Mr. Deepak Garg, and incidentally, this email ID of Mr. Deepak Garg was also the recovery email ID of both Linkwise and Vee-em, which have been proved to be routing the sale proceeds of the MUL employees to MUL. Further, it was also observed that the mobile number linked to the Gmail address of Linkwise also belongs to Mr. Deepak Garg. I also note that an email was exchanged between Mr. D K Gupta and Mr. Deepak Garg which contained granular details of the shares sold by the Sub-Group 1 Noticees, the amount of sale proceeds transferred by them either to MUL or its connected entities or to Hanif Shekh-connected entities, and reconciliation of the payments to be made to two entities, viz., 'Piyush' and 'Malay'. In this context, I find that the defence sought to be set up by these 2 Noticees that Mr. Deepak Garg, a secretarial employee in MUL, was merely sending the excel file to Mr. D K Gupta, a chartered accountant, for the purpose of filing income tax returns of these employees to be nothing but a self-serving afterthought, since it has not been satisfactorily explained as to why would a secretarial employee send minute details of payments made by the employee-offloaders to Mr. Hanif Shekh, Piyush or Malay to a chartered accountant, if the sole purpose was filing of income tax returns of such employees.

353. In view of these glaring facts, viz., that barring a few instances, the information contained in this excel sheet has been largely corroborated in material particulars, that Mr. D K Gupta and Mr. Deepak Garg did not just share the details of sale of shares of offloaders but also of the consequent transfer of such sale proceeds, *inter alia*, to MUL-related entities and Mr. Hanif Shekh, and that many of the offloaders and MUL-related conduit entities share the same email ID and phone number with Mr. Deepak Garg, there is no doubt left in a discerning mind that Mr. D K Gupta and Mr. Deepak Garg were managing the dealing of MUL employee-offloaders and thereby, enabled the MUL promoters in executing the fraudulent scheme.

354. Moving further, I note that the SCN has alleged that apart from transferring certain portions of their sale proceeds to MUL and its connected entities, the Sub-Group 1 Noticees also transferred a certain portion of their sale proceeds to entities belonging to Sub-Groups 2.A, 3.A and 6, which have been defined at para 5 of this Order and were alleged to be connected to the kingpin, Mr. Hanif Shekh. In this regard, I note from the material on record that *none* of the Sub-Group 2.A or 3.A entities have sought to justify the funds received by them from Sub-Group 1 Noticees and thus, it stands established that a certain portion of sale proceeds of Sub-Group 1 Noticees was transferred to Sub-Group 2.A and 3.A entities. Finally, the facet of transfer of a portion of the sale proceeds by Sub-Group 1 entities to Forex Companies (Sub-Group 6 entities) is now dealt in the ensuing section.

Transfer of sale proceeds by Sub-Group 1 Noticees to Sub-Group 6 entities

355. It was observed that the Sub-Group 1 Noticees transferred a portion of their sale proceeds (approx. 29.17 crore) to a set of 21 'Forex Companies' (Sub-Group 6 entities). It has already been noted that one K M Enterprises, who was connected to the PV Influencers and had financial transactions with them as well as with some of the MUL-employee Offloaders belonging to Sub-Group 1, was routing funds to these 'Forex Companies' identified in the Interim Order at Table No. 22. Further, it was observed that sale proceeds of Sub-Groups 2 and 3 entities were first routed to Sub-Groups 2.A and 3.A entities, and from there, were onward transferred either to Sub-Group 5.A entities, as defined at para 5 of this Order (for their final destination to entities allegedly controlled by Mr. Hanif Shekh) or to these Forex Companies. Furthermore, these Forex Companies were also found to have transferred funds to Sub-Group 2 and 3 entities during the pre-SMS periods purportedly for funding the purchase of shares by PV Influencers/ Offloaders.

356. Once these 21 Forex Companies received the funds from the various aforesaid sources, they routed these funds amongst themselves multiple times purportedly to muddle the fund trail and then finally, transferred these funds to certain Forex dealers [who were licensed by RBI to operate as Full Fledged Money Converters

(FFMC)], viz., Germmy Forex Pvt. Ltd., Donum Forex Pvt. Ltd., Malacca Forex Pvt. Ltd. and Velocity Forex Pvt. Ltd., who then converted the same to Forex cash without maintaining any bills thereof, resulting in a blackout of the further fund trail. For ease of reference and to delineate the scheme's contours, certain representative fund transfers are instanced hereunder (names of these Forex Companies are *italicised*):

(a) K M Enterprises transferred an amount of ₹15 lakh to *Hoffman Trade Enterprise* on November 15, 2019, an amount of ₹ 5.46 crore to *Jagannath International* between June to December 2020 and an amount of ₹ 5.25 crore to *Nilkant Sales* Corporation between November 2019 to August 2020.

(b) Sub-Group 2.A entities such as Ambika Traders (₹20 lakh to *Infinity Trading* on November 7, 2019), Samukh Trade (₹ 10 lakh to *Infinity Trading* on November 26, 2019), Aneel & Co. (₹ 50 lakh to *Jay Enterprise* on November 20, 2019) and Sharad Enterprise (₹ 60 lakh to *Infinity Trading* on November 15, 2019) transferred funds to Forex Companies during SMS period.

(c) These Forex Companies were also observed to be transferring funds to Sub-Groups 2.A and 3.A during pre-SMS period. For instance, *Sai Enterprise* transferred ₹20 lakh to Armeva Dealers on June 14, 2019 and *Yash Enterprise* transferred ₹ 25 lakh to Mackny Trexim Pvt. Ltd. on March 26, 2019.

357. In the context of these unusual fund transfers, it is relevant to note that the sale proceeds in other scrips which are the subject matter of this Order, viz., 7NR and GBL were also routed to the 4 FFMCs through these 21 Forex Companies for conversion to Forex cash, and these FFMCs had received the license from RBI for only one year, i.e., July 2019 to June 2020 which was the time of circulation of bulk SMSes in the subject scrips and transfer of funds to conduits by the Offloaders.

358. The above aspects in respect of the Forex Companies, viz., recurrently receiving proceeds from a PV Influencer-connected entity, i.e., K M Enterprise, from Sub-Group 1 off-loaders, and also from the Gohil group of entities in the scrips of 7NR and GBL (as would be dealt with subsequently in this Order); cyclical transactions with Sub-Groups 2.A and 3.A who have been found to be connected to Mr. Hanif Shekh and were functioning as intermediate conduits to transfer offloading proceeds

ultimately to entities allegedly controlled by Mr. Hanif Shekh; functioning as the terminal repositories for conversion into untraceable cash; and receiving license only for the period when the scheme was unravelling in various scrips cannot be viewed in isolation from Mr. Hanif Shekh's orchestration of the broader scheme. Instead, this sequence of events firmly establishes these entities as integral cogs, and not merely independent actors, in this fraudulent scheme. The multi-scrip consistency of this pattern, wherein these Forex Companies serve as a common denominator along with Mr. Hanif Shekh begets the natural question, viz., what would be the motive for so many disparate sets of entities across diverse scrips (who have also transferred their sale proceeds ultimately to entities allegedly controlled by Mr. Hanif Shekh through Sub-Groups 2.A, 3.A and 5.A) in transferring their sale proceeds to these Forex Companies, other than enriching Mr. Hanif Shekh. The totality of these attending facts and circumstances would lead any reasonable and prudent person to the only possible conclusion that conversion of sale proceeds of the Offloaders to forex cash was done only at the behest of and for the benefit of Mr. Hanif Shekh. It is imperative to note that the SCN has brought out that the total amounts which were transferred to these Forex Companies was approx. ₹29.17 crore in the scrip of MUL (by Sub-Group 1 Noticees) and ₹15.11 crore in the scrips of 7NR and GBL (by the Gohil Group Noticees).

359. Once the entire outflow of sale proceeds of Sub-Group 1 Noticees in the MUL scrip has been analysed, it is relevant to deal with the offloading activity of other sets of offloaders, viz., the Sub-Group 2 and 3 entities. It is noted that these sets of offloaders did not just offload their shares in the MUL scrip during the SMS period, but also in other scrips involved in the present matter and therefore, the determination of their offloading activity and the consequent transfer of sale proceeds to the ultimate beneficiaries in all the relevant scrips shall be dealt together in the ensuing section itself, in order to obviate repetition in the later sections of this Order which shall deal with the execution of the fraudulent scheme in the other four scrips.

Role of other Offloaders

360. It is pertinent to reiterate here that my findings on the arguments/submissions of the Noticees in respect of the scrip of MUL shall *mutatis mutandis* apply to the arguments/submissions in respect of other 4 scrips and *vice versa*.

361. It was also observed that apart from the Sub-Group 1 Noticees, there were other sets of Noticees, viz., Sub-Groups 2 and 3 which also offloaded their shares (acquired initially out of the funds provided by Sub-Groups 2.A, 3.A entities) during the SMS period and onward transferred the sale proceeds back to Sub-Groups 2.A, 3.A entities, which were further layered across to Sub-Groups 5, 5.A and 6 (as defined at para 5 of this Order). The SCN also brings out that these Sub-Groups 2, 3, 2.A, 3.A, 5, 5.A and 6 were allegedly connected to Mr. Hanif Shekh and had common roles across the other four scrips which are the subject matter of the present Order. Thus, the role of Mr. Hanif Shekh, through his connected entities, was *prima facie* found to be permeated across all the scrips and the way the last leg of the scheme in these scrips unfurled, it became clear that Mr. Hanif Shekh (through the entities allegedly controlled by him) was one of the beneficiaries of the alleged price manipulation and creation of artificial volume, along with the promoters in the case of MUL and certain other scrips. Accordingly, it is necessary at this stage to deal with the allegation of *inter se* connections between these Sub-Group 2 and 3 Noticees and their connection with Hanif Shekh. Since these Noticees have also been found to be involved in dealing in the other scrips involved in this matter, references, wherever necessary, shall be made to the other scrips as well in order to deal with the issue at hand.

Connections and trading pattern of Sub-Group 2 Noticees (Noticees 84 to 99) and their fund transfer with Sub-Group 2.A Noticees

362. The striking facts unearthed during the investigation regarding the role of Sub-Group 2 entities (who are also termed as the 'Ahmedabad based entities' in the SCN) are summarized as under:

(a) Several entities of Sub-Group 2 not only indulged in offloading the shares of MUL, VFL and DRCL during the respective SMS periods, but also were responsible for price manipulation and creation of artificial volume during the pre-SMS periods in the scrips of VFL and DRCL. Thus, Sub-Group 2 entities were common across these scrips where buy recommendations were circulated through bulk SMSes and websites. This commonality becomes more remarkable when the trading pattern of Sub-Group 2 Noticees is analysed. For instance, in the scrip of MUL, these Noticees cumulatively bought 53,350 shares during the period of one month prior to start of SMS circulation and did not sell even a single share during this period. Thereafter, once enough liquidity was induced in the scrip during the SMS period, these Noticees started selling and sold off all of the 53,350 shares at inflated prices to other investors and did not buy even a single share during this period. A similar pattern of perfect timing, i.e., buying only during pre-SMS period and selling only during SMS period was noticed in other scrips as well, indicating that these Noticees were in the know of the scheme of SMS circulation.

(b) Majority of the Sub-Group 2 Noticees were found to have bank accounts in the same branch and had the same email IDs and mobile numbers in their ITRs.

(c) The annual incomes of the Sub-Group 2 Noticees were not at all commensurate with their trading exposure. In this regard, the SCN at Table Nos. 18 and 27 brought out instances of these entities having frequent two-way transfers with the Sub-Group 2.A entities, largely coinciding with purchase and sale of shares in the aforesaid scrips, indicating that trades of Sub-Group 2 Noticees were funded by Sub-Group 2.A Noticees (who further transferred the sale proceeds to the Sub-Group 5.A entities, which were, thereafter, ultimately routed to entities allegedly controlled by Mr. Hanif Shekh, as would be discussed later in this Order) and thereafter, sale proceeds were returned to the same entities.

(d) One of the Sub-Group 2 entities, Ms. Hina Barot (Noticee 98) is the wife of the proprietor of a Sub-Group 2.A entity, Samukh Trade (Noticee 204), which was allegedly involved in funding the trades of Sub-Group 2 entities and receiving sale proceeds from them upon offloading.

363. To controvert the charge of connection between them, the Sub-Group 2 Noticees have made certain assertions, viz., that common email ID and mobile number in ITRs was not uncommon in case a common consultant was filing ITRs for many entities and that having bank accounts in the same branch could not be the basis of alleging a connection between entities. I find that such assertions are a superficial reading of the SCN since the charge of connection was not based on a single piece of evidence but was based on the totality of attending circumstances, viz., minimal net worth, substantial trading exposure, funding by and transfer of sale proceeds to Sub-Group 2.A entities, repetitive patterns of buying in pre-SMS periods and selling in SMS periods across diverse scrips, etc., which would lead any reasonable person to the same conclusion of these Noticees being connected to each other.

364. The Sub-Group 2 Noticees have also contended that their individual buy quantities and positive contributions to LTP were miniscule and were, in some cases, even negative, and therefore, they could not be alleged to have contributed to artificial price and volume in the scrips. In this regard, I reiterate that the charge of creation of artificial volume against the Sub-Group 2 Noticees pertains only to the scrips of VFL and DRCL, whereas the charge in respect of the MUL scrip is of offloading the shares at inflated prices. However, since the entire role and connections of the Sub-Group 2 Noticees is being discussed here, I deem it fit to deal with this contention at this juncture itself. In this context, I note that once the general and repetitive trading pattern of Sub-Group 2 Noticees, viz., trades being funded by and sale proceeds being transferred to the same set of entities, buying shares during pre-SMS periods and selling those shares during SMS periods, and the overall LTP contribution of the Sub-Group 2 entities as a group being positive is proved, the mere fact that individual entities had miniscule or even negative contribution in some cases, does not detract from the conclusion that trading of these entities was part of a predetermined strategy orchestrated by Mr. Hanif Shekh, as would be discussed later in this Order while dealing with the flow of sale proceeds of Sub-Group 2 Noticees ultimately to entities allegedly controlled by Mr. Hanif Shekh.

365. Sub-Group 2 Noticees have also argued that annual income and wealth are two distinct aspects and annual income of a trader need not necessarily have a bearing on his risk potential. However, this argument is merely an unsubstantiated claim and not worthy of acceptance since these Noticees have not produced any documentary evidence to prove that so many of them in fact had such robust net worth to have average buy values of more than ₹1 crore in spite of the fact that their declared incomes were not even ₹ 5 lakh. The fact that these Noticees had such enormous trading exposures in a particular scrip like MUL, which quite apparently was a loss making company with weak fundamentals, only strengthens the conclusion that trading by Sub-Group 2 Noticees in MUL was part of a concerted strategy.

366. Sub-Group 2 Noticees have also countered the charge of their trades being funded by and their sale proceeds being transferred to Sub-Group 2.A Noticees by making a common and blanket submission that all those fund transfers were loan transactions and repayments thereof. In this regard, I note that the sheer frequency of fund transfers amongst entities who claim to be independent of each other is abnormal and when seen in light of the fact that the Noticees have not been able to furnish even the most basic evidence of a loan transaction such as a loan agreement, proof of interest payments, TDS certificates, etc., and most importantly that such fund transfers were quite proximate to the trading instances, I have no hesitation in concluding that these were not loan transactions and the trades of Sub-Group 2 Noticees were funded by Sub-Group 2.A Noticees, and later the sale proceeds flowed back to the Sub-Group 2.A Noticees. In this regard, I also note that even the Sub-Group 2.A Noticees have neither been able to offer any explanation for such fund transfers or any evidence to prove that such fund transfers were in the nature of loans to Sub-Group 2 Noticees.

367. A similar trading pattern was observed in the case of the Sub-Group 3 Noticees (Noticees 100-118) which shall be discussed in the ensuing section, followed by an analysis of the routing of the sale proceeds of the Sub-Group 2 and 3 entities ultimately to Mr. Hanif Shekh.

Connections and trading pattern of Sub-Group 3 Noticees (Noticees 100-118)

368. In the SCN, a similar role of being offloaders and PV Influencers in the subject scrips (including MUL) has been ascribed to the Sub-Group 3 Noticees, who are also termed as the Kolkata based entities, and the investigation has brought out the following regarding their role and *inter se* connections:

(a) All of these Noticees, except Noticee 100, 103, 106 and 111 had a common address in their UCC details, i.e., Vill Ramchandra Nagar, Madhya Shibpur, South 24 Parganas, West Bengal. Further, the directors of Lagan Barter Pvt. Ltd. ("Lagan", Noticee 224), a Sub-Group 5.A entity, were also found to have the same address and Lagan had frequent bank transactions with Noticees 100 and 106.

(b) Noticees 100 and 103 were found to have the same address and common Directors as per their UCC details.

(c) The Gmail accounts of Noticees 100 and 106 were created on the same day, from the same IP address in 2012.

(d) The SCN noted at Table No. 11 that many of the Sub-Group 3 Noticees had the same IP address while placing trades from their trading accounts. Further, some of the Noticees were also found to have the same MAC-ID while using their trading accounts, meaning that the trades were being placed from the same device. In addition, many of the Noticees were also found to have had the same IP addresses while accessing their respective bank accounts.

(e) All the Sub-Group 3 Noticees were found to have frequent bank transactions with Sub-Group 3.A entities, specifically Amuly Suppliers ("Amuly", Noticee 212), DK Jain Properties ("DK Jain", Noticee 209), MR Merchants Pvt. Ltd. ("MR", Noticee 210) and Midpoint Commodeal ("Midpoint", Noticee 208). These 4 companies were found to have a common Director, Mr. Nandu Shaw and are hereinafter collectively referred to as "**Nandu Shaw Companies**" and these 4 companies also had shareholdings in one Escort Agencies, an unlisted entity. It is also a matter of record that MR and Amuly have since been merged into Midpoint by an order of the Registrar of Companies. Amuly and Midpoint were also found to

have the same android ID while accessing their email. All these merged entities of Sub-Group 3.A, viz., Midpoint, MR, Amuly were also found to have fund transfers with Lagan, a Sub-Group 5.A entity, which was alleged to be an intermediate conduit for finally transferring sale proceeds to the entities allegedly controlled or related to Mr. Hanif Shekh.

(f) DK Jain, a Sub-Group 3.A entity and Noticee 106, a Sub-Group 3 entity were found to have a similar address as Econo Trade India Ltd. ("Econo Trade", Noticee 5), where parents of Mr. Hanif Shekh were the major shareholders and promoters, and which is alleged in the SCN to be one of the conduits through which the sale proceeds reached Mr. Hanif Shekh.

(g) The annual incomes of the Sub-Group 3 Noticees were not at all commensurate with their heavy trading exposure. In this regard, the SCN at Table Nos. 19 and 28 brought out instances of these entities having frequent two-way transfers with the Sub-Group 3.A entities, largely coinciding with purchase and sale of shares in the aforesaid scrips, indicating that trades of Sub-Group 3 Noticees were funded by Sub-Group 3.A Noticees and therefore, sale proceeds were returned to the same entities.

(h) Even though these Sub-Group 3 Noticees were entities with meagre resources, it was found that 8 of them held more than 1% shares each in Econo Trade where parents of Mr. Hanif Shekh were the major shareholders and promoters. Further, 5 of Sub-Group 3 Noticees held more than 1% shares each in Kanungo Financiers Ltd. (Noticee 222), a Sub-Group 5.A entity, which was alleged to be an intermediate conduit for finally transferring sale proceeds to the entities allegedly controlled or related to Mr. Hanif Shekh.

369. I note that the Sub-Group 3 Noticees are basically a group of 16 individuals and 3 corporate entities and although largely similar, the SCN does bring out a few minor variations in the roles of the individuals vis-à-vis the corporate entities in the alleged scheme and the same will be dealt with accordingly.

370. As regards the finding that 15 individuals of Sub-Group 3 had the exact same address, i.e., Village Ramchandra Nagar, the Noticees contended that it was a large village with over 2000 residents and it could not be assumed that all of the residents were connected with each other. However, the fact that the said village had a sizeable population makes it all the more suspicious that all the 15 Noticees *merely mentioned the name of the village*, without mentioning their specific house address in their UCC details, which is not what a prudent investor would do. It is pertinent to highlight that many of these 15 Noticees, in their written submissions in the present matter, have actually mentioned their house numbers, which shows that it was a considered and concerted act to not mention the specific address of the Noticees in the UCC records.

371. Further, in response to the finding of the SCN that at least 10 of the 16 individual Noticees had the same IP address on different days while trading from their respective online trading accounts, some of the Noticees have argued that this may be due to the fact that the Internet Service Provider (ISP) would have provided a common Public IP address to the whole village, which is not an uncommon occurrence. While I do acknowledge that allotment of a common Public IP address by an ISP is technically possible, this argument of the Noticees loses steam when seen light of the material on record that some of these Noticees (e.g., Uma Dutta, Dibakar Laha) did not have the same IP address on each trading day and were observed to be trading from multiple IP addresses during the investigation period, which is not possible if the entire village had a single IP address. In addition, many of these Noticees were also found to have the same IP addresses while accessing their respective bank accounts.

372. Furthermore, many of these Noticees were found to not just have the same IP address, but the same MAC-ID as well while accessing their trading accounts, meaning that their trades were being placed from the same device. In response to the same, the Noticees have argued that this could be because they had traded from the same device in a cyber cafe. Further, the Noticees whose MAC-IDs were found to be common also argued that they had no fund transfers in common and their

trades had also not matched and thus, common IP addresses and MAC-IDs were mere conjectures which were being stretched to build a connection.

373. With regard to the above submissions, at the outset, I note that the allegation against these Noticees was not that they had fund transfers with each other or had matching trades. The commonalities such as IP address and physical addresses are individual pieces of evidence, alongside several others, which were used to arrive at a connection between these Noticees. Trading analysis and fund flow analysis between these Noticees and other allegedly connected entities would be carried out in the subsequent parts of this Order to ascertain whether a connection actually existed.

374. Coming to the submission of the Noticees that common MAC-IDs while accessing their trading accounts could be due to trading from a cyber café, I am of the view that it is extremely unlikely that entities with such heavy trading volumes running into several crores of ₹, would conduct the necessary research and trade execution in a cyber café from a single computer. I find that the Noticees have resorted to mere speculative hypotheticals, such as a single IP address for the whole village and so many Noticees trading from a cyber café, to ward off the charges levelled against them and the same are not persuasive. Not even a grain of evidence has been put forth in support of these submissions of common IP for the village or the cyber café from which trades were executed, etc.

375. Coming to the case of the corporate Sub-Group 3 Noticees, viz., Highgrowth Vincom Pvt. Ltd. (“Highgrowth”, Noticee 100), Glorious Vincom Pvt. Ltd. (“Glorious”, Noticee 103) and Linkup Financial Consultants Pvt. Ltd. (“Linkup”, Noticee 106), it has been admitted that Highgrowth and Glorious are under a common management. Further, as regards the common “Terms of Service” IP address of Highgrowth and Linkup while opening their Gmail accounts in 2012, it has been argued that as per the information provided by Google, it was not expressly stated that Gmail accounts were created from the *same address* and a common “Terms of Service” IP address

might only mean that the same ISP was used or the same IT service provider was engaged while creation of the email IDs.

376. To me, this again appears to be a speculative argument by the Noticees since the "Terms of Service" IP address is actually the IP address from where an account's terms of service were accepted at the time of creation of that account. Therefore, it is clear that Gmail accounts of both Highgrowth and Linkup were created on the same day, i.e., April 26, 2012, and from the same IP address, and the linked argument of the Noticees that the first trades in the relevant scrips were made by these Noticees only in 2018 would not take away from this fact.

377. Further, it is also a matter of record that Highgrowth had sold 90,000 shares of GBL to Linkup by an off-market transfer on December 12, 2018, i.e., just one month prior to the start of the SMS period in the scrip of GBL. Since there is no rationale for off-market transfers to occur between unconnected entities, the attempts of Highgrowth and Linkup to dissociate from each other fall flat. Further, Highgrowth had also transferred 1,50,000 shares of GBL to its group company, Glorious, just one day prior to start of SMS period in GBL.

378. In addition, multiple fund transfers were observed between Linkup and Glorious, which have been argued as business advances and sale of shares of listed and unlisted companies. I note from the replies of all the Sub-Group 3 Noticees that a similar plea has been taken by them in respect of their fund transfers with other Sub-Group 3 Noticees or with Noticees belonging to Sub-Group 3.A or 5.A (as defined at para 5 of this Order) and this issue will be dealt comprehensively in the ensuing paragraphs, after an analysis of their trading pattern.

379. Similar to the Sub-Group 2 Noticees, I note a discernible and repetitive trading pattern across diverse scrips (as has also been discussed subsequently in the order) where Sub-Group 3 entities only bought and hardly ever sold any shares during pre-SMS periods, whereas during SMS periods, these entities only sold shares and there was no net buying of shares. Even when these entities bought shares during the SMS periods, they sold off the same amount of shares on the same day and

such buying was, therefore, purportedly only for the purpose of creating liquidity in these scrips. As a result, after the end of SMS periods in almost all these scrips, Sub-Group 3 Noticees had exited all their positions with substantial profits. For instance, in the scrip of MUL, these Noticees bought a total of 1,15,995 shares during the one month prior to start of SMS period and during the SMS period, on a particular trading day, either these Noticees only sold shares or bought and then sold the same quantities of shares but never had a net buy position during the SMS periods and at the end of the SMS period, they had sold off their entire holding at inflated prices to gullible investors, thereby earning substantial profit. The trading behaviour of Sub-Group 3 Noticees was largely similar in the other four scrips as well.

380. At this stage, I note that the Sub-Group 3 Noticees have contended that the connections drawn in the SCN were baseless and adverted to the judgment of the Hon'ble SAT in the matter of *Baldevsinh Zala* (supra) in support of this argument. I note that the ratio of the *Baldevsinh Zala* judgment has already been discussed at paras 315-316 above and for the sake of brevity, suffice it to say that once the connections between Sub-Group 3 Noticees have been conclusively proved as hereinbefore, the judgment in *Baldevsinh Zala* is rendered inapplicable in the facts of the present case. On similar lines, I also hold that the judgment of the Hon'ble SAT in the matter of *Nishith M. Shah HUF vs. SEBI* cited by the Noticees to contend that the charge of price manipulation could not be sustained in the absence of a finding of collusion between the buyer and seller is inapplicable in this case.

381. At this stage, I also take note of an argument advanced by certain Sub-Group 3 Noticees that it was wrongly alleged in the SCN that they had bought shares of the five companies prior to their listing in off-market mode since they had actually bought those shares much later after the companies got listed. In this regard, I note that this argument spawns from a misreading of the SCN since the allegation at para 38.2 of the SCN of acquiring shares prior to listing pertained only to the Sub-Group 1 entities (MUL employees), whereas the allegation for Sub-Groups 2 and 3 was that their purchase of shares was funded by Sub-Groups 2.A and 3.A, which have been

defined at para 5 of this Order. Accordingly, the present argument of the Noticees does not survive for consideration.

382. This distinctive trading pattern of both Sub-Groups 2 and 3 buying shares just before start of SMS periods and selling during SMS periods in totally unconnected scrips can only lead to one reasonable inference, i.e., these Noticees had a prior knowledge of bulk SMS circulation scheme in these scrips, which also led to the inference in the SCN that these Noticees were part of a fraudulent scheme devised by the mastermind, Mr. Hanif Shekh.

Fund transfers of Sub-Group 3 entities with Sub-Group 3.A entities

383. In furtherance of the allegation that similar to Sub-Group 2 Noticees, the Sub-Group 3 Noticees were also part of the fraudulent scheme, it is essential to deal with the issue of fund transfers of Sub-Group 3 Noticees with entities alleged to be connected to Mr. Hanif Shekh.

384. Before dealing with the contention of these Noticees regarding the alleged fund transfers, it is appropriate to cite an instance clearly evidencing the layered flow of funds between these entities.

385. **Illustrative sample chain of transactions:** It was observed that Armeva Dealers (Sub-Group 3.A) transferred ₹ 28.25 lakhs to DK Jain (Sub-Group 3.A) on August 26, 2019 and on the same day, D K Jain transferred ₹ 14 lakhs each to Suprabhat Laha and Arun Laha (both Sub-Group 3 entities). Thereafter, in the next 20 days, Suprabhat Laha bought 5000 shares of 7 NR, 2560 shares of MUL and 1950 shares of DRCL, for a total of ₹ 13.62 lakhs. Similarly, Arun Laha bought 1700 DRCL shares, 3100 MUL shares and 1053 7NR shares in next few days, for a total of ₹ 14.94 lakhs. It is further noted that just prior to transferring funds to Sub-Group 3 entities, Armeva Dealers had received ₹ 9.2 lakhs on August 19, 2019 and ₹ 9.19 lakh on August 20, 2019 from Mr. Govind Ojha and Mr. Rakesh Goel respectively, who were both MUL-connected offloaders (Sub-Group 1). Once the layering of funds is highlighted, it is appropriate to deal with the submissions of the Noticees in this regard.

386. As regards the allegation in the SCN that all Sub-Group 3 Noticees entered into frequent bank transactions with certain Sub-Group 3.A Noticees, viz., Midpoint, MR, DK Jain and Amuly (Noticees 208, 209, 210 and 212, respectively) and that these Sub-Group 3.A Noticees were found to have a common Director, Mr. Nandu Shaw, it was argued that Mr. Nandu Shaw was a professional director in many other companies and the mere fact of a common director could not lead to the conclusion that the entities were connected. Having a common android ID while accessing their emails was also justified on account of a common director accessing those emails. In this regard, I note that the argument of these Sub-Group 3.A Noticees regarding a professional director is flawed since these are private companies and not publicly listed companies, so as to have independent professional directors and well-structured Boards, and in general, all major executive decisions in such private companies are taken by Directors. Further, even for the purpose of challenging the finding, these Noticees have not even attempted to identify as to who was the person responsible for taking decisions on their behalf, and thus, I find this argument to be devoid of merit.

387. In this regard, I note that the Noticees have placed reliance on the judgment of Hon'ble SAT in the matter of *Kaushik Rajnikant Mehta vs. SEBI* to contend that since Mr. Nandu Shaw was not made a party to the SCN, no connection could be based on him. In my view, this contention is based on a wrong reading of the judgment in *Kaushik Rajnikant Mehta* since that matter pertained to a charge of synchronized trading and the person who was identified to be the link for synchronized trading was not made a party to the SCN, whereas the present matter is not premised on Mr. Nandu Shaw being an essential link for funding transactions between Sub-Groups 3 and 3.A Noticees. Accordingly, the judgment is inapplicable to the facts of this matter. Be that as it may, it is noted that these Sub-Group 3.A Noticees have themselves admitted that Noticees 209 and 212 have since been merged into Noticee 210, clearly showing that these entities were well connected.

388. The SCN noted that fund transfers by Sub-Group 3.A Noticees were quite proximate to the purchase and sale of shares by Sub-Group 3 Noticees and thus, these entities appeared to have funded the trades of Sub-Group 3 Noticees. Even though these Sub-Group 3.A Noticees have contended, on similar lines, that such transactions were in the nature of regular loans and repayments, the material on record does not support this justification of the Noticees and I note as under:

(a) As per submissions of Midpoint, the loans granted to Mr. Arpan Das (Noticee 104) and Mr. Sanjay Dey (Noticee 105) were of the exact same amount, i.e., ₹ 23,24,74,809/- which, in itself, is a very odd amount and it is unusual that a loan would be given for such amount rather than a round figure. Further, the supposed loan agreements signed with Mr. Arpan Das and Mr. Sanjay Dey, as furnished by Midpoint itself, mention the loan amounts as ₹ 70 lakh and ₹ 20 lakh, respectively.

(b) To further compound the incongruence in the Noticees' submissions, it is observed that the ledger account details submitted by the Noticees (which matched with the actual amounts transferred as per bank statements) were much higher than the loan agreement amount, meaning that the lenders extended a higher amount as loan than was agreed upon.

(c) The loans extended to the Sub-Group 3 Noticees were totally unsecured and the loan agreements were just 1-2 pages long, using expressions such as "*You may repay the loan in full/part payments at any time as per your discretion*", which appears to be highly dubious for an unsecured loan.

(d) Further, it was not clear from the Noticees' submissions as to why were such big-ticket loans extended to entities such as Mr. Arpan Das and Mr. Sanjay Dey who had very low declared incomes.

389. What renders these supposed loan agreements and the whole narrative about genuine loan transactions as totally bogus is the fact that Midpoint, vide its latest reply dated November 7, 2025, *inter alia*, submitted that "*The Company do not enter into the loan agreement in writing and largely the advances are been made to the known people and the business associates where it is by the verbal agreement*", amounting to an unequivocal admission that the copies of loan agreements

furnished by its earlier reply dated March 11, 2024 were fabricated. I also note that none of the Sub-Group 3.A Noticees apart from Noticees 208, 209, 210 and 212 filed their replies to the SCN and even these four Noticees have only attempted to justify, albeit by means of fabricated documents, their fund transactions pertaining only to the illustrations mentioned in the SCN, whereas they were supposed to justify all of their fund transactions with the Sub-Group 3 Noticees. Nonetheless, they have not been able to justify even the illustrations mentioned in the SCN. I am therefore constrained to draw an adverse inference against these entities.

390. Therefore, I am of the considered view that the transactions between Sub-Group 3 and 3.A Noticees were not genuine loans and repayments, but were meant to fund the purchase of shares by the Sub-Group 3 Noticees and upon offloading of shares at inflated prices by Sub-Group 3 Noticees, the sale proceeds were transferred back to Sub-Group 3.A entities.

Onward transfer of sale proceeds of Sub-Group 2 and 3 entities to entities directly connected with Hanif Shekh (Sub-Group 5.A)

391. Once the first leg of sale proceeds (pursuant to offloading) in the scrip of MUL has been traced from Sub-Groups 1, 2 and 3 to Sub-Groups 2.A, 3.A and 6 (as defined at para 5 of this Order), a natural progression is to follow the fund trail further in order to ascertain the identity of the ultimate beneficiaries of the sale proceeds.

392. Accordingly, the next set of intermediate conduit entities in the fund trail were found to be Sub-Group 5.A entities, i.e., Noticees 220 to 225, who, *inter alia*, received funds from Sub-Group 2.A, 3.A and the corporate entities which were part of Sub-Group 3, viz., Highgrowth, Linkup and Glorious. The investigation in this matter found out that that 3 of these Sub-Group 5.A entities, viz., Nilratan Suppliers Pvt Ltd ("Nilratan"), Briya Enterprise ("Briya") and Lagan Barter Pvt. Ltd. ("Lagan") received funds directly from Highgrowth, Linkup, Grorious, and 3 of the 12 Sub-Group 3.A Noticees, viz., Midpoint, Amuly and MR. For instance, post-completion of the SMS periods in the scrips of MUL, 7NR and DRCL, Nilratan alone was observed to have

received more than ₹ 31 crore from these entities in 2020. The rest of the Sub-Group 3.A Noticees were found to be layering funds amongst each other, receiving funds from Sub-Group 2.A Noticees, then transferring these funds to Midpoint, Amuly and MR, which were finally transferred to Nilratan, Briya and Lagan.

393. Pursuant to receipt of funds from these diverse set of entities, Nilratan, Lagan and Briya were found to be transferring these funds to the Sub-Group 5 entities (which were alleged to be controlled by Mr. Hanif Shekh), either directly (i.e., to Sai Metaltech LLP/ Econo Trade/ Kasambhai Shekh), or indirectly to Econo Broking (in its proprietary account as well as in the trading account for executing trades out of the sale proceeds of offloaders), or to the other Sub-Group 5.A entities, viz., Kanungo Financiers, Purple Entertainment and Jignesh Shah who further transferred the funds to Econo Broking/ Econo Trade/ Sai Metaltech LLP/ Kasambhai Shekh/ Hasina Kasambhai Shekh. In certain cases, it was also noted that the Sub-Group 5.A entities were also routing back funds to the Sub-Group 2.A and 3.A entities for the purpose of funding the purchase of shares by Sub-Group 2 and 3 entities. Since there were a lot of such seemingly circular transfers, it is necessary to cite a few instances of flow of funds amongst these disparate sets of entities to elucidate the allegation and thereafter, ascertain the identity of the ultimate beneficiary of the sale proceeds of the offloaders.

Flow of funds between Sub-Group 2 /2.A and Sub-Group 5.A

394. Briya Enterprise (Sub-Group 5.A) transferred ₹ 50 lakhs each to two Sub-Group 2.A entities, viz., Sharad Enterprise and Samukh Trade on August 22, 2019. On the very next day, i.e., August 23, 2019, Sharad Enterprise transferred ₹ 5 lakhs to Sahilkumar Vaghela at 11:06 AM, who within one minute transferred the exact same amount to his broker and bought 4000 shares of DRCL and 1000 shares of MUL on 23rd, 26th and 29th August 2019 for a total consideration of ₹ 5.82 lakhs. Briya Enterprise was also observed to have transferred ₹ 15 lakhs each to Chiragkumar Makwana and Madhuben Makwana (Sub-Group 2) on January 4, 2019, which they transferred immediately to their broker.

395. As regards the reverse flow of funds, it was observed that after receiving funds from Sub-Group 2 entities (such as Pritiben Parmar, Chiragkumar Makwana and Prakash Vaghela), Samukh Trade and Aneel A & Co. (both Sub-Group 2.A) transferred ₹ 1.05 crores to Jignesh Shah (Sub-Group 5.A) on December 4, 2020, who, in turn, transferred ₹ 1 crore to Econo Trade (Sub-Group 5) on December 10, 2020. Other instances of Mr. Jignesh Shah receiving sale proceeds was when he received ₹ 10 lakh from Samukh Trade and ₹ 56 lakh from Ms. Hina Barot (Sub-Group 2 entity and wife of the proprietor of a Sub-Group 2.A entity) on December 9 and 18, 2020 respectively.

Flow of funds between Sub-Group 3 /3.A and Sub-Group 5.A

396. Briya Enterprise (Sub-Group 5.A) transferred ₹ 50 lakhs to Glorious (Sub-Group 3) on October 10, 2018, out of which Glorious transferred a part to other entities, and itself bought 22,000 GBL shares worth ₹14.47 lakh in December 2018.

397. As regards the reverse flow of funds, it was observed that on December 24 and 26, 2019, Dibakar Laha (Sub-Group 3) sold DRCL shares worth ₹ 15.15 lakhs and 7NR shares worth ₹ 52 lakhs. On the very next day, i.e. December 27, 2019, Dibakar Laha transferred a total of ₹ 71 lakhs to DK Jain, Midpoint and MR. Thereafter, DK Jain and Midpoint transferred a total of ₹ 24 lakhs to Glorious on January 3, 2020, followed by Glorious transferring ₹ 25 lakh to Lagan (Sub-Group 5.A) on the same day.

Onward flow of sale proceeds of Sub-Group 2 and 3 entities from Sub-Group 5.A to Sub-Group 5 (allegedly Hanif controlled entities)

398. Pursuant to receipt of funds from various other Sub-Groups, the Sub-Group 5.A entities were observed to have transferred these funds onward to Sub-Group 5 entities allegedly controlled by Mr. Hanif Shekh. For instance, Midpoint, DK Jain, MR and Amuly were observed to have transferred a total of ₹ 11.71 crore to Nilratan during June to August 2020, and Nilratan, in turn, transferred ₹ 8.80 crore to Sai Metaltech LLP (Sub-Group 5) during this period. Similarly, Nilratan transferred another ₹ 8.35 crore to Econo Trade (Sub-Group 5) in Jan-Feb 2020 after it received

₹ 8.35 crore from Glorious (Sub-Group 3) and Amuly (Sub-Group 3.A) in Jan-Feb 2020. Further, Briya (Sub-Group 5.A) transferred ₹ 1.5 crore in February 2020 to Kasambhai Shekh, father of Mr. Hanif Shekh (Sub-Group 5) after it received ₹ 35 lakhs in September 2019 and ₹ 50 lakhs in January 2020 from Linkup.

399. This final journey of funds routed from offloaders to their funding entities, to the intermediate conduits, and then finally to the entities allegedly controlled by Mr. Hanif Shekh was tabulated on a net basis in the investigation report at Table 62 and the same is reproduced hereunder for reference:

Table 7

Sr. No	**Hanif related entities (Sub-Group 5.A - Transferor)**	**Intermediate entities – Transferee**	**Net Amount Transferred between the period January 01, 2019 to December 31, 2020 (₹)**	**Hanif controlled entities (Sub-Group 5 - Transferee)**	**Net Amount Transferred between the period January 01, 2019 to December 31, 2020 (₹)**
1	Nilratan Suppliers			Econo Broking	42,02,10,000
				Sai Metaltech	4,30,00,000
				Econo Trade	1,10,00,000
		Kanungo	12,58,00,000		
		Briya	7,70,00,000		
2.	Briya Enterprise			Kasambhai Shekh	1,50,00,000
		Nilratan	9,97,00,000		
		Lagan Barter	2,93,00,000		
		Samukh Trade	2,25,00,000		
		Sharad Enterprise	50,00,000		
3.	Lagan Barter Pvt Ltd			Bansal Comtrade (Econo Broking)	12,93,07,900
	Total Direct				**61,85,17,900**
Other tranfers from related entities					
4.	Kanungo Financiers			Econo Broking	8,85,00,354
				Econo Trade	85,00,000
				Sai Metaltech	80,00,059

				Kasambhai Shekh	50,00,000
		Nilratan	1,99,00,000		
		Sharad Enterprise	35,00,000		
		Jignesh Shah	5,00,000		
5.	Purple Entertainment			Econo Trade	4,50,00,000
				Kasambhai Shekh	2,00,00,000
				Hasinaben Shekh	1,25,00,000
		Nilratan	1,65,00,000		
		Shivansh Finserve	1,60,00,000		
6.	Jignesh Shah			Econo Trade	50,00,000
	Total				**81,10,18,313**
Transfers between Hanif controlled Entities					
7.	Econo Broking			Econo Trade	67,01,19,254
				Robert Resources	12,22,24,815
		Purple Entertainment	5,75,00,000		
8.	Econo Trade			Sai Metaltech	2,90,49,883

400. The table above explains that a large quantum of funds was transferred by Sub-Group 5.A entities either directly/ indirectly to entities allegedly controlled by Mr. Hanif Shekh (Sub-Group 5). It is reiterated that in view of the elaborate layering of funds through numerous disparate entities employed to, firstly, fund the acquisition of shares and subsequently, to obscure the repatriation of offloading proceeds, it is neither practicable nor necessary to trace each individual transaction to its ultimate beneficial owner with mathematical precision. The regulatory endeavour under PFUTP Regulations cannot be frustrated by such deliberate obfuscation and muddling of the fund trails and the essence lies in establishing a common and recurrent pattern of fund flows across multiple scrips and groups of entities, which, on a preponderance of probabilities, undoubtedly implicates the ultimate beneficiaries. In light of the same, I am of the view that the contention of Sub-Group

5 entities that the Interim Order did not contain particulars of who passed on unlawful gains to these Noticees, when these gains were passed, to whom and how much gains were made, is futile. In any event, I note that the Noticees were provided with the detailed bank statements in order to enable them to raise their defence against the allegations contained in the SCN.

401. Once the fund trail from offloaders to the entities of Sub-Group 5.A has been mapped out, it is necessary to consider the arguments advanced by various entities in this trail in order to reach a final conclusion in this matter.

402. The Sub-Group 5.A Noticees, viz., Nilratan, Briya and Kanungo, have, *inter alia*, argued that there could be no charge of being interconnected only because these entities had the same android IDs since these entities had a common compliance professional engaged for doing secretarial work who used to access their respective emails from the same device. These entities also sought to justify their frequent fund transfers with each other and with allegedly Hanif Shekh controlled entities as business loans, rather than being sale proceeds. Further, Purple Entertainment Ltd. (Noticee 223) has contended that its fund transfer with Mr. Kasambhai Shekh was an unsecured loan for a Gujarati entertainment industry project and transfers with other entities were genuine unsecured loans. Noticee 224, Lagan Barter has sought to justify its transactions with Highgrowth as consideration for purchase of shares (including a one-time bulk purchase of shares of 134 companies on January 29, 2019), its transactions with Linkup as a loan received, its transactions with Econo Broking as solely buy-sell transactions in shares through Econo (as the broker), and transactions with other entities as genuine loans taken or received from these entities. Lagan also argued that its directors sharing common address with other Sub-Group 3 Noticees would not mean that they are part of the alleged conspiracy.

403. Since the common thread that runs across the submissions of all these entities is that they had extended or received loans from other entities and thus, the impugned transactions were genuine, it is necessary to deal with the genuine loan argument at the outset. I note that Nilratan, Briya and Kanungo have not even submitted the

in-house ledger account statements or basic loan agreements in support of their contention. Meanwhile, Lagan has furnished copies of purported loan agreements with several entities and the bills against purchase of shares from Highgrowth, on a perusal of which, I note the following:

(a) Lagan's claim of purchasing shares of 134 companies in one go from Highgrowth on one single day defies a reasonable person's prudence and commercial rationale since it is not clear how the buyer and seller would have negotiated the prices for such sale across 134 diverse scrips. Further, giving latitude to such an argument, in the face of repetitive repatriation of sale proceeds, would be tantamount to granting immunity to layered fund transfers, if connected entities could simply show off-market transfers proximate to the disputed fund transfers.
(b) Lagan's claim of having taken a loan from Linkup of ₹3.23 crore also seems dubious since Linkup has been found to have miniscule declared income and net worth.
(c) Lagan has merely submitted internally maintained ledgers, rather than registered loan agreements or similar verifiable documents.
(d) These purported sales of shares and loan transactions are timed very proximate to the offloading of shares in various scrips which are the subject matter of this case.

404. Even though I have already recorded my views on similar arguments and evidence presented by other Sub-Group Noticees about genuine loan transactions, I deem it fit to reiterate at this juncture that the defence of friendly loans and fortuitous transfers of unlisted shares cannot displace the compelling inference drawn from the totality of circumstances, viz., such loans and share transfers happening with conduit entities exactly at the time when offloaders in various scrips were heavily selling their shares, sham ledgers, no TDS certificates, etc. While each adverse inference against the Noticees may, on a standalone basis, be countered by such piecemeal hypothesis, the holistic picture that gets revealed through numerous and irrefutable fund flow patterns, is too apparent to be ignored. In quasi-judicial proceedings of this nature, the standard for determination is ordinary and reasonable course of human conduct and commercial dealings. Such sanitized *ex post facto* arguments of the

Noticees do nothing to attenuate the force of the allegations levelled against the Noticees and the preponderance of probabilities standard dictates outright rejection of their contrived submissions in favour of the inescapable conclusion that they were involved in routing the sale proceeds to the entities allegedly controlled by Mr. Hanif Shekh.

405. I, however, find it pertinent to record here that the allegation against Purple at Table 62 of the Investigation Report of transferring sale proceeds to Noticees 2 and 3, i.e., parents of Mr. Hanif Shekh, Mr. Kasambhai Shekh and Ms. Hasinaben Shekh, is irrelevant to the present matter since the said transactions occurred in 2018, i.e., prior to offloading of shares. To this limited extent, the submissions of Purple and Ms. Hasinaben Shekh are accepted, even though it is clear from the said transactions that Purple is connected to Mr. Hanif Shekh.

406. Further, Purple has not been able to justify its net fund transfers with other Hanif connected entities as recorded in Table 62 of the Investigation Report, especially its transfer to Econo Trade of ₹2.5 crore on August 23, 2019 and a receipt of ₹ 2.5 crore from Econo Broking on February 7, 2020, followed closely by a transfer of ₹ 2 crore to Econo Trade on February 25, 2020.

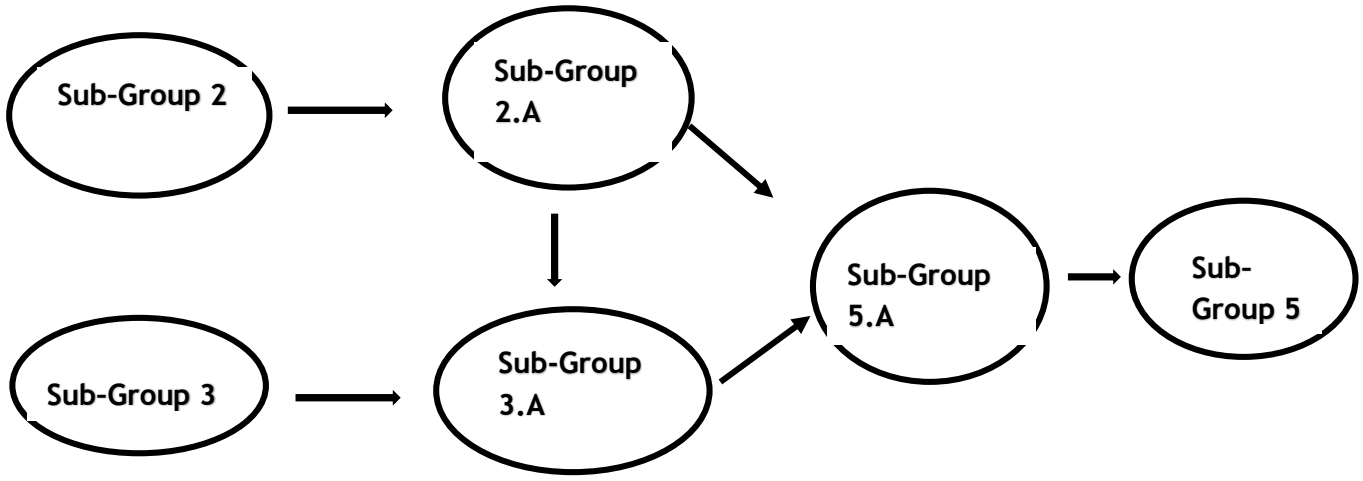
407. I also note that Mr. Jignesh Shah (Noticee 225) has also been alleged to have transferred funds to allegedly Hanif Shekh controlled entities such as Econo Trade and to have received funds from entities such as Kanungo and Purple, in addition to being in frequent communication with Mr. Hanif Shekh during the investigation period. In his submissions, Mr. Jignesh Shah, like other Sub-Group 5.A entities, has tried to justify his transactions with Purple as rent payments pursuant to a leave and license agreement and transactions with other Sub-Group 5.A entities as loan transactions, *albeit* without any proof thereof. Regardless of the genuineness or lack thereof of the leave and license agreement, the pattern of Mr. Jignesh Shah receiving funds from Sub-Group 2.A entities such as Aneel & Co., Samukh Trade, etc. close to offloading of shares and then transferring the same to Econo Trade have been brought out earlier in this Order at para 395. The explanation of his other

transfers as genuine loan transactions is a mere *ipse dixit* and devoid of merit, in terms of the findings recorded for the other Sub-Group 5.A entities. The facts that Mr. Jignesh Shah was found to be in frequent communication with Mr. Hanif Shekh during the investigation period and as per his own admission, he is a 7.5% shareholder in Econo Broking, which is majority-owned by the mother of Mr. Hanif Shekh, only go on to corroborate the finding that the fund transfers were actually meant for routing of sale proceeds in various scrips. In this understanding of the facts, I consider the claim of Mr. Jignesh Shah that his calls pertained to enquiring about the health of the ailing father of Mr. Hanif Shekh to be an afterthought and in any event, not enough to rebut the allegation levelled against him.

408. I also find that most of the Sub-Group 5.A entities have claimed that they were the clients of Econo Broking and the alleged transfers with Econo Broking pertained to buy-sell transactions in shares. I take note of the said argument and the same shall be dealt with while considering the submissions of Econo Broking, who also has made similar submissions in respect of this allegation.

409. Once the fund trail has been mapped out to various Sub-Group 5 entities (Noticees 2 to 7) who have been alleged to be controlled by Mr. Hanif Shekh, it is imperative to discuss the role and connections of these entities to bring the matter to a logical conclusion.

410. A pictorial representation of the flow of funds ultimately to Sub-Group 5 found in the matter is as under:



Role of Sub-Group 5 Entities in routing the sale proceeds of Sub-Group 2 and 3 entities

Role of Robert Resources Limited

411. Mr. Hanif Shekh and his family members are the promoters of Robert Resources Ltd. ("RRL", Noticee 4), and Mr. Hanif Shekh was the Managing Director and his mother, Ms. Hasinaben Shekh (Noticee 3) was the Executive Director of RRL during the investigation period. As per Table No. 7 of the SCN, RRL was found to have received more than ₹ 12 crore during 2019 and 2020 on a net basis from Econo Broking (Noticee 6), which is a brokerage firm owned by the family of Mr. Hanif Shekh and alleged to have routed the sale proceeds in various scrips to entities allegedly controlled by Mr. Hanif Shekh. In response to this allegation, RRL has argued that the fund transfers with Econo Broking pertained to redemption of mutual fund units which were bought directly from the AMCs in 2016 but were redeemed through Econo Broking in 2019 for an amount of approx. ₹12.35 crore.

412. In this regard, upon perusal of the documents furnished by RRL such as its Consolidated Account Statement and ledger details maintained by Econo Broking, it appears that RRL has hidden the true status of its payouts from redemptions of mutual fund units and merely referred to such mu tual fund units redemptions in the months of November and December 2019 as would enable it to arrive at this amount of ₹ 12.35 crore (which approximates to the amount alleged to have been received from Econo Broking). In this regard, I note that RRL has, *inter alia*, contended that it redeemed mutual fund units worth approx. ₹ 6 crore (₹5,99,86,037/- to be precise) on December 23, 2019, whereas it is clear from the Econo Broking ledger submitted by RRL and RRL's own bank statements that no payout was received in RRL's bank account corresponding to these redemptions and the ledger reveals that this exact amount of approx. ₹ 6 crore was instead used for purchasing other mutual fund units (of Axis Liquid Fund, Nippon India Liquid Fund and UTI Liquid Fund) four days later, i.e., December 27, 2019 which was the period of offloading in the scrips of MUL, 7NR and DRCL. Therefore, RRL's submission that the amount alleged to have been

received by it on a net basis from Econo Broking (as mentioned at Table No. 7 of the SCN) were pursuant to redemption of mutual fund units is grossly factually inaccurate since approx. 50% (i.e., ₹5,99,86,037/-) of this said amount never actually touched the bank account of RRL.

413. I further note from RRL's bank statements and the Econo Broking ledger submitted by it that apart from mutual fund redemptions, RRL had also received multiple payouts from Econo Broking pertaining to the Cash segment as well as the F&O segment. For example, RRL received payouts of ₹1,75,00,000/- and ₹75,00,000/- on July 29, 2019 and July 30, 2019 in F&O segment. The fact that there is not even a whisper in RRL's submissions about receipt of payouts pertaining to the Cash and F&O segments makes it quite evident that its submissions show only half the picture and are misleading and clearly an attempt at obfuscation.

414. I also note from RRL's bank statements that RRL only received approx. ₹6 crore from Econo Broking during December 2019 when the purported Mutual fund units worth approx. ₹12 crore were sold and in addition, there are multiple fund transfers in RRL's bank account from Econo Broking after this period. For instance, Econo Broking transferred an amount of ₹ 5.25 crore to RRL on February 26, 2020 and there were hardly any trades by RRL through Econo Broking around that time.

415. Further, I note from the reply of Econo Broking dated September 21, 2023 to the SCN that the fund transfers with RRL were on account of pay-in and pay-out obligations and that the same were captured in the contract notes. However, upon perusal of the contract notes furnished by Econo Broking, it is clear that RRL had no trades through Econo Broking during the period from September 11, 2019 to January 8, 2020 when RRL had received a huge chunk of funds from Econo Broking. Further, there is not even a whisper in Econo Broking's reply about the fund transfers originating from redemption of mutual funds as contended by RRL.

416. It is noted from the material on record that on certain instances, RRL received funds from the proprietary account of Econo Broking, rather than its client accounts. For

instance, on March 27, 2019, Econo Broking transferred an amount of ₹18 lakh from a client account to its own proprietary account and thereafter, transferred the exact same amount to RRL on the same day. A similar instance was observed on October 27, 2020 when ₹45 lakh were transferred from Econo Broking's proprietary account to RRL's account. I further note that Econo Broking in its reply to the SCN has submitted that it had availed of a loan of ₹10 crores from RRL during the period January 1, 2019 to December 31, 2020. However, no such details of loans were submitted by RRL, clearly evidencing the misleading nature of submissions by respective entities.

417. Accordingly, I am of the view that RRL has not been able to satisfactorily disprove the allegations of the SCN regarding fund transfers and I reject its submissions regarding fund transfers being redemptions of mutual fund units as purely baseless.

418. RRL has also argued that it is a public listed company with 89.65% public shareholding and is thus, a separate legal entity from Mr. Hanif Shekh. However, I reiterate that not only are Mr. Hanif Shekh and his family members the promoters of RRL, but Mr. Hanif Shekh was the Managing Director and his mother, Ms. Hasinaben Shekh was the Executive Director of RRL during the investigation period which proves that they were in complete functional and operational control of RRL. Therefore, considering the acts and conduct on part of RRL as discussed above, I am of the view that the situation presents an egregious misuse of corporate structure by Mr. Hanif Shekh for perpetrating fraud and the corporate form of RRL, in the facts and circumstances of this case, is nothing but a mere façade. I note that the Hon'ble Supreme Court in the landmark judgments of *Life Insurance Corporation of India vs. Escorts Ltd. & Ors.* (MANU/SC/0015/1985) and *Delhi Development Authority vs. Skipper Construction Company (P) Ltd. and Ors.* (MANU/SC/2416/1996) has given due recognition to the principle of piercing of the corporate veil in cases where a corporate entity is misused to perpetrate fraud. Therefore, I hold that Mr. Hanif Shekh is the actual wrongdoer in the present scenario and thus, also liable for the activities of RRL.

Role of Econo Trade India Ltd.

419. As regards Econo Trade (Noticee 5), it is noted that Mr. Hanif Shekh, his parents and Robert Resources hold 26.19% shareholding in the Company. Further, the parents of Mr. Hanif Shekh have been directors in Econo Trade since July 2018 and Ms. Hasinaben Shekh is still continuing as the Executive Director. In addition, the mobile number of Mr. Hanif Shekh (9067584982) and KYC details of Ms. Hasinaben Shekh and Mr. Kasambhai Shekh were provided in the ICICI Bank Account Opening Form (AOF) of Econo Trade.

420. Econo Trade has sought to justify its multiple fund transfers with Sub-Group 5 (Noticees 6 and 7) and 5.A entities (Noticees 220, 222 and 223), instances of which have been reproduced earlier in this Order, as regular lending and repayment in the ordinary course of its business as an NBFC and has also claimed that the same were reflected in its income tax filings. I note from the reply of Noticee 5 that it has submitted copies of purported loan agreements entered into with these entities and upon perusal thereof, the following is noted:

(a) All these loans were unsecured and were for amounts running into several crores of rupees. The tenure of all these loans was 15 years. However, as per the normal arm-length commercial lendings, it is highly unusual for unsecured loans to be of such long tenures.

(b) The amount of loan to Kanungo is mentioned to be ₹ 6 crores in figures, whereas in words, the amount is mentioned as ₹2.5 crores, which incidentally is the loan amount for Purple. Such mismatch in the loan amount, that too from a professional NBFC, raises serious doubts over the veracity of the loan document itself.

(c) The loan agreement between Econo Trade and Econo Broking in 2015 for an amount of ₹ 15 crore has been executed on a stamp paper, whereas none of the other loans of Econo Trade are stamped and just written on white sheets.

(d) Further, Econo Trade has only submitted a copy of the aforesaid loan agreement signed in 2015, and did not submit any proof for the loans it claims were extended to Econo Broking for ₹ 6 crore and a much higher amount of ₹213.79 crore during

the period from January 1, 2019 to December 31, 2020 (which incidentally covers the SMS period in all the scrips in the present matter).

421. The aforesaid facts, viz., big-ticket, unsecured, and unusually long tenure loans by a professional NBFC to avowedly unconnected entities supported by unstamped and factually inconsistent loan agreements, when seen in conjunction with the fact that the actual fund transactions occurred when the offloaders were indulged in heavy selling across scrips and transferring their sale proceeds to conduit entities, leads to the unavoidable conclusion that the loan agreements, except possibly the loan agreement with Econo Broking of ₹15 crore signed in 2015, are non-genuine and the narrative about genuine loans being extended to these entities was a mere façade to cloak the routing of sale proceeds from offloaders to the ultimate beneficiaries. In view of this finding and the fact that Mr. Hanif Shekh was involved in circulation of buy recommendations in the scrips witnessed offloading, I also reject the argument of Mr. Hanif Shekh that he was not involved in the day-to-day affairs of Econo Trade, and that the same was handled by a professionally-run management and I hold that Mr. Hanif Shekh was the person who ultimately controlled Econo Trade. Further, I note with serious concern that this case discloses a pervasive fabrication of documents at all stages of transactions and across all the Sub-Group of entities.

422. It is in the aforesaid context that the fact of offloaders and conduit entities such as Linkup and DK Jain having their registered addresses in the same building as that of Econo Trade, acquires a greater significance and becomes yet more corroborative tying Econo Trade to the larger scheme, notwithstanding the perfunctory arguments of the Noticees that the addresses were not identical.

423. Similarly, the fact that several Sub-Group 3 offloaders (and also PV Influencers in certain scrips) such as Mr. Arpan Das, Mr. Priyankar Laha, Mr. Sumit Laha, Mr. Ujjal Laha, etc. (who were entities with meagre incomes and have been proved to be funded by Sub-Group 3.A entities, as defined at para 5 of this Order) held more than 1% shareholding in entities directly connected with Mr. Hanif Shekh,

viz., Econo Trade and Kanungo Financiers, may *in vacuo* sound *seemingly* innocuous. However, when viewed in the context of the web of fund transfers between these entities, placed intricately close to the offloading activity, such shareholding emerges as yet another piece in a jigsaw puzzle of connections amongst the various entities.

424. The rest of the transactions of Econo Trade with Econo Broking have been claimed to be pertaining to genuine buy-sell transactions through Econo Broking as the broker and the same shall now be dealt hereunder while dealing with the role of Econo Broking in the alleged fraudulent scheme.

Role of Econo Broking Pvt. Ltd.

425. As per Table 7 above, Econo Broking (Noticee 6) was observed to have received substantial amounts on a net basis from several Sub-Group 5.A entities and also observed to have channeled the receipts to other entities controlled by Mr. Hanif Shekh. The unmistakable pattern of transfer of sale proceeds of offloaders towards Econo Broking and thereafter, to other entities controlled by Mr. Hanif Shekh can be gauged from a few instances as are being reproduced hereunder:

(a) Glorious (Sub-Group 3) and Amuly (Sub-Group 3.A) transferred ₹8.35 crores to Nilratan in Jan-Feb 2020 followed by a transfer of ₹10 crores (in 2 tranches of ₹5 crore each) from Nilratan to Bansal Comtrade (now Econo Broking) in March-April 2020.

(b) Briya Enterprise (Sub-Group 5.A) transferred ₹1.1 crores to Lagan Barter (Sub-Group 5.A) on December 7, 2019 and Lagan transferred ₹1 crore to Econo Broking on the same day.

(c) Kanungo (Sub-Group 5.A) received ₹50 lakh from Econo Broking on September 17, 2020 and transferred the same amount to Nilratan on the same day.

(d) Econo Broking transferred ₹5 crores to Briya Enterprise on October 12, 2020. Thereafter, Briya Enterprise transferred ₹4.7 crores to Nilratan on October 14

and 19, 2020, followed by Nilratan transferring ₹4.85 crores to Sai Metaltech on November 12 and 18, 2020.

426. In response to the allegations regarding receipts of funds from Nilratan, Lagan, Kanungo and Econo Trade, the primary justification proferred by Econo Broking was that all these entities were its clients and the outstanding amounts as shown in Table No. 62 of the investigation report, which pertains to the net fund transfer between entities, were consequent to the pay-in and pay-out obligations towards the respective clients and that it had running accounts with all these clients. In support of its contentions, Econo Broking also submitted copies of the purported ledger accounts maintained for these clients. However, in respect of the blanket submissions made by Econo Broking that the fund transfers pertained to pay-in and pay-out obligations, I note the following from the material on record:

(a) Econo Broking received certain funds from Linkup, a Sub-Group 3 entity, which was not even a client of Econo Broking, in July 2019.
(b) The fund transfers of Econo Broking with Briya Enterprise, a sub-group 5.A entity, started as early as June 2019, whereas as per the information regarding contract notes furnished by Econo Broking, Briya started trading through Econo Broking only in August 2020.
(c) Similarly, fund transfers with Kanungo started as early as January 2019, whereas the trading of Kanungo through Econo Broking commenced only in July 2020.
(d) The trading activity by Econo Trade through Econo Broking was minimal (buy value of ₹3.28 crore and sell value of ₹3.30 crore) during the period from January 1, 2019 to December 31, 2020, whereas Econo Broking has claimed the pay-in and pay-out obligations to be ₹36.57 crore and ₹40.05 crore respectively.
(e) The fund transactions with RRL have already been held to not correspond with redemption of mutual fund units as argued by RRL.

It is thus, evidently clear that the fund transfers of Econo Broking with entities such as Briya, Kanungo and Econo Trade were not pursuant to pay-in and pay-out obligations as sought to be contended by it.

427. As regards the claim of Econo Broking of having taken substantial loans from Econo Trade, I have already recorded my submissions of the corresponding loan agreements being fabricated and the genuine loan argument to be a mere façade for camouflaging the real nature of such fund transfers. Similarly, Econo Broking's contention of availing loans of ₹10 crore and ₹3.55 crore from RRL and Kanungo respectively is also unconvincing for the reason that no such specific details were provided by RRL and Kanungo.

428. Alongside the finding that the claims of Econo Broking regarding genuine loan transactions and transfers on account of pay-in and pay-out obligations stand refuted, I further note that many of the fund transfers claimed by Econo Broking to have been in the nature of client-broker relationship were actually made from/ to the proprietary account of Econo Broking rather than the respective client accounts and I note certain instances of the same hereunder:

(a) Econo Broking received ₹3 crores in its own/proprietary account from a client account on December 23, 2019 and on the same day, the same amount was transferred to Econo Trade. Another ₹1 crore was observed to be transferred to Econo Trade in a similar manner on February 11, 2020. Further, on April 24, 2019, Econo Trade transferred an amount of ₹1 crore to Econo Broking's proprietary account, rather than its trading or client account, and in this manner, Econo Trade transferred another ₹7 crore to Econo Broking's proprietary account between February 26, 2020 to April 6, 2020.

(b) Econo Broking received ₹18 lakhs from a client account into its proprietary account on March 27, 2019 and transferred the same to RRL on the same day. In a similar manner, an amount of ₹ 45 lakh was transferred to RRL on October 29, 2020.

Accordingly, it is clear that the argument of Econo Broking that majority of its fund transfers with Sub-Group 5 and 5.A entities were pursuant to a client-broker relationship stands wholly negated.

429. Furthermore, for the sake of argument, even if certain fund transfers by Sub-Group 5 and 5.A entities do correspond to trading activity through Econo Broking, the said fact does not legitimize such transactions and ultimately means that part of the sale proceeds received from offloaders were used for trading or investment in Mutual Funds for making further profits. For instance, Econo Broking transferred ₹ 2 crores from its proprietary account to Kanungo on May 5, 2020, which further transferred this amount to Nilratan on the next day. This same money was sent by Nilratan two days later to Econo Broking for the purpose of trading.

430. In this view of the matter, I hold that Econo Broking was employed in the scheme to receive sale proceeds from Offloaders through layers of Sub-Group 5 and 5.A entities, which was later, either transferred to other entities controlled by Mr. Hanif Shekh or used for trading/investment by entities connected to Mr. Hanif Shekh.

431. In this regard, I also note that Econo Broking has raised certain objections regarding its alleged connections with several entities and the same are being dealt hereunder:

(a) Bansal Finstock and Bansal Comtrade were owned by the Bansal family who sold these companies to Mr. Kasambhai Shekh in 2021, long after the fund transactions occurred in 2019 and 2020 and the name was subsequently changed to Econo Broking. The email ID of Mr. Hanif Shekh, i.e., hanif@bansalonline.com was created only after Mr. Kasambhai Shekh became the promoter and the email ID was never in operation. Even the SCN acknowledged that Ms. Hasinaben Shekh became an equity holder only in April 2021. Ms. Hasinaben became a director of Econo Broking only on March 4, 2022 and resigned on July 24, 2023.

(b) A similar contention was raised by Mr. Hanif Shekh that in order to draw his links to the fraudulent scheme, SEBI had placed undue reliance on unrelated fund transactions which occurred much before his family acquiring control of Econo Broking.

(c) There could be no allegation that Mr. Sanjay Kotak who was the Director of Econo Broking since July 3, 2014, and was also an Independent Director in

Econo Trade, could be the link to establish that there was a connection between Econo Broking and Econo Trade, when there were no allegations against Mr. Sanjay Kotak in the SCN.

(d) There were no transactions between Econo Broking and Sai Metaltech as alleged in the SCN.

432. I have gone through the objections of Econo Broking regarding its alleged connections with other entities and transfer of funds ultimately to entities controlled by Mr. Hanif Shekh and I note the following from the material on record:

(a) Econo Broking has contended that the email of Mr. Hanif Shekh (hanif@bansalonline.com) was created only after his father became the promoter in 2021. However, this contention is absolutely contrary to the material on record since this email ID was mentioned in the Account Opening Form of Sai Metaltech LLP, the partnership firm of Mr. Hanif Shekh, submitted in February 2020 to Oriental Bank of Commerce, indicating the connection of Mr. Hanif Shekh with Econo Broking, even prior to his father acquiring the company.

(b) As regards the connection to Mr. Sanjay Kotak, I note that RRL had transferred ₹10 lakh to Mr. Sanjay Kotak on January 9, 2019 and Econo Trade had transferred ₹ 12 lakh to him on November 9, 2020. Further, it was observed that Briya Enterprise transferred ₹ 75 lakhs to Mr. Kasambhai Shekh on February 20, 2019, who then transferred it onwards to Bansal Infracon Pvt. Ltd. (the holding entity of Bansal Finstock) on the next day. Another fund transfer was observed from Econo Trade to Mr. Jignesh Shah (Noticee 225, who as per his own admission was the friend of Mr. Kasambhai Shekh and had frequent calls with Mr. Hanif Shekh during the investigation period) of ₹ 50 lakh on March 2, 2019 and an amount of ₹ 52.54 lakh was transferred by Mr. Jignesh Shah to Bansal Infracon Pvt. Ltd. These instances of fund transfers clearly evidence the close connection Econo Broking had with entities controlled by Mr. Hanif Shekh, even prior to Mr. Kasambhai Shekh acquiring Econo Broking. Therefore, it is not open to Mr. Hanif Shekh to argue that the transactions with Econo Broking during the period 2018-2020 were unrelated and could not be used to level allegations

against him. In any event, the transactions prior to execution of the fraudulent scheme are relied upon only to the extent of proving the pre-existing connection of Mr. Hanif Shekh to Econo Broking, and the actual fund trail relating to the movement of sale proceeds of the offloaders ultimately to entities controlled by Mr. Hanif Shekh during the operation of the fraudulent scheme is brought out hereinbefore while discussing the role of these entities (Noticees 2 to 7).

(c) As regards the contention that there were no transactions of Econo Broking with Sai Metaltech LLP, I note that the same is not factually correct and in this regard, I note one of the transactions where Econo Broking transferred ₹5 crores to Briya Enterprise on October 12, 2020, which was followed by a transfer of ₹4.7 crores by Briya Enterprise to Nilratan on October 14 and 19, 2020, and further transfer by Nilratan of ₹4.85 crores to Sai Metaltech LLP on November 12 and 18, 2020.

In view of the foregoing, it is amply clear that Econo Broking shared a strong connection with entities controlled by Mr. Hanif Shekh, which when corroborated by the substantial fund transfers, clearly establish the allegations levelled against Econo Broking and also proves that Mr. Hanif Shekh is the person ultimate controlling Econo Broking.

Role of Sai Metaltech LLP

433. As per Table 7 above, Sai Metaltech LLP (Noticee 7) was observed to have received substantial amounts on a net basis from several Sub-Group 5.A entities such as Nilratan, Kanungo and Econo Trade. Further, this Order has already illustrated several instances of layered fund transfers from Econo Broking and certain Sub-Group 3.A entities such as Midpoint, DK Jain, MR Merchants and Amuly, first to Nilratan Suppliers and finally to Sai Metaltech LLP. Sai Metaltech is the partnership firm of Mr. Hanif Shekh and his mother, Ms. Hasinaben Shekh, who became a partner in place of his father, upon the latter's death. Therefore, the amounts received from Sub-Group 5.A entities was used for the direct personal/business use of Mr. Hanif Shekh.

434. The only justification which has been provided by Sai Metaltech for the sizeable fund transactions (referred in the Table 7 above) with these entities was that these amounts were inter-corporate loans availed by Sai Metaltech for the purchase of 2 ships from 2 Dubai-based entities. The Noticee has furnished copies of the Tax audit report and TDS Certificates to show the repayment of these loans. In this context, I find that the end-use of funds cannot justify the receipts of such big amounts from entities which have been found to be conduits of funds received from Offloaders to the entities controlled by Mr. Hanif Shekh, that too during the period from January 2019 to December 2020 which was the period during which offloading occurred in all the five scrips involved in this matter. If anything, such fund transfers to his partnership firm prove that the proceeds of offloading in the five scrips were used by Mr. Hanif Shekh to purchase ships and pay custom duty in lieu thereof, and is thus, one of the most apparent evidences of firstly, unlawful enrichment and then, removing such wrongful gains from the regulatory reach by Mr. Hanif Shekh, including by paying off his tax liability. Moreover, payment of TDS to the Government of India would not legitimize such fund receipts and transfers which were inherently illegal in the first place.

435. Further, Sai Metaltech LLP has contended that the loans taken by it were repaid in tranches out of the income earned from selling off parts of the ships and also submitted copies of bank statements as proof of such purported repayments. However, I am not inclined to accept such justifications primarily because as per the aforesaid discussion regarding transfer of funds to Sub-Group 5 entities (including Sai Metaltech LLP), it has been established that such transfers were actually the proceeds of offloading of shares by the offloaders in respective scrips, firstly to Sub-Group 2.A and 3.A entities, then to Sub-Group 5.A entities and finally to Sub-Group 5 entities, including Sai Metaltech LLP, and not innocuous loan transactions between the penultimate legs, i.e., entities of Sub-Group 5.A such as Nilratan Suppliers and the ultimate legs, i.e., Sub-Group 5 such as Sai Metaltech LLP, of such fund transfers. Accordingly, once the fund transfers are held to not be loan transactions as contended, the argument regarding repayment of these purported loan transactions by adverting to random credit entries in bank accounts is also

rendered futile. In this context, I also note that Sai Metaltech LLP has merely made a bald assertion that the purported loans were repaid out of selling parts of the ships without any evidence whatsoever to back such a claim. Accordingly, the allegations against Sai Metaltech LLP of receiving the sale proceeds from offloaders stand established.

Role of Mr. Kasambhai Shekh and Ms. Hasinaben Shekh

436. As per Table 7 above, Ms. Hasinaben Shekh is observed to have received funds from Purple to the tune of ₹1.25 crore and Mr. Kasambhai Shekh also received ₹2 crore from the same entity. In this regard, I find from the material on record that these two amounts were received in the year 2018 and may not be relevant to the present proceedings since the offloading of shares in these scrips occurred in 2019 and 2020.

437. However, Mr. Kasambhai Shekh had also received funds from other sources such as Briya Enterprise and Kanungo, apart from Sai Metaltech LLP, where both parents of Mr. Hanif Shekh (i.e., Mr. Kasambhai Shekh and Ms. Hasinaben Shekh) were partners at different points of time, receiving funds from Nilratan, Kanungo and Econo Trade. Similar to other fund transfers by Sub-Group 5.A entities to Sub-Group 5 entities, I am of the view that the funds received by Mr. Kasambhai Shekh and Sai Metaltech LLP, the partnership firm of Mr. Kasambhai Shekh and Ms. Hasinaben Shekh, have not been satisfactorily explained and thus, on a preponderance of probabilities basis, are sale proceeds routed from the Offloaders to the ultimate beneficiaries, which establishes the allegations levelled against them.

438. I also reiterate that Ms. Hasinaben Shekh was an Executive Director in RRL and also held 7.59% shareholding in Econo Trade during the investigation period, and is holding 55% shareholding in Econo Broking Pvt. Ltd., whose connections with Mr. Hanif Shekh even from the time prior to the investigation period have been discussed hereinbefore in this Order.

439. I find it pertinent to record from a death certificate furnished by Ms. Hasinaben Shekh that Mr. Kasambhai Shekh has since died. Accordingly, in terms of Section 28B of

the SEBI Act, 1992, he is not liable for imposition of penalty in the present proceedings, however, the proceedings for disgorgement of unlawful gains can still continue, *albeit* against his legal representatives. The directions to be issued in respect of Mr. Kasambhai Shekh shall be considered accordingly.

Conclusion regarding transfer of sale proceeds of Sub-Group 2 and 3 entities to entities controlled by Mr. Hanif Shekh

440. Once it has been conclusively established by means of fund flow analysis and *inter se* connections amongst entities that the proceeds of offloading of shares ultimately reached the entities controlled by Mr. Hanif Shekh, it is relevant to deal with an argument raised by the entities connected to Mr. Hanif Shekh, i.e., the amounts alleged in Table 62 of the Investigation Report to have been received by each of them from Sub-Group 5.A entities were not mathematically accurate. In this regard, at the outset, I disregard the calculation sought to be suggested by these entities as the correct calculation since the argument of these entities regarding genuine loan transactions and payments in lieu of client-broker relationship has already been negated.

441. Be that as it may, I am of the considered view that given the elaborate and multi-tiered layering and intermingling of funds through disparate sets of entities to firstly, fund the acquisition of shares and then to obscure the repatriation of offloading proceeds in this matter, a meticulous one-to-one mapping of each individual fund transfer to its ultimate destination is neither feasible nor required to conclusively prove the overall scheme. What is determinative is not the precise tracing of every rupee through bank statements directly to entities controlled by Mr. Hanif Shekh, but the overwhelming and unmistakable pattern wherein the offloading proceeds inevitably gravitate towards these ultimate beneficiaries. These attendant facts and circumstances and the chain of conclusions constructed regarding the role of each one of the intermediate Sub-Groups is consistent only with the hypothesis of guilt of Mr. Hanif Shekh, who is the common fulcrum around whom this scheme has unravelled, and none of the concerned Noticees has been able to advance any

reasonable hypothesis of their innocence which could withstand scrutiny against the established facts.

Conclusion of the role of Mr. Hanif Shekh in the fraudulent scheme executed in the scrip of MUL

442. Having regard to the totality of circumstances around the MUL scrip, viz., price manipulation and creation of artificial volume by PV Influencers and Collaborators (and their connections with Mr. Hanif Shekh through K M Enterprise and Mr. Malay Bhow, respectively), followed by circulation of buy recommendations by bulk SMSes and websites, and the convergence of money trails upon entities controlled by Mr. Hanif Shekh is too striking to be disregarded as coincidence. The odds that multiple, geographically disparate sets of Offloaders, Funders, Conduits and Forex entities would, by sheer serendipity, all align around the same individual and his network, are vanishingly small. The desperate attempt of the Noticees to deflate the gravity of the allegations by nit-picking individual links, isolating transactions, or advancing fragmented explanations for discrete legs of the scheme does not detract from the fact that, when the pieces are seen together, they form a coherent and unmistakable pattern pointing towards Mr. Hanif Shekh as the central organising mind.

443. Accordingly, I conclude that the PV Influencers and the Offloaders, viz, Sub-Groups 1, 2 and 3, whose annual incomes bore no relation to their trading exposures, were fronts employed by Mr. Hanif Shekh to extract profits out of the illicit scheme in the MUL scrip and thereafter, an elaborate and complex web of conduits was deployed to channel the illicit proceeds made by the Offloaders ultimately to entities controlled by Mr. Hanif Shekh by obfuscating and fragmenting the fund trail in an attempt to render it almost humanly impossible to linearly trace the real beneficiary of the scheme. However, the façade employed by Mr. Hanif Shekh has collapsed and the case stands proved on the touchstone of the preponderance of probabilities.

444. Once the fraudulent scheme of price manipulation and creation of artificial volume followed by generation of unlawful profits has been proved in the scrip of MUL, I proceed to deal with the allegations levelled in the SCN in respect of other scrips

which also, like MUL, witnessed circulation of buy recommendations through bulk SMSes and websites by Mr. Hanif Shekh, and consequent offloading of shares by entities connected to Mr. Hanif Shekh.

Allegations with respect to VFL scrip

445. It was observed that during the pre-SMS period in the VFL scrip (i.e., March 25, 2020 to September 4, 2020), the scrip price increased from ₹134/- to ₹ 272/- with an average daily volume of 10,382 shares. However, the SMS period (i.e., September 7, 2020 to October 20, 2020) witnessed a drastic spike in average daily volume to 91,217 shares on BSE and to 6,63,124 shares on NSE and the price also rose to approx. ₹369/-.

Price-volume influence in the scrip of VFL by Chiripal Group Noticees

446. The SCN alleged that a group of 15 entities (referred to as the "Chiripal group" hereinafter) connected directly or indirectly to the promoters and promoter group of VFL, and also connected to each other by way of family relationships, common mobile numbers, common email IDs, multiple fund transactions, etc., were trading during the pre-SMS period in a concerted manner amongst each other and with the entities of Sub-Groups 2 and 3 mentioned at Table No. 32 of the SCN (who have already been established to have acted as fronts for Mr. Hanif Shekh), in order to influence the price and volume in the scrip and to present it as an attractive investment opportunity to the investors. During this period, the entities of Chiripal group along with entities of Sub-Groups 2 and 3 were found to have cumulatively contributed to 56.12% and 39.04% to the total market buy and sell volume, respectively, on BSE (including a contribution of 29.03% to the total traded volume by trading amongst each other) and also contributed 55.33% to the net price rise in the VFL scrip on BSE. The predominant trading pattern employed by the Chiripal Group entities with the Sub-Groups 2 and 3 was placing of buy and sell orders in close proximity to each other and artificially fragmenting bigger trades into multiple miniscule trades.

447. In response to the allegation of their *inter se* connections, the Chiripal group Noticees have argued that in the SCN alleged that all of them were promoters or part of the promoter group, whereas only two of them, viz., Vedprakash Chiripal and Savitridevi Chiripal (Noticees 196 and 200, respectively), were the promoters of VFL. In this regard, I find that the said argument appears to be a misreading of the SCN since it was clearly mentioned at para 57 of the SCN that the entities designated as 'Chiripal Group' in the SCN were, *prima facie,* directly or indirectly connected to the promoter/promoter group of VFL, and not that they were the promoters or part of the promoter group *per se*.

448. The SCN lucidly brought out the connections between the Chiripal group entities who were either individuals [being spouse(s) or children of the cousins of the VFL promoters and also related to the promoters/ promoter group by means of common phone numbers, e-mail IDs and business transactions, or being the relatives of a Director of VFL, viz., Ravindrakumar Bajaj and also having fund transactions with other Chiripal group entities], or partnership firms (which had common phone numbers, email IDs and multiple fund transactions with the promoter group entities and with other Chiripal group entities). The only argument which has been made by the Chiripal Group entities in respect of this allegation of *inter se* connections is that connections based merely on mobile numbers or email IDs were untenable since the Noticees traded independently of each other without premeditation. In support of this argument, the Noticees relied upon the judgment of the Hon'ble SAT in the matter of *Manjulaben Bhaveshkumar Rangee vs. SEBI.*

449. I have perused the aforesaid judgment and note that the *Manjulaben Bhaveshkumar Rangee* case pertained to a situation where the appellant was not connected to any of the Noticees with whom synchronized trading was alleged, except one of such Noticees, with whom also, the appellant's connection was not drawn directly but to the appellant's brother in law, through a common mobile number. Further, the appellant therein was involved only in a single instance of alleged synchronized trading. On the contrary, the present case is clearly distinguishable on facts from the aforesaid judgment since the Noticees herein are connected to each other directly

through common mobile numbers, email IDs and fund transactions and thus, the ratio of the *Manjulaben* judgment is not applicable to the matter at hand. In the same vein, the reliance placed upon by the Chiripal Group Noticees on the judgment of Hon'ble SAT in the matter of *Ravindra Kumar Grover vs. SEBI* to contend that no meeting of minds could be inferred since the connections were too farfetched, is also discarded since the intricate connections amongst the Noticees by means of common mobile numbers, e-mail IDs and fund transfers have been brought out in the SCN and have not been satisfactorily rebutted by these Noticees. The said Noticees have not offered any reasonable justification (except what has been discussed in ensuing paragraphs) to explain their peculiar trading activity identified in the Interim Order cum SCN.

450. Further, the contention of the Chiripal Group Noticees that their trading in the VFL scrip was independent of each other and not premeditated, and that they were roped in this matter merely because they were connected to promoters or directors of VFL while some other entities of Sub-Groups 2 and 3 were involved in manipulation, is taken on record and will be dealt subsequently in this Order while dealing with the trading activity of the concerned Noticees.

451. On the point of connections amongst the Chiripal Group Noticees, I note that the alleged connection of Mr. Yogeshkumar Anandpal Goyal (Noticee 199) to the other Chiripal Group Noticees in the SCN is based on his fund transactions with two Chiripal group partnership firms, viz., Shivhari Trading LLP and Satrama Trading LLP, and on his trading in the VFL scrip with another Chiripal Group entity, viz., Mr. Manuj Ashokkumar Chiripal. In this regard, Noticee 199 has, *inter alia*, contended that as per his bank statements, he had no transactions with Shivhari Trading LLP during the Investigation Period and his transactions with Satrama Trading LLP had no relation to his trading in VFL. He also argued that he traded in VFL shares at the market price with no contribution to LTP and that the trades were done in parts rather than a single big order with the expectation of earning a higher return, which, could not fructify, since he ultimately made a loss on the sale of VFL shares which he had purchased way back in 2019.

452. I note from the material on record that unlike other Chiripal Group Noticees, no connection of Noticee 199 with any of the other Chiripal Group entities has been brought out in the SCN, except the said fund transactions with Satrama Trading LLP, which also were not proximate to his trading in VFL shares. In addition, as per the trade log, it is noted that Noticee 199 has traded in the VFL scrip only once during the investigation period i.e., on March 25, 2020 and this trade did not contribute anything to the LTP. In view of these findings, viz., no apparent connection with Chiripal Group Noticees, a solitary instance of trading during the Investigation Period and no contribution to LTP, I am of the view that the Noticee deserves a benefit of doubt and thus, I hold that the Noticee 199 was not part of the Chiripal Group. Accordingly, the allegations levelled against him do not survive.

453. As regards the trading activity of the other Chiripal Group Noticees, even though the SCN alleged that these entities along with the Sub-Group 2 and 3 entities contributed a disproportionate 56.12% and 39.04% to the market buy and sell volumes respectively on BSE (including a contribution of 29.03% to the total traded volume by trading amongst each other), I find that these Noticees have only sought to raise their defence against the specific trading instances mentioned in the SCN, rather than their overall trading. Nevertheless, I proceed to deal with their defences in light of the material on record.

454. As regards the trading in VFL shares on July 3, 2020 (para 60.2 of the SCN) where Mr. Manuj Ashokkumar Chiripal (Noticee 78) placed a large sell order of 20,000 shares, in response to which Sub-Group 3 entities, viz., Linkup and Sourav Das placed 7 buy orders of small quantities in quick succession to buy 19,210 of the 20,000 shares sold by Noticee 78, it was argued that since there were no other traders in the scrip at that time, the trades were bound to match and this could not lead to an inference of pre-planned trades, especially when it was a well-recognized strategy to tranche out orders in smaller parts to get better prices. In this regard, I find that the argument about tranching out a large order is a self-defeating one since the seller, Mr. Manuj Ashokkumar Chiripal himself placed such a huge sell order of 20,000 shares when the average daily volume in the VFL scrip during this period

was just 10,382 shares. Further, the Sub-Group 3 buyers also cannot take aid of this argument of tranching orders to get better prices since all of the 7 orders placed by them were at the same price of ₹ 255.5/- as was offered by the seller, rather than trying to lower their order prices like a prudent buyer who resorts to tranching of orders. In the given circumstances, it makes no commercial sense for a buyer to place multiple orders of small quantities at the same price, especially when it is the same price at which a sell order is pending.

455. It is also relevant to note that the buyers in this instance were Sub-Group 3 entities, which have already been proved to have acted as fronts for Mr. Hanif Shekh in the scrip of MUL and all the eight orders (1 sell order and 7 buy orders) were placed in a sequence, one after the other. Further, the matching of orders of Chiripal group entities with the Sub-Group 2 or 3 entities was not a one-off instance so as to be justified by the argument of random matching on the platform of the exchange since it was a repetitive pattern of buyers and sellers placing orders in close proximity to each other. The logic of randomness does not survive in an illiquid scrip like VFL, especially in a scenario of carefully calibrated matching with the same set of entities, which were acting at the behest of the mastermind of the scheme, Mr. Hanif Shekh. Rather, matching of trades in an illiquid scrip between the same sets of counterparties in a consistent manner, especially in the context of the peculiar facts of the present case, constitutes a compelling evidence of premeditation and collusive manipulation. In the aforesaid circumstances, the arguments made by Sub-Group 3 entities that no connection was established between them and Chiripal Group entities or that their matched orders were placed after a gap of few minutes, rather than in the immediate proximity of the orders of Chiripal Group entities, appear to be frivolous and inadequate to disprove the evident pattern, which had emerged and was brought out in the SCN.

456. Furthermore, the intent of the Chiripal entities, especially Mr. Manuj Ashokkumar Chiripal (Noticee 78) and his business partner Mr. Anil Dhanuka (Noticee 194), of creation of artificial volume becomes evident when it is observed that on successive trading days (e.g. July 6, 8, 13, 14, 15 and 16, 2020), they were singularly placing

orders of quantities that were higher than the average daily volume in the scrip and these orders were, on majority of occasions matching with Sub-Group 2 or 3 entities.

457. In view of the aforesaid, I am not convinced by the argument of the Chiripal Group of Noticees that their orders matched with Sub-Group 2 or 3 entities only because there were no other participants in the scrip on those days.

458. In respect of the next illustration in the SCN at para 63 where the Chiripal Group and Sub-Group 2 entities were observed to be setting the momentum for trading by substantial contribution to LTP, the Chiripal Group Noticees argued that the trading behaviour was completely normal since buyers, who want shares, have to offer a higher price if there are no sell orders at lower prices, and the same would also include modification of order prices in case the trades are not getting executed. These Noticees also contended that there was no allegation of any communication between the Chiripal Group Noticees and their counterparties to coordinate the trades and no inference of manipulative trades could be drawn.

459. As regards the above arguments, I note from the trade log that the closing price of VFL scrip on March 26, 2020 was ₹138/- and on the next trading day, i.e., March 27, 2020, Ms. Durgeshwari Chiripal (Noticee 77) placed a sell order for ₹ 144/- which was followed immediately by a buy order of Ms. Sushila Chiripal (Noticee 193), albeit at a price of ₹131.1/-. Since the orders remained unexecuted, both the Noticees modified their orders within one second of each other to the exact same price, i.e., ₹142, which led to execution of the first trade of the day at a price, which was ₹ 4/- higher than the previous day's closing price. However, this LTP contribution was short lived since the next four trades during the day occurred at a lower price of ₹137. Thereafter, a Sub-Group 2 entity, Mr. Sahilkumar Vaghela (Noticee 88) placed a buy order at a price of ₹144.9/- (i.e., ₹7.9 higher than the LTP) which was followed by a sell order by Ms. Durgeshwari Chiripal for the exact same price of ₹144.9/-, leading to setting of the closing price of that day to ₹144.9/-. No intelligible explanation has been advanced as to why would a buyer suddenly place his buy order at a price of ₹144.9/- when the last trade had been executed at a price of ₹137/-. Even the perfunctory argument that a buyer who wants to acquire shares in

an illiquid scrip will be willing to place his order at a price higher than the LTP does not come to the rescue of the Noticees in this case since no prudent buyer would straightaway place his order at a price which is almost ₹7–8/- higher than the LTP, rather than incrementally revising his price upwards so as to get shares at the best possible price.

460. This counter-intuitive behaviour of the buyer in this case, can only be reasonably explained by the deduction that the buyer was actually a Hanif Shekh-controlled entity whose job was to ensure that the last traded price was increased or at least brought to the same level as was set by the first trade of the day between two Chiripal group entities and that is why the buy order was placed at a peculiar price of ₹144.9/- since it was almost the same as the price of the first trade of the day (₹144/-). Thus, even though the first trade of the day could not sustain the trading momentum due to the subsequent four trades at a lower price, this last trade of the day was ultimately successful in setting the closing price substantially higher than the closing price of the previous trading day, thereby indicating a momentum in the scrip, so much so that the scrip opened at a price of ₹145/- on the next day.

461. Similarly, the Chiripal Group entities have sought to justify their alleged conduct (recorded in para 63.4 of the SCN) of setting a higher LTP through the first trades of the day on July 8, 9 and 10, 2020 by claiming that these were not the cases where the buyers had accepted higher prices in spite of availability of lower priced sell orders. A perusal of the record suggests that this argument is totally counterfactual because on July 9 and 10, 2020, it was the Chiripal Group buyers who had placed their orders at a price higher than the LTP even before any of the sellers placing their orders. There is no prudent reason, apart from the intent to increase the LTP, for a buyer to straightaway place the first order of the day at a price way higher than the closing price of the previous day, especially when no sell price has yet been indicated for the day.

462. I also take note of another argument advanced by the Chiripal Group Noticees, viz., that the transfer of 18,115 shares at a price of ₹138/- between the two promoters of

VFL, viz., Vedprakash Chiripal and Savitridevi Chiripal (Noticees 196 and 200 respectively) was merely an *inter se* promoter transfer due to an internal family arrangement which was also disclosed to the exchange. On this aspect, I am of the view that such an argument is tantamount to an admission by the Noticees that they were able to manage that a sell order placed by one promoter would get perfectly matched with a buy order placed by the other promoter and not with any other buyer in the market. This argument is squarely hit by the *doctrine of approbate and reprobate* since the Noticees have otherwise consistently claimed that any matching of their trades with any of the other Noticees was purely due to the automatic matching by the blind mechanism of the exchange. Accordingly, it is clear that the said on-market exchange of 18,115 shares between the promoters was nothing but a façade to create artificial volume in the scrip during the pre-SMS period.

463. Another instance of the manipulative intent of the Chiripal Group entities is enumerated at para 69.1 of the SCN where Ms. Durgeshwari Chiripal was found to have placed a sell order at 9:46 AM for 2500 shares at ₹250/- each, which was followed just 14 seconds later by a buy order for only 5 shares at ₹250/- placed by Noticee 145, Goenka Business Finance Limited ("GBFL", an entity which has already been held to be connected to Mr. Hanif Shekh and involved in manipulative trading activity as a '*Collaborator*' in the scrip of MUL), leading to the first trade of the day. The next two trades of the day were executed more than 5 hours after this first trade between two unconnected entities and at a price of ₹234.2/- (i.e., almost ₹16/- lower than the price of the first trade). It was also observed that the sell orders for these two trades were pending in the system for more than 40 minutes before getting matched with the corresponding buy orders. However, just 2 minutes after these long pending sell orders were matched by other buyers at ₹234.2/-, GBFL again started placing successive buy orders at a price of ₹250/-, i.e., the exact price of the sell order of Ms. Durgeshwari Chiripal. A genuine buyer would not even attempt to place 14 buy orders at a price which is ₹16/- higher than the last traded price of ₹234.2/-, immediately after such lesser priced orders (at ₹234.2/-,) were matched with someone else. Therefore, in these circumstances, the justification sought to be advanced by the Chiripal Group Noticees that there were no pending

sell orders at ₹234.2/- when GBFL accepted the sell order at ₹250/- is totally devoid of merit.

464. Thus, the totality of facts and circumstances leave no doubt in a reasonable mind that the entities of the Chiripal Group were hand in glove with the entities connected to or controlled by Mr. Hanif Shekh, viz., Sub-Groups 2 and 3 and even GBFL, in executing structured and synchronized trades, which were often of miniscule quantities and led to creation of artificial volume and a substantial increase in the LTP. The concerted trading pattern of these entities as brought out by the illustrations in the SCN and in the overall trading pattern during the pre-SMS period, when seen in light of the disproportionate contribution to the overall trading volume in the VFL scrip by these entities, goes totally against the arguments of the Chiripal Group Noticees that scattered and miniscule trades were taken out of context to level the allegation of synchronized trading against the Noticees. Once it has been established that the Chiripal Group and the Sub-Groups 2 and 3 were acting in a conjoint manner to manipulate the price and volume in the VFL scrip during the pre-SMS period, the argument of the Chiripal Group Noticees that their LTP contribution as a group was negative and their trades could not be clubbed with those of Sub-Groups 2 and 3 to draw adverse inferences, does not survive.

465. I also find that the reliance placed by the Chiripal Group Noticees on the order of SEBI in the matter of *Pine Animation Limited,* to contend that the charges against them were not maintainable, to be wholly misplaced, since the promoter related entities in the *Pine Animation Limited* case were found to have had no role in the price manipulation, as opposed to the present matter where the role of the Chiripal Group Noticees (who have been found to be connected to the promoter/promoter group of VFL) in price manipulation and creation of artificial volume has been conclusively established.

466. In the foregoing view of the matter, I am also not convinced by the argument of the Chiripal Group Noticees that the SCN has not been able to establish any connection between them and Mr. Hanif Shekh, since the highly unusual trading pattern of the

Chiripal Group Noticees with entities working at the behest of Mr. Hanif Shekh squarely proves their indirect connection with Mr. Hanif Shekh and their role in the fraudulent scheme, even without proving any direct communication with Mr. Hanif Shekh. The settled legal position as enunciated in cases such as *SEBI vs. Kishore R. Ajmera* (supra) is that direct evidence is hardly forthcoming in such cases of fraud and an irresistible inference drawn from the totality of the attendant facts and circumstances would be sufficient to prove a case.

467. Further, the apparent justification of the Chiripal Group Noticees that their trading activity in VFL scrip during the pre-SMS period was dictated by their belief in the future prospects of VFL also stands belied by the fact that the quantity of shares sold by the Chiripal Group Noticees during the pre-SMS period was much higher than the quantity bought by them.

468. Without prejudice to the above, at this stage, I would record my agreement with one of the the submissions of Chiripal Group Noticees that the inference, arrived at in para 81 of the SCN of collusion between the promoter-connected Chiripal Group and Mr. Hanif Shekh on the ground that no action or clarification was provided by those at the helm of affairs of VFL when the bulk SMSes were disseminating misleading information to the public, is untenable. There appears to be no statutory mandate in force at the relevant time for promoters to give out any clarification in case misleading information regarding a company is disseminated to the public.

469. Regardless, once the allegations of price manipulation and creation of artificial volume against Chiripal Group Noticees during the pre-SMS period stand established, it is also relevant to consider the role of other PV Influencers in the VFL scrip, viz., Sub-Groups 2 and 3, and GBFL.

Price-volume influence in the VFL scrip by Sub-Group 2 and 3 Noticees and GBFL

470. It was observed that apart from manipulative trading with the Chiripal Group Noticees, the Sub-Groups 2 and 3 mentioned at Table No. 32 of the SCN (who have been proved to be acting as fronts for Mr. Hanif Shekh) were also trading amongst

themselves primarily by placing multiple buy/sell orders in quick succession at identical prices and of miniscule quantities, so as to enable execution of multiple trades in the scrip. For instance, the Table No. 34 of the SCN lists a total of 95 trades executed by Sub-Group 2 Noticees amongst themselves on a single day, i.e., August 10, 2020, where the maximum time difference between buy and sell orders in any of these trades was merely 80 seconds. Further, across the entire pre-SMS period, the time difference between buy and sell orders in 452 trades (out of the total 522 trades on NSE between the Sub-Groups 2 and 3 in the VFL scrip) was less than 60 seconds and in 364 of these trades, the time difference was less than 10 seconds, clearly highlighting the synchronized nature of these trades. The SCN also illustrated various instances of these Noticees placing buy/sell orders far away from the LTP, which was matched with an order placed almost immediately by another Noticee from these Sub-Groups at an identical price.

471. Other that unsubstantiated submissions such as trading being genuine on account of blind order-matching mechanism of stock exchange, LTP contribution on an individual level being miniscule, etc. no reasonable justification has been advanced by these Sub-Group 2 and 3 Noticees for their unusual trading pattern not just with the Chiripal Group Noticees but also amongst themselves and thus, the charge of price manipulation and creation of artificial volume in the VFL scrip by these Sub-Group 2 and 3 Noticees stands established.

472. As regards trading activity of GBFL in the scrip of VFL during the pre-SMS period, it was observed that apart from its role in increasing the LTP as brought out in the particular instance captured at para 463 above, GBFL, in general, was indulged in executing synchronized trades with its connected entities at prices higher than the LTP and was also regularly executing first trades of the day in the VFL scrip. The extent of the effort put in by GBFL to manipulate the price of the scrip can be gauged from the fact that 38.04% of the net market LTP in VFL scrip on BSE during the pre-SMS period was contributed by GBFL alone. Further, even though the *net* LTP contribution of GBFL on BSE on the buy side was ₹19.95, its *gross* contribution was actually ₹114.8/-, meaning that GBFL was taking a heavy contrarian position as

compared to the other market participants. It was also observed that much of the positive LTP contribution was done by GBFL while trading with its connected entities.

473. I note that the justifications advanced by GBFL for its unusual trading pattern in VFL scrip are similar to its justifications for trading in MUL scrip, viz., that it traded in VFL based on fundamental and technical analysis and as per the support and resistance zones built up in the scrip. These arguments have already been negated at para 308 of this Order and are not being repeated here for the sake of brevity.

474. The only argument made by GBFL in respect of its trading in VFL scrip which was different from its arguments regarding trading in MUL was that out of its 28 trades in VFL which were alleged to have contributed to positive LTP on BSE, the orders of the counterparties were first in time in 25 instances and thus, GBFL was a price taker rather than being an LTP contributor. GBFL has also argued that in the instances of positive LTP trades quoted in the SCN (July 29, 2020 and August 20, 2020), there was an upper circuit in the market making it a seller driven price with buyer having no control over purchase price.

475. I have gone through the trade log in respect of the positive LTP-contributing trades of GBFL and I observe that 13 of these trades were first trades of the day and majority of the trades, which contributed substantially to the LTP (i.e., more than ₹1 LTP contribution), were miniscule quantity trades. This repetitive pattern clearly indicates GBFL's intent to set the trading momentum for the day in the VFL scrip, albeit with limited exposure by executing miniscule quantity trades. Paying a premium over the LTP merely for buying a miniscule quantity is not reasonable or genuine investor behavior. In this regard, para 463 above has clearly brought out the manipulative intent of GBFL to increase the LTP by ₹15.8/- by trading with a Chiripal Group entity multiple times in miniscule quantities.

476. Further, the SCN has noted that on both buy and sell sides, a disproportionate number of GBFL's trades were executed with its connected entities as the counterparties. Therefore, in such cases, the timing of respective buy and sell orders

is immaterial since the trades were placed in pursuance of the existent collusion between counterparties. I also note that the argument of GBFL that the VFL scrip saw an upper circuit on July 29, 2020 and August 20, 2020 making the price seller-driven, is misleading and factually erroneous since on both these days, there were no trades other than the ones done by GBFL, that too with its connected entity, Mr. Shivam Kumar Patel, and thus, any upper circuit in the scrip was, in fact, the result of trading by GBFL, which further corroborates the fraudulent intent of GBFL. In this view of the matter, I hold that the technical excuses sought to be advanced by GBFL collapse in view of the holistic pattern which emerges from the material on record and thus, the charge of price manipulation and creation of artificial volume in the VFL scrip by GBFL also stands established.

Circulation of buy recommendations and offloading activity in the scrip of VFL

477. The second leg of the fraudulent scheme, i.e., circulation of buy recommendations in the scrip by bulk SMSes, led to an increase in the volume by 779% and 627% on BSE and NSE, respectively, and also an increase in price by approx. 35% during the SMS period of September 7, 2020 to October 20, 2020. The role of Mr. Hanif Shekh in circulation of such bulk SMSes from the SMS IDs such as QP-BGAINS has already been established while dealing with SMS circulation in the scrip of MUL. This sharp spike in price and volume of the scrip during the SMS period enabled an unusual pattern of heavy selling of shares and profit booking by certain entities of the Chiripal Group, and Sub-Groups 2 and 3 (as mentioned at Table Nos. 39 to 41 of the SCN), almost all of whom were also involved in the price manipulation and creation of artificial volume in the pre-SMS period. No convincing justification of such a trading pattern has been offered by these entities except the generalized excuse that profits were booked in the usual course of trading because price of the scrip had risen. Further, I am of the view that such a plea cannot be taken by those entities who were themselves responsible for the price rise in the first place, especially when the selling volumes by these entities during the SMS period was unusually heavy and Sub-Groups 2 and 3 have already been held to be acting on the behest of Mr.

Hanif Shekh in the scrip of MUL, where an identical pattern of offloading of shares during the SMS period was observed.

478. Further, as was observed for the MUL scrip, the Sub-Group 2 and 3 entities (through Sub-Groups 2.A and 3.A as defined at para 5 of this Order, and other intermediate conduits) ultimately transferred their sale proceeds (resulting from the sale of shares of VFL) also to Mr. Hanif Shekh controlled entities. In the absence of any convincing justification for their unusual conduct, I find that the allegation of offloading shares of VFL at inflated prices to earn unlawful gains by the Chiripal Group and Sub-Groups 2 and 3 entities mentioned at Table Nos. 39 to 41 of the SCN stands established.

479. Without prejudice to the above, I am not convinced by the allegation at paras 86-87 of the SCN that the Chiripal Group entities or the promoters of VFL had facilitated the transfer of their sale proceeds ultimately to Mr. Hanif Shekh since no evidence has been led in the record to establish this charge of routing of sale proceeds of Chiripal Group entities to Mr. Hanif Shekh. Accordingly, I am of the view that Mr. Hanif Shekh and entities controlled by him cannot be held liable to disgorge the profits made by the Chiripal Group entities, and conversely, the Chiripal Group entities cannot be held liable to disgorge the profits made by the entities of Sub-Groups 2 and 3. It is clarified that Chiripal Group entities shall be responsible for profits made in their respective accounts.

Allegations with respect to 7NR scrip

480. It was observed that during the pre-SMS period in the 7NR scrip (i.e., January 10, 2019 to November 8, 2019), the scrip price increased almost 10 times from ₹16.80/- to ₹169/- with an average daily volume of 47,458 shares. Further, the SMS period (i.e., November 11, 2019 to December 27, 2019) witnessed a drastic spike in average daily volume to 5,05,847 shares and the price also rose to ₹193.05/-, with a high of ₹239/-. There were hardly any significant corporate announcements or any

change in the company's fundamentals or performance during the Investigation Period.

Price-volume influence in the scrip of 7NR by entities of Gohil Group and Sub-Group 3

481. The SCN alleged that a group of 30 entities (referred to as the "Gohil group" hereinafter) connected to each other through common mobile numbers, addresses, directorships, or by virtue of being part of the same family or having frequent *inter se* bank transactions, were trading not only with each other but also with entities of Sub-Group 3 mentioned at Table No. 44 of the SCN (which have been established to be acting as fronts for Mr. Hanif Shekh) in a concerted manner during the pre-SMS period. It was also observed that several Gohil group entities had multiple fund transfers with several entities of Sub-Groups 2.A and 3.A such as Frexon Suppliers, Migent Commodeal, Armeva Dealers, Rightview Dealers, Shakti Enterprise, Samukh Trade, Aneel & Co., etc., which have already been proved to be funding the trades of and receiving sale proceeds from Sub-Groups 2 and 3 in the MUL scrip and thereafter, transferring those sale proceeds ultimately to entities controlled by Mr. Hanif Shekh through layers of conduit entities.

482. During the pre-SMS period, the entities of Gohil group and Sub-Group 3 (collectively referred to as "PV Influencers" for 7NR scrip) were found to have cumulatively contributed to 44.83% and 42.72% to the total market buy and sell volume, respectively, and also contributed 120.62% to the net price rise in the 7NR scrip, meaning that, but for the other market players absorbing some of the price impact created by these PV Influencers, the price of the scrip would have risen even further. The predominant trading pattern employed by the PV Influencers was execution of synchronized/ structured trades above the LTP, including execution of first trades of the day and artificially splitting substantial trades into multiple smaller trades, in order to set the momentum in the scrip.

483. Before proceeding on to the substantive arguments raised by various Noticees alleged to be involved in the fraudulent scheme in 7NR scrip, it is relevant to address

a preliminary argument raised by Noticees 168 and 170 to 172 (hereinafter referred to collectively as "Ostwal entities") that the time limit for preserving records of trades is 2 years as per Securities Contracts (Regulation) Rules, 1957 and thus, the Interim Order passed in 2023 for trades that occurred in 2019 was time barred. However, I find this argument to be illogical since the time limit, if any, for preserving records as referred to by the Noticees applies to market intermediaries such as stock brokers rather than clients as such and the Noticees have not clarified as to which document, if any, was not made available to them on account of not being preserved by any market intermediary beyond two years. I find this argument to be nothing but an attempt at obfuscation and without delving into this issue any further, I merely reiterate that an apparently related argument to the present argument regarding the proceedings being time barred was made by certain other Noticees by claiming that there was inordinate delay in the present enforcement proceedings and that argument has already been addressed hereinbefore.

484. In relation to the *inter se* connections amongst Gohil Group entities as alleged in the SCN, I note from the replies of Ostwal entities that they were family members, connected to each other through marriage. However, the Ostwal entities (namely, Ms. Shalini Sushil Jain, Ms. Sayar Bhandari, Ms. Vimala Anandraj Ostwal Bhandari and Ms. Rekha Ravi Bhandari) have contended that they did not have any connection with Mr. Devarshi Shah (Noticee 169) who was merely an independent Director in Mehai Technology Ltd. where Ms. Shalini Jain (Noticee 168) was also a Director. They also contended that the fund transaction of Mr. Devarshi Shah with another Gohil Group Noticee, Mr. Hardik Parmar on September 6, 2019 was not related to any trading activity as the trades of these Noticees were prior to this fund transfer. It was also submitted that the alleged fund transfers between Noticees 170-172 and Novex Commercial, an entity where another Gohil Group entity, Mr. Jitendra Gohil (Noticee 126) was a Director, were merely loan transactions where these entities had received or extended loans to Novex Commercial.

485. With regard to the above, I note that Ms. Shalini Jain was not merely a Director in Mehai Technology Ltd. as sought to be contended but was its promoter along with

Mr. Sudhir Ostwal, who is her husband and is the son of Vimala Ostwal (Noticee 171). It is in this context that the fund transfer between a Gohil Group Noticee, Mr. Hardik Parmar and Mr. Devarshi Shah, an Independent Director of a company promoted by Ms. Shalini Jain, acquires relevance, especially when seen in light of the fact that Mr. Hardik Parmar also received funds from Novex Commercial, who not only transferred funds to various other Gohil Group entities, but had transfers with the Ostwal entities as well.

486. In respect of the fund transfers of Ostwal entities with Novex Commercial, an RBI-registered NBFC, it has been argued that the same were loan transactions before, during and even after the Investigation Period. In this regard, I note that all of these purported loans were backed not by structured loan agreements but merely by promissory notes, which were nothing but a promise to repay the money with no fixed repayment dates and these purported loans were, in effect, unsecured. It is evident from the copies of promissory notes furnished by these Noticees that all of these promissory notes have been identically worded and purported loans worth crores of rupees were granted by Novex Commercial merely on the strength of these promissory notes. More interestingly, the Ostwal entities have claimed that they not only obtained loans but also extended loans to Novex Commercial, which is an RBI-registered NBFC.

487. It is noted that one of the Directors of Novex Commercial was Mr. Jitendra Gohil (Noticee 126) and Novex was found to have transferred funds during the Investigation Period to various Gohil Group entities (including Mr. Jitendra Gohil's son and Noticee 173, Mr. Shrenik Gohil) who traded in the scrip of 7NR (and GBL, as would be discussed later in this Order). The fact that most of the Gohil Group Noticees who received such funds from Novex pleaded ignorance of such fund transfers, when seen in light of the lack of basic loan documentation between Novex and Ostwal entities, and the unconvincing claim of individual Ostwal entities extending loans to Novex, which is an RBI-registered NBFC, renders the assertion of Ostwal entities of having bonafide loan transactions with Novex highly implausible.

488. It does not help the cause of the Gohil Group entities that Mr. Jitendra Gohil has been inconsistent in his submissions since he has at one place claimed that he was a mechanical draftsman, which was the basis of his appointment as the Director of Novex Commercial, and has otherwise maintained that he was merely a tailor. Further, the DIR-12 form furnished by Mr. Jitendra Gohil as proof of his directorship mentions that he was also a Director in another company, viz., Sang Froid Labs Ltd. which again debunks his claim of being merely an innocuous tailor, and of being unaware about Novex Commercial's multiple fund transactions with Gohil Group entities who traded in the scrips of 7NR and GBL.

489. Since there exists a cloud of suspicion around the fund transfers between Gohil Group entities and Novex Commercial, it is essential to now deal with the allegation of price manipulation and creation of artificial volume in the 7NR scrip by the Gohil group entities in order to reach a logical conclusion on the allegedly fraudulent scheme crafted by Mr. Hanif Shekh. The trading pattern of the Gohil Group entities is especially relevant since most of them, with the exception of the Ostwal entities, have averred that they were involved in menial jobs, had lent their accounts to someone else for earning some commissions and had no idea about the fund transfers and trading activity in their accounts.

490. The Ostwal entities have primarily contended that the 7NR scrip was listed in SME segment on July 17, 2017 and migrated to the Main Board on August 28, 2019, leading to change in the rules of the game and the strategy of the players, and a uniform trading analysis in the SCN without taking into account such a change, was erroneous, especially when the trades of the Ostwal entities were largely during the SME listing phase which accounted for merely 17.59% trading volume during the Investigation Period. It was argued that trading in SME segment can only occur in 'Lots' unlike trading on the Main Board which influences the recording in Pending Order Book, matching with counter orders and maintaining status of pending orders. Accordingly, it was argued that it was not possible to presume any action such as synchronised trading by the Noticees merely by relying upon Trade Log without

considering and supplying the Order Log to the Noticees since the Noticees needed to know whether there were other buy/sell orders which showed a similar pattern of order placement as the Noticees, which could be gathered only from the pending order book and Order log.

491. It was also argued that the volume and LTP contribution by Ostwal entities was miniscule as compared to other PV Influencers, that they were holding 7NR shares for a few years, and that majority of their trades matched with entities who were not even the Noticees in the present matter, meaning that matching of a few trades was a mere coincidence.

492. In order to deal with the arguments led by Ostwal entities, it is relevant to consider their trading pattern as laid out in the SCN. For instance, the SCN at para 94.1 alleges that on April 23, 2019, two entities of Sub-Group 3, viz., Mr. Sourav Das and Mr. Sumit Laha placed 5 buy orders at a price of ₹57/- for a cumulative quantity of 48,000 shares within a period of 3 minutes (from 13:27 hours to 13:30 hours), and merely 49 seconds after placement of these buy orders, Ms. Vimala Ostwal placed a sell order for the exact same quantity and price, i.e., 48,000 shares at a price of ₹57/-, which matched with the 5 buy orders of the Sub-Group 3 entities, and were the first 5 orders of the day, also leading to an increase of ₹1/- in the LTP. Further, these 5 trades were immediately followed by placement of 3 consecutive buy orders within a period of 1 minute by two Sub-Group 3 entities, viz., Mr. Sanjay Dey and Mr. Ujjal Laha and immediately thereafter, a sell order was placed by Ms. Sayar Bhandari, an Ostwal entity, for the exact same quantity and price, i.e., 42,000 shares at a price of ₹57/-, which matched with the 3 buy orders of the Sub-Group 3 entities and were the next 3 trades of the day. Furthermore, these trades were again followed by another 3 trades between three Sub-Group 3 entities, viz., Mr. Arpan Das, Mr. Dibakar Laha and Mr. Ujjal Laha as the buyers and Ms. Vimala Ostwal as the seller with the respective orders being placed in immediate proximity to each other, at the same price and for the same quantity.

493. The SCN also enumerated other instances (on May 2, 2019 and May 6, 2019) of a similar pattern of structured, artificially fragmented, LTP-enhancing trading between the Sub-Group 3 entities and the Ostwal entities at identical prices and quantities.

494. Further, the SCN also illustrated instances at para 98 of a similar trading pattern between Ostwal entities and the remaining entities of Gohil Group. For instance, on April 9, 2019, the first trade was executed by certain non-Noticee entities at a price lower than LTP and this trade was followed by placement of a buy order by Mr. Amit Bechu Yadav, a Gohil group entity, at a price which was ₹4.35/- more than the price of the first trade and this order matched with a sell order placed within less than next 2 minutes by Ms. Vimala Ostwal of exact same quantity and price. This second trade of the day was followed by *no* trading activity for the next 5 hours and thereafter, by a trade between Ms. Sayar Bhandari (an Ostwal entity) and Mr. Chintukumar Pandya (a Gohil Group entity) where the time difference between buy and sell orders was merely 6 seconds. A similar pattern of trading was observed between Mr. Amit Bechu Yadav, Mr. Chintukumar Pandya and Ms. Binal Patel as the buyers and Ms. Sayar Bhandari and Ms. Vimala Ostwal as the sellers was observed on April 10, 2019 and no other trades were executed on that day.

495. Such instances of structured, artificially fragmented, LTP-enhancing trading by entities of Gohil Group and Sub-Group 3 by placement of orders at identical prices and quantities, that too within a few seconds or minutes of each other and across a period of several days in an illiquid scrip like 7NR, is indicative of a pre-arranged and artificial trading pattern aimed at enhancing volumes and creating a misleading appearance of trading in the scrip, rather than genuine trading. This is the only reasonable conclusion, which can be drawn by a reasonable person in these attending facts and circumstances of the case, thereby squarely establishing the role of these entities in price manipulation and creation of artificial volume in the 7NR scrip in light of the preponderance of probabilities standard. In the face of such incontrovertible evidence of repetitive synchronized trading in an illiquid scrip, I find that the technical argument advanced by the Ostwal entities that their trading was limited to the SME segment where trading occurs in lot sizes unlike the Main Board,

to be of no avail since acceptance of such an illogical argument would be tantamount to accepting that the SME segment somehow automatically facilitates trades which are synchronized and LTP-enhancing. The mere fact that the SME segment allows trading only in fixed lot sizes does not *ipso facto* mean that the sell order quantities of Ostwal entities had to exactly match the cumulative buy order quantities of different Sub-Group 3 and other Gohil Group entities, that too repetitively across the Investigation Period.

496. In the same vein, I take note of the argument of Ostwal entities that there could be no assumption of synchronized trading without considering and supplying the Order Log to them, since there could be other buy/sell orders, which would have followed a similar pattern as the Ostwal entities. I am not inclined to accept this argument, *firstly,* for the reason that the details of order placement are contained in the Trade Log itself, which was relied upon by SEBI and supplied to the Noticees; *Secondly*, all the entities which had a similar structured, synchronized and LTP-enhancing trading pattern, viz., the Sub-Group 3 and other Gohil Group entities, have already been charged in the present matter like the Ostwal entities and their trading profile can be adequately ascertained from the Trade Log itself. Thus, I find that the Ostwal entities have not been able to establish as to how the Order Log, which was not even relied by SEBI for levelling the charges against them, would be of any relevance to them for defending the allegations, in light of the conclusive evidence pointing to their infractions.

497. I also find that the argument of Ostwal entities that their LTP contribution in the 7NR was minimal and majority of their trades did not match with their allegedly connected entities, is both factually erroneous and misleading. This is because these entities, while tabulating their trades in their respective replies to the SCN to purportedly show that their trades did not match with connected entities, have considered Sub-Group 3 entities as *not connected* to them. However, in view of the connection-details mentioned in the SCN and the aforesaid discussion regarding structured trades of Ostwal entities with Sub-Group 3 entities, I find that the connection of Sub-Group 3 entities with Ostwal entities is conclusively established and accordingly, it

is clear that there was an overwhelming matching of their trades with entities connected to them.

498. Further, it is not SEBI's case that every entity has contributed to LTP in its each and every trade or that every entity had an equally substantial contribution to LTP. Moreover, creation of artificial volume and an appearance of trading is a much more effective way to indicate attractiveness of the scrip and induce investors therein, and mere LTP contribution or lack thereof, would not be fatal to the charge of artificiality of trades. Thus, once a general trend of artificial price and volume contribution by Ostwal entities has been established, the quantum of individual LTP contribution by respective entities is immaterial since, in any event, the Sub-Group 3 and Gohil Group entities were acting in tandem and have cumulatively contributed approx. 120% to the net price rise in the 7NR scrip. In this context, I find the reliance placed by certain Gohil Group Noticees on the judgments of the Hon'ble SAT in the matters of *National Stock Exchange of India Limited vs. SEBI* and *PriceWaterHouse & Co. & Ors. vs. SEBI* and on SEBI's order in the matter of *Nikki Global Finance Limited* to contend that their minute individual contributions to LTP were not capable of inducing any investor, to be devoid of any substance.

499. I also note that the Gohil Group entities, other than the Ostwal entities, who are alleged to have indulged in price manipulation and creation of artificial volume during the pre-SMS period have made similar submissions in their defence, viz., they were involved in menial jobs, almost all of them had lent their accounts to one Mr. Paresh Shah for earning some commission, had no idea about the fund transfers and trading activity in their accounts, their income tax returns proved that they did not earn such huge incomes as alleged in the SCN, their contribution to LTP was miniscule and even negative for some Noticees and not all of their trades had matched with other Noticees.

500. In this regard, I note that the argument regarding miniscule individual LTP contribution by respective entities and every trade not matching with another Noticee has already been dealt with for Ostwal entities (in para 495 above) and the same is not being repeated here for the sake of brevity. As regards the other arguments of

the Gohil Group Noticees that they had lent their accounts and had no idea about the alleged transactions, I note from the material on record that all the 15 Offloaders amongst the Gohil Group were observed to have transferred their sale proceeds to the same set of Forex Companies (identified as Sub-Group 6 in the SCN) who were also receiving sale proceeds in the scrip of MUL from Sub-Group 1 Offloaders (and from the Offloaders in the scrip of GBL, as would be dealt with subsequently in this Order), and who have been proved at para 358 above to have worked at the behest of Mr. Hanif Shekh. It is also no coincidence that the Gohil Group entities were also found to have transferred funds to entities of Sub-Groups 2.A and 3.A (who have been found to be connected to Mr. Hanif Shekh and to have functioned as intermediate conduits to transfer offloading proceeds ultimately to Mr. Hanif Shekh controlled entities), with whom the Forex Companies were found to have had cyclical transactions.

501. Lastly, it is also an undeniable fact that there was a substantial matching of trades between Gohil Group entities and entities of Sub-Group 3, who have already been proved to have acted at the behest of Mr. Hanif Shekh. For instance, I note that one of the Gohil Group entities, Ms. Devarshi Shah (Noticee 169) has contended that the so-called connected entities were not counterparties to her trades and thus, no collusion was shown between buyer and seller. However, this contention is entirely inconsistent with the evidence on record since I note from the trade log of 7NR scrip that out of approx. 32,000 shares traded by Ms. Devarshi Shah during the pre-SMS period, more than 27,000 shares matched with other Gohil Group entities. All these facts cannot be viewed in isolation from Mr. Hanif Shekh's orchestration of the broader scheme and in the aforesaid view of the matter, I find that these Gohil Group entities acted as fronts of Mr. Hanif Shekh for operationalizing the fraudulent scheme.

502. In this regard, these Gohil Group entities have argued in light of the judgment of the Hon'ble SAT in the matter of *Sheetal Kadam* (supra) that their accounts were misused by the said Mr. Paresh Shah and thus, they could not be held liable for for trades executed without their knowledge. I have gone through the said judgment and

I note that a categorical finding has been rendered therein that one Mr. Pradeep Dhanuka had misused the accounts of the appellants who worked as a taxi driver or a watchman and those appellants had not allowed Mr. Dhanuka to use their demat accounts for monetary gains and were merely made scapegoats. However, the present case is particularly distinguishable since the Gohil Group Noticees had admittedly lent their accounts to the said Mr. Paresh Shah for earning commission. I am of the view that a party which enters into a deal with a commercial motive cannot disavow the same deal once the consequences turn adverse, and thus, the *Sheetal Kadam* case does not lend any succour to the case of the Gohil Group Noticees and they are squarely liable for the price manipulation and creation of artificial volume.

503. Without prejudice to the above, it also appears that this person, Mr. Paresh Shah (notably a very common name in the state of Gujarat) is a make-believe character since all of these Noticees have attempted to divert the attention of these proceedings to said Mr. Paresh Shah by naming him in their replies / hearings, but none of them has provided any ascertainable details to pinpoint the identity of the said person, even after they were specifically asked to provide such details during their personal hearings held before me in October 2025. Notably, Mr. Jitendra Gohil (Noticee 126) claimed in his post-hearing submissions that said Mr. Paresh Shah has since deceased and also submitted a death certificate in support of his claim. It does not appeal to reason that none of the several entities whose trading accounts were purportedly operated by said Mr. Paresh Shah have any meaningful information about him so as to show why, how and from where said Mr. Paresh Shah was operating the accounts of so many entities. Even the submission of Mr. Jitendra Gohil regarding the death of Mr. Paresh Shah leads the proceedings nowhere since his submissions are also bereft of the details which could have explained the role of Mr. Paresh Shah (as argued) and the execution of transactions on behalf of so many entities of the Gohil Group. I am, therefore, unable to accept the submission of the Gohil Group Noticees in this regard.

504. At this stage, I note that one of the Gohil Group entities, viz., Mr. Govindbhai Natvarlal Chauhan (Noticee 127) has since passed away as established by the copy

of death certificate submitted by his sister-in-law. Therefore, the imposition of penalty against him is not warranted in terms of Section 28B of the SEBI Act, however, the proceedings for disgorgement, if any, shall continue against his legal representatives.

505. Interestingly, some of the Gohil Group entities such as Mr. Akshay Brahmbhatt (Noticee 176) and Mr. Naginbhai Jeshingbhai Maheriya (Noticee 122) have contended that as per the trade log, there were several instances when both the buy and sell orders were placed from the terminal of the broker, ACML Capital Markets Ltd., by the same Authorised Persons, viz., Mr. Vipin Desai or Mr. Jignesh Shah. In my view, this fact further corroborates the finding that the trading in the 7NR scrip was premeditated and the Gohil Group entities were not in control of their accounts and the same were being managed at the directions of Mr. Hanif Shekh.

506. At this stage, I also note that once the *inter se* connections of Gohil Group and their manipulative trading activity with the '11 entities group' and sub-group 3 at the behest of Mr. Hanif Shekh has been conclusively established, the challenge of the Gohil Group entities, while relying on the judgment of *Baldevsinh Zala* (supra), that the SCN had erroneously drawn connections between them, does not survive. On similar lines, I also hold that the judgment of the Hon'ble SAT in the matter of *Nishith M. Shah HUF vs. SEBI* cited by the Gohil Group Noticees to contend that the charge of price manipulation could not be sustained in the absence of a finding of collusion between the buyer and seller is inapplicable in the present matter.

507. Moving further, I note that the Sub-Group 3 entities alleged to have been PV Influencers along with Gohil Group entities have, *inter alia*, argued that the SCN had merely added their trading volume over a period of several months to allege manipulation rather than comparing their trading volumes with the total volume on particular days. I find this argument to be baseless because the SCN has very clearly pointed out instances where these Sub-Group 3 entities, along with the Gohil Group entities, were the only trading entities in the 7NR scrip on various days, and in addition, the trade log of the 7NR scrip brings out several other instances of

disproportionate trading by these entities on certain days. Even otherwise, the fact that 44.83% of the total buy volume and 42.72% of the total sell volume in an illiquid scrip was contributed by the Sub-Group 3 entities along with the Gohil Group entities during the Investigation Period, does not leave much doubt about the role of these entities in creation of artificial volumes in the scrip.

508. I also note that some of the Gohil Group Noticees such as Mr. Maheshkumar Purabia (Noticee 133) have contended that their LTP contribution was wrongly recorded in Table No. 44 of the SCN and have submitted purportedly correct figures from the trade logs supplied by SEBI. However, I have gone through these trade logs as well as the SCN and I note that there is no such discrepancy in the LTP contribution by these entities during the pre-SMS period (January 10, 2019 to November 8, 2019) as sought to be averred by these Noticees, and thus, this contention is baseless.

Circulation of buy recommendations and offloading activity in the scrip of 7NR

509. Once the role of PV Influencers in the 7NR scrip has been established, I also note that a similar story as MUL and VFL, viz., circulation of buy recommendations (which led to a 966% increase in the volume and a 41.5% increase in the price of the 7NR scrip within a period of 1.5 months) and consequent offloading of shares at inflated prices by Mr. Hanif Shekh-connected Sub-Group 3 entities and Gohil Group entities mentioned at Table Nos. 46 and 47 of the SCN (who were also involved in the price manipulation and creation of artificial volume in the pre-SMS period), was repeated in the 7NR scrip as well. Further, as has already been discussed earlier in this Order, the Sub-Group 3 entities (through Sub-Group 3.A and other intermediate conduits) ultimately transferred their sale proceeds to entities controlled by Mr. Hanif Shekh, the beneficiaries of the fraudulent scheme, and the Gohil Group entities transferred their gains to the Forex Companies. Thus, in the absence of any convincing justification for their unusual conduct both during pre-SMS and SMS periods, I find that the allegation of offloading shares of 7NR by Sub-Group 3 entities and Gohil Group entities at inflated prices to earn unlawful gains stands established.

Allegations with respect to GBL scrip

510. It was observed that during the pre-SMS period in the GBL scrip (i.e., July 2, 2018 to January 14, 2019), the scrip price increased from ₹22/- to ₹84.15/- with an average daily volume of 68,937 shares. Further, the SMS period (i.e., January 15, 2019 to January 31, 2019) witnessed a drastic spike in average daily volume to 6,66,854 shares and the price also rose to ₹100.25/-. There were hardly any major corporate announcements or any change in the company's fundamentals or performance during the Investigation Period.

Price-volume influence in the scrip of GBL by entities of Gohil Group and '11 Entities Group'

511. The SCN alleged that a group of 11 entities (referred to as the "*11 Entities Group*" in the SCN) connected to each other through common mobile numbers, were trading not only with each other as counterparties, but also with entities of the Gohil Group as mentioned at Table No. 51 of the SCN. The *11 Entities Group* and Gohil Group were also found to be connected by means of fund transfers, viz., fund transfer between Mr. Ramu Jsoneya (Noticee 182) and Mr. Chintukumar Pandya (Noticee 121), and transfer of funds by both these Groups to the Forex Companies, which have been established to be acting at the behest of Mr. Hanif Shekh.

512. It was observed that both these Groups collectively contributed 20.10% and 19.88% to the total market buy and sell volumes, respectively, in the GBL scrip, and also contributed 108% to the net price rise in the scrip. The SCN, by means of various illustrations at paras 121 and 122, alleged highly unusual trading pattern of structured and synchronized trading followed by the Noticees of these two Groups, such as the time difference between buy and sell orders being under ten seconds, or placing of thousands of buy/sell orders of 1 share each within a few seconds to match a substantial sell/buy order placed by a connected entity, in order to artificially influence the price and volume in the scrip and create a trading momentum. The extent of the allegedly manipulative intent could be gauged from the fact that only 1 share each was traded in 7,288 trades out of the total 9,788 trades executed

amongst these connected entities during the pre-SMS period, and out of these 7,288 trades, the time difference between buy and sell orders was less than 10 seconds in 6,858 trades. The SCN also contained illustrations at para 125 of these entities contributing to the positive LTP in the scrip by means of their synchronized trading activity.

513. An even more striking aspect of the trading behavior of the *11 Entities Group* was the fact that approx. 67% of their entire trading volume during the pre-SMS period (which was also 7.41% of the total trading volume in the scrip) was generated by means of circular trades, i.e., shares sold by one entity on the exchange came back to the same entity during the course of the day, which indicates an apparent meeting of minds to bypass the anonymous order matching system of the stock exchange and ensure that shares flowed only between the connected entities rather than to the other market participants. I also note from Table No. 51 of the SCN which details the trading activity of these Noticees that the buy and sell quantities of almost all of the Noticees of the *11 Entities Group* during the pre-SMS period was exactly same, further corroborating the inference that trading by these entities was motivated solely by creation of artificial volume.

514. In respect of these allegations of price manipulation and creation of artificial volume, I note that none of the entities of the *11 Entities Group* either filed their replies to the SCN or appeared before me for a personal hearing provided to them in October, 2025. It is pertinent to mention here that in response to the hearing notice issued in this matter, one of the said 11 entities namely, Mr. Preyash Sathvara (Noticee 186), vide a letter dated October 29, 2025 (received by email dated October 31, 2025 from his authorized representative, Mr. Jitendra Sharda) sought 3 weeks' time to file a reply in the matter, which was granted. Theereafter, the said authorized representative of Noticee 186, on November 8, 2025, also collected the annexures to the SCN contained in a CD from the Western Regional Office of SEBI. However, no reply or communication from Noticee 186 was received until June 15, 2026 when an email was received from his above named authorized representative stating that they are still awaiting an opportunity of hearing and prayed that no action be taken

till such hearing is granted. In this regard, it is noted that in pursuance of Hon'ble Bombay High Court's Order dated August 14, 2025, hearings in this matter were scheduled in September and October, 2025 and in terms of the directions of Hon'ble High Court, no adjournments were to be granted to any of the Noticees. It is relevant to underline here that vide the aforesaid communication dated October 31, 2025, Noticee 186 had only sought 3 weeks' time to file his reply and no adjournment of hearing was ever sought. Thus, it is reiterated that no replies / written submissions have been received from anyone from the 11 Entitites Group.

515. Further, the justifications offered by the Gohil group Noticees in this regard were that the individual LTP contribution of respective Noticees was miniscule and even negative, that not every trade had contributed to the LTP, and that there were instances when counterparties to the Gohil group Noticees' trades were not the entities belonging to *11 Entities Group* or the Gohil Group.

516. I note that this argument of miniscule individual-level LTP contribution has been made *ad nauseam* by several entities across different scrips and the same has been dealt at length and discarded earlier in this Order at para 495. Thus, for the sake of brevity, at this juncture, I deem it fit to merely state that once a common trend of artificial price and volume contribution by the PV Influencers has been established, the quantum of LTP contribution by individual entities becomes immaterial since these entities were, in any event, trading as a group and acting in concert with each other, and creation of artificial volume is a much more effective way to indicate attractiveness of the scrip and induce unsuspecting investors.

517. In this view of the matter, I hold that the attending facts and circumstances of this matter leave no doubt that the *11 Entities Group* and Gohil Group entities were involved in price manipulation and creation of artificial volume in GBL scrip during the pre-SMS period.

Circulation of buy recommendations and offloading activity in the scrip of GBL

518. Moving forward, I note that the scrip followed a similar pattern of bulk SMS circulation as the other scrips discussed in this Order and such SMS circulation during the SMS period (January 15, 2019 to January 31, 2019) led to a 867% increase in the trading volume and a 20% increase in the scrip price, which facilitated the entities connected to Mr. Hanif Shekh, viz., certain entities of Sub-Group 3 and the Gohil Group as mentioned at Table Nos. 55 and 56 of the SCN, some of whom were also involved in price manipulation and creation of artificial volume during the pre-SMS period, to offload their shares *en masse* at inflated prices and earn unlawful gains. Further, as was observed for the 7NR scrip, which also witnessed offloading by these same two Groups, the Sub-Group 3 entities (through Sub-Group 3.A and other intermediate conduits) ultimately transferred their sale proceeds in GBL scrip to entities controlled by Mr. Hanif Shekh, the beneficiary of the fraudulent scheme, and the Gohil Group entities transferred them to the Forex Companies. Thus, in the absence of any convincing justification for their unusual conduct, I find that the allegation of offloading shares of GBL by the Sub-Group 3 entities and Gohil Group entities at inflated prices to earn unlawful gains stands established.

Allegations with respect to DRCL scrip

519. It was observed that during the pre-SMS period in the DRCL scrip (i.e., April 2, 2018 to December 22, 2019), the scrip price steadily increased from ₹11.9/- to ₹ 103/- with an average daily volume of 26,098 shares. Further, the SMS period, even though limited only to 4 trading days (December 23, 2019 to December 27, 2019) due to the scrip coming under the SMS surveillance framework of BSE, witnessed a drastic spike of more than 13 times in average daily volume to 3,68,210 shares. There were hardly any material corporate announcements or any change in the company's fundamentals or performance during the Investigation Period.

Price-volume influence by entities of Darjeeling Group and Sub-Group 2 and 3 in the scrip of DRCL

520. The SCN alleged that a group of 15 entities (referred to as the "Darjeeling Group" in the SCN) connected to each other through family relations, fund transfers, email communications, and also connected to DRCL through Noticee 153 (who was the son of the CFO of DRCL and also a part of the Darjeeling Group), traded in a concerted manner by acting as counterparties, not only to each other's trades in the DRCL scrip, but also to the trades of certain Hanif Shekh-connected entities, viz., Sub-Groups 2 and 3 as mentioned at Table No. 59 of the SCN, during the pre-SMS period, in order to artificially manipulate the price and volume in the scrip. It was also noted that the trading pattern of these Sub-Groups 2 and 3 entities was largely similar to their trading pattern in other scrips which too are the subject matter of this Order, i.e., almost all their trades were on the buy side during the pre-SMS period and almost all trades were on the sell side during the SMS period.

521. Before proceeding to analyse the trading pattern of these entities, it is essential to ascertain the connections between them as alleged in the Table No. 58 of the SCN. The SCN observed that Mr. Aakash Dilip Doshi (Noticee 153) is the son of the then CFO of DRCL who admitted that his father knew the MD and promoter of DRCL, Mr. Himanshu Shah (Noticee 167, also part of the Darjeeling Group). Even though Mr. Himanshu Shah has sought to wriggle out of this imputation of being connected to the CFO by arguing that he did not personally know the CFO and no connection had been drawn in the SCN through fund transactions or market activity to infer collusion, I find the submission totally absurd that the sole promoter of a company does not know the CFO (who, incidentally, was appointed as the CFO on August 9, 2018, i.e., one day before Mr. Himanshu Shah was himself appointed as the Managing Director of DRCL) and accordingly, reject this argument as baseless.

522. In this context, I note that Mr. Himanshu Shah has relied upon the judgment in *Balram Garg vs. SEBI* to claim that mere participation in a common religious congregation with Mr. Dilip Doshi would not be enough to allege a connection between them, absent proof of financial dependence or involvement in trading

decisions. However, this argument is misplaced since the *Balram Garg* matter pertained to violation of the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations") and involved interpretation of specific terms such as 'connected person', 'UPSI' and 'insider' which are alien to the statutory framework of PFUTP Regulations which is the subject matter in the instant case. Proving a connection between two persons for the purpose of ultimately establishing their role in a scheme which allegedly falls foul of the PFUTP Regulations is not premised on such persons being 'connected persons' under PIT Regulations. In this view of the matter, I do not intend to dwell any further on this argument other than to reiterate that the allegation of a connection between Mr. Himanshu Shah, the promoter of DRCL and Mr. Dilip Doshi, the CFO of DRCL was not premised merely on their acquaintance through a religious congregation.

523. Further, the argument of certain Noticees that the CFO of DRCL, Mr. Dilip Doshi was not a Noticee in the present proceedings and thus, no connection could be drawn through him is also frivolous since the relation of the CFO to his son and his son's relations with other Noticees (as would be detailed hereunder) are based on proven facts and no role in the allegedly fraudulent scheme has, as such, been imputed to the CFO so as to rope him in as a Noticee.

524. The SCN also alleged that Mr. Aakash Dilip Doshi had frequent fund transactions with Mr. Ramnaresh Dashadeen Nirmal (Noticee 155) and Mr. Shashikant Kapadia (Noticee 162) and Mr. Aakash Dilip Doshi, in his reply to the SCN has admitted that he had hand loan (seemingly informal unsecured loan without any documentation) transactions with Mr. Nirmal and the Kapadia family. In this regard, it was observed that Mr. Ramnaresh Dashadeen Nirmal had multiple email communications with Mr. Arvind Shantilal Shah (Noticee 156) and Ms. Rupal Bhavin Shah (Noticee 158), who are part of one family comprising Noticees 156 to 159 and Noticee 201 (Mr. Bhavin Shah), who admittedly handled the trading activity for his parents and wife, viz., Noticees 156, 158 and 159. The nature of email communications between Mr. Ramnaresh Dashadeen Nirmal and the Bhavin Shah family, viz., exchange of passport copies, flight tickets, mediclaim policies clearly points to their close connection, which is further corroborated by the fact that an email sent by a broker,

IIFL Securities, which was meant for Ms. Rupal Bhavin Shah, was actually sent to the email address of Mr. Ramnaresh Dashadeen Nirmal. Thus, Mr. Ramnaresh Dashadeen Nirmal could well be considered to be a part of the inner coterie of the Bhavin Shah family. In any event, both Mr. Aakash Doshi and Mr. Bhavin Shah in their replies to the SCN and in their statements recorded by SEBI have admitted to knowing each other and being in frequent communication and even being business associates of each other.

525. Further, the other entity with which Mr. Aakash Dilip Doshi admittedly had loan transactions was Mr. Shashikant Kapadia, who is part of the Kapadia family comprising his son, Mr. Kevin Kapadia (Noticee 202) and his daughter-in-law, Ms. Kruti Kevin Kapadia (Noticee 161). Mr. Aakash Dilip Doshi has also accepted in his statement before SEBI that Mr. Kevin Kapadia was his friend and fund transactions with Mr. Shashikant Kapadia were meant for Mr. Kevin Kapadia. Apart from the fund transactions with Mr. Aakash Dilip Doshi, it was also observed that Ms. Kruti Kevin Kapadia received funds from Ms. Rupal Bhavin Shah of the Bhavin Shah family, also indicating the connection between these two families.

526. I also note that Ms. Dhavani Shah (Noticee 160) had received funds from Ms. Rupal Bhavin Shah for exploring investments in stock market and Ms. Dhavani Shah has admitted in her reply to the SCN that Mr. Bhavin Shah was aware of her interest in DRCL shares, even though she has contended that there was no agreement with any entity for coordinated trading in DRCL scrip.

527. It was also alleged in the SCN that there were fund transfers between Mr. Shashikant Kapadia and other Noticees, viz., Mr. Ankur Suresh Mehta, Mr. Bhashit Deepak Shah, Mr. Mehul Shah and Ms. Vidhi Mehul Shah. In respect of these fund transfers, Mr. Ankur Suresh Mehta and Mr. Shashikant Kapadia have admitted that they were friends and that Mr. Ankur Suresh Mehta had extended a loan to the latter and received the shares of DRCL as a collateral.

528. Further, Mr. Bhashit Deepak Shah has also contended that the fund transfers with Mr. Shashikant Kapadia were in the nature of loans. Although Mr. Mehul Shah has

also admitted that he had taken a loan from Mr. Shashikant Kapadia but he argued that he did not know Mr. Shashikant Kapadia personally and he had actually approached some of his relatives for the loan who, in turn, procured this loan from Mr. Shashikant Kapadia and he only got to know of Mr. Shashikant Kapadia after he received the loan amount. On the other hand, Mr. Shashikant Kapadia has admitted that he and Mr. Mehul Shah were frequently exchanging hand loans. I am of the view that in the usual course of business, it is highly unusual that someone would extend such a big ticket loan without even knowing the borrower and in view of Mr. Kapadia's admission of frequent loan transactions, I regard the submission of Mr. Mehul Shah as merely a desperate but failed attempt to dissociate himself from Mr. Shashikant Kapadia. Furthermore, Mr. Mehul Shah's failure to specify the exact quantum of the loan renders his submissions entirely perfunctory, ultimately undermining his overt attempts to distance himself from Mr. Shashikant Kapadia.

529. In the same breath, I note that as per the material on record, no fund transactions were found between Mr. Shashikant Kapadia and Ms. Vidhi Mehul Shah, the wife of Mr. Mehul Shah as alleged in the SCN. However, I find that the absence of such transactions does not negate the connection of Ms. Vidhi Mehul Shah to the other Darjeeling Group Noticees since she is otherwise connected to them through Mr. Mehul Shah.

530. Taking note of the above, I observe that none of the Noticees have challenged the fact of fund transfers or family relationships as such and have only sought to justify the fund transfers as genuine loan transactions. In relation to this submission, I am of the view that the nature of fund transfers (even loan transactions) is not material since the same have been used in the SCN for the limited purpose of establishing connection amongst entities, and it has also not been alleged in the SCN that any of the Noticees were being funded by other entities for their trading in DRCL scrip. Considering the above and in light of the observations contained in Table No. 58 of the SCN and the replies of the Noticees to the SCN, I find that Mr. Aakash Doshi, the son of the CFO of DRCL, was directly connected to the families of Mr. Bhavin Shah and Mr. Shashikant Kapadia, and the other Noticees, viz., Mr. Ankur Suresh

Mehta, Mr. Bhashit Deepak Shah, Mr. Mehul Shah and Ms. Vidhi Mehul Shah were directly connected to the Kapadia family.

531. In order to further understand the *inter se* connections of all the Darjeeling Group Noticees and their concerted role in the alleged scheme of price manipulation and creation of artificial volume, it is essential to now deal with the allegations regarding trading behavior of these entities.

532. I note from the SCN that the Darjeeling Group entities along with the Hanif Shekh-connected entities of Sub-Groups 2 and 3, i.e., a total of 45 entities, collectively contributed 35.90% and 32% of the total market buy and sell volumes during the pre-SMS period, even though there were a total of approx. 892 buyers and 588 sellers in the scrip during this period. It was also observed that these 45 entities had contributed 111.83% to the net price rise in the DRCL scrip which means that, but for other market participants absorbing the price impact of their trades, the price of the DRCL scrip would have risen even higher.

533. Further, it was observed from the DRCL trade log that the Darjeeling Group entities traded amongst each other on 570 instances, out of which on 178 instances, the time difference between buy and sell orders was less than 60 seconds and in 98 instances, this difference was less than 10 seconds, meaning that the trades were synchronized. Even more importantly, a substantial 55.10% and 42.02% of the total trading volume of the Darjeeling Group entities during the pre-SMS period was only traded in these 178 and 98 synchronised instances, respectively. Thus, the Darjeeling Group entities did not just contribute disproportionately to the trading volumes in the DRCL scrip, but also ensured that the beneficial ownership of a large majority of such traded shares remained within the group by trading amongst themselves.

534. The SCN at Para 147 also contained several illustrations of trades between Darjeeling Group entities where the difference between buy and sell orders was less than 10 seconds and the said orders were placed for identical price and quantity, and also contributed to the LTP. I also note from Para 147.4 of the SCN and the

trade log in general, that in many of the synchronized trading instances, the identical order quantities of the Darjeeling Group counterparties were not perfect (rounded-off) numbers but highly odd quantities such as 3181, 5251, 1190, etc. The probability that certain buyers and sellers, who have been proved to be connected to each other, contributed more than 55% of their trading volume in an illiquid scrip by trading with each other, and who were, on multiple instances, placing their orders at the same time, at the same price, and very often for the same quantity (which were, in certain cases, very odd numbers), were trading independently and not with a manipulative intent in concert with each other, is highly remote.

535. I further note that the intention of the Darjeeling Group entities to create artificial volume in the scrip and indicate its attractiveness to other investors becomes utterly evident when it is observed that in more than 90% of the trading instances where the sell order quantity was more than 50,000 shares (even though the average daily traded volume in the scrip during the pre-SMS period was merely 26,098 shares), the seller was one of the Darjeeling Group entities. The fact that there were numerous instances where the orders of the Darjeeling Group entities matched with those of Mr. Himanshu Shah, the promoter of DRCL, lends further credence to the allegation of connection of the Darjeeling Group entities to DRCL and their trades being guided by concerted action.

536. At this juncture, it is relevant to also consider the trading pattern of Hanif Shekh-connected entities, viz., Sub-Groups 2 and 3 during the pre-SMS period in order to address the allegation that not only was the DRCL scrip subject to price manipulation and creation of artificial volume during the pre-SMS period, but such manipulation was orchestrated by Mr. Hanif Shekh.

537. The paras 150.1 and 150.2 of the SCN illustrate trading instances amongst Sub-Group 3 entities where they placed orders at the exact same time, for identical price and identical quantities and such trades also led to positive contribution to the LTP. However, what merits even sharper attention is the fact that there were numerous instances (mentioned at paras 150.3 and 150.4 of the SCN) where entities of Sub-

Groups 2 and 3 placed multiple buy orders in quick succession which were matched with substantial sell orders placed by Mr. Himanshu Shah, the promoter of DRCL in close proximity to these buy orders. The SCN observed that these were not isolated instances but such peculiar trading pattern was observed on atleast 118 trading instances spread over six trading days where entities of Sub-Groups 2 and 3 were taking turns to place consecutive buy orders in order to ensure matching with the sell orders of Mr. Himanshu Shah and thereby, provide a near exit to the promoter from his company itself, since his holding in DRCL, a company which he had acquired not more than one year ago in 2018, plummeted from 26.73% in QE March 2019 to 8.73% in QE December 2019.

538. At this stage, it is also relevant to mention that the near exit of Mr. Himanshu Shah from DRCL by heavy offloading of his shares on the aforesaid six trading days was not only facilitated by the entities of Sub-Groups 2 and 3, but also by certain entities of the Darjeeling Group such as Mr. Shashikant Kapadia, Mr. Arvind Shantilal Shah, Mr. Mehul Shah, Ms. Vidhi Mehul Shah, etc. placing multiple buy orders to match with the sell orders of Mr. Himanshu Shah. Although the aforenoted trading pattern of the various concerned entities makes their manipulative intent quite apparent, it is necessary to deal with the submissions and defences presented by the respective Noticees in order to arrive at a final conclusion.

539. Before proceeding with the arguments raised by the Darjeeling Group entities on merits, I note that several of these entities have claimed that the details of 570 allegedly matched trades and 178 synchronised trades were not provided to them by SEBI so as to enable them to present their defence. Without going into the question of whether such details were independently provided to these Noticees, I note that these details are a mere subset of the trade log pertaining to the Investigation Period, which was supplied to these Noticees, and therefore, there can be no insinuation that material relied upon by SEBI in this regard was not provided to the Noticees. Even otherwise, I note that these Noticees, while alleging that these trading details were not provided, have also made detailed submissions on the lines that their trades were largely with non-Noticees and very few of them matched with

other Darjeeling Group entities, which makes it clear that the Noticees did have access to the said trading details and accordingly, the present submission is rendered frivolous.

540. Another preliminary ground raised by certain Noticees was that they had only traded in the DRCL scrip rather than the other four scrips, and a common SCN for all five scrips had caused unnecessary prejudice to them which could only be cured by initiation of separate proceedings. I find this argument to be entirely perfunctory since the SCN has meticulously bifurcated the allegations against different sets of Noticees across different scrips, basis the role of the respective entities in the alleged fraudulent scheme. A common SCN across five different scrips was necessitated on account of a common *modus operandi* of price manipulation and creation of artificial volume during pre-SMS period, followed by circulation of bulk SMSes and offloading of shares by entities connected to Mr. Hanif Shekh or the respective company's promoters. It cannot possibly be inferred that every Noticee is expected to respond to each and every allegation levelled in a common SCN against 226 distinct entities with varying involvement. Thus, the above submission of the Noticees concerned is devoid of any merit.

541. Having dealt with the aforesaid preliminary objection, it is now appropriate to deal with the substantive arguments of the Noticees in the ensuing paragraphs.

542. The Darjeeling Group Noticees have argued, in light of the judgment of the Hon'ble SAT in the matter of *Nishith M. Shah HUF vs. SEBI,* that the principle of preponderance of probability cannot be exercised in the absence of any connection between the seller and buyer. In this regard, I note that the Hon'ble SAT has, *inter alia*, held in the said judgment that a buyer or a seller unilaterally cannot manipulate the price of a scrip and in the absence of a finding of collusion between a buyer and seller, the charge of price manipulation cannot be sustained. However, this judgment is inapplicable in the facts and circumstances of the present case since it has already been established that the Darjeeling Group entities had well-defined connections amongst each other and had indulged in a concerted effort to manipulate the price

and volume in the DRCL scrip. In this regard, I also reiterate the observation at para 319 of this Order that the Hon'ble SAT has in certain other appeals reached findings of manipulative trading based on inexplicable trading pattern of noticees, even in the absence of evidence of collusion amongst entities and thus, the statement of law laid down by the Hon'ble SAT in the *Nishith M. Shah HUF* case does not foreclose other approaches for arriving at conclusions of manipulative trading.

543. In light of such proved connections between the Darjeeling Group Noticees and their trading pattern, I also regard the reliance placed by these Noticees on the judgment of the Hon'ble SAT in the matter of *Baldevsinh Zala* (supra) to contend that they could not be held to be part of one group based on the *inter se* connections drawn in the SCN, to be misplaced.

544. I note that one of the common contentions of the Darjeeling Group entities was that there was no particular pattern of creating a positive LTP and their trades had resulted into positive, zero and even negative LTP on different occasions, and were thus, carried out in normal course of business. This argument has already been dealt at length in this Order in respect of other scrips and all that needs to be noted here is that it is not necessary for entities to continuously contribute positively to the LTP in order to bring home the charge of price manipulation, especially in a scenario of closely connected entities trading with each other in a synchronized manner. In cases of this nature, a myopic focus on the LTP contribution by individual entities rather than the collective conduct of the group as a whole would be tantamount to permitting unscrupulous entities to collude with each other where each entity's individual contribution remains miniscule and below a threshold. Such an approach would fundamentally militate against the statutory spirit of PFUTP Regulations which, *inter alia*, prohibit misleading appearance of trading in the securities market. Further, as has already been held hereinabove, creation of artificial volume in such cases and an appearance of trading is an effective way to indicate attractiveness of the scrip and induce investors compared to mere price manipulation.

545. In the same vein, I also discard the arguments of the Noticees that SEBI had cherry-picked some of their trading instances to level the charges since all their trades did not match with the connected entities, and that there were no allegations against the Noticees of creation of New High Price or carrying on the first trades of the day. Since the common trend of the Noticees contributing a major chunk of their trading volume by means of *inter se* and synchronized trading has been established, and it has been observed that they collectively contributed approx. 118% to the net price rise in the scrip, the arguments that each one of their trades has to necessarily match with a connected entity to prove the charge of manipulation or that creation of New High Price or indulging in first trade of the day is the only possible means to manipulate a market, need no further deliberation.

546. Another argument was made by these Noticees that LTP and actual price rise do not have any correlation as such and LTP contribution, on many occasions, leads to a price which was already achieved earlier. They also argued that there was no embargo on placing an order above LTP and desperate market participants could actually place orders at prices above LTP but the same would not imply manipulation. In this regard, I am of the view that such an argument is specious and ignores market mechanics and the ultimate design of the fraudulent scheme to project a trading momentum in the scrip. Each positive LTP trade is a calibrated progression, which creates a support level and does not let the price fall beyond a desired price and also creates a reference for the next trade. The only scenario where the Noticees' argument would have been worthy of acceptance was if their LTP contributions would have been few and far between, unlike the present case where the Noticees have repetitively indulged in LTP-contributing trades. Even the fact that the LTP contribution by each such trade was not individually phenomenal does not aid the Noticees' defence since a relentless pattern of LTP contributions over the course of the pre-SMS period of almost 21 months led to a sustained and general rise in the price of the scrip, quite divorced from its inherent fundamentals. Thus, the hypothesis sought to be put forth by the Noticees is totally inapplicable to the present case and thus, this argument is bereft of merit.

547. The Darjeeling Group Noticees have also averred that they were trading in the DRCL scrip even before the start of Investigation Period and even before Mr. Dilip Doshi was appointed as the CFO of DRCL and thus, there could be no allegation of manipulative trading. I find this argument to be borne out of a misconception of the charges levelled against the Noticees since it has not been alleged in the SCN that the appointment of Mr. Dilip Doshi was somehow linked to the manipulative trading by the Noticees. The fact that Mr. Dilip Doshi, whose son had multiple fund transfers with other Darjeeling Group entities and was involved in the manipulative trading pattern, was the CFO of DRCL was merely a piece of evidence relevant for proving that the Darjeeling Group entities were connected to DRCL. Further, merely because the Darjeeling Group entities had been trading in DRCL before the Investigation Period, could not be the ground to overlook their manipulative trading pattern during the Investigation Period. The fact that these Noticees were trading even before the Investigation Period, could be relevant only if supported by a logical rebuttal of the specific allegations against the Noticees, and in absence of any such meaningful rebuttal, I find that this argument falls short of exonerating the Noticees of the charge of manipulative trading.

548. The Noticees have also sought to argue that their trading activity in DRCL ultimately caused them losses since the price of the scrip crashed on account of the imposition of surveillance mechanism by BSE and thus, in any case, the alleged fraudulent scheme did not come to fruition so as to render them liable. As regards this argument, I am of the resolute view that once the ingredients of price manipulation and creation of artificial volume have been established, the mere fact that the ultimate goal of such manipulation could not be achieved due to an extraneous factor, viz., imposition of surveillance mechanism, would be of no avail to the Noticees in proving their innocence. The Noticees have been found to have played their respective roles in the fraudulent scheme and cannot be allowed to go scot-free only because BSE acted in time to obviate the last leg of the scheme, viz., offloading of shares and earning of profits therefrom, especially when imposition of said surveillance measures was possibly on account of the manipulative trading by these Noticees.

549. The Darjeeling Group entities have also argued that SCN merely placed reliance on the trading activities of Mr. Himanshu Shah and *suo motu* made those applicable to others and termed their trades as non-genuine. I find this argument to be a mis-characterization of the allegations leveled in the SCN, since the allegation levelled against Mr. Himanshu Shah, viz., ensuring his exit from DRCL by the aid of Sub-Groups 2 and 3 entities, is entirely different and independent from the allegations levelled against the other Darjeeling Group entities, viz., creation of artificial price and volume, *inter alia*, by means of matched and synchronized trades. This argument is thus, rejected as baseless.

550. The Noticees have also submitted that BSE had already conducted a thorough inquiry regarding the trading activity of many entities in the DRCL scrip and pursuant to such inquiry, no wrongdoing was found. In this regard, I note that pursuant to completion of an independent investigation, the present proceedings have been initiated under the relevant provisions of the SEBI Act and the PFUTP Regulations and are entirely independent of any proceedings initiated before any other authority, including BSE. Accordingly, the Noticees were supposed to defend the specific allegations levelled against them in the present matter, and the present proceedings shall be disposed of by taking into consideration such defences and uninfluenced by the outcome of any other proceedings before any other authority. Accordingly, any possible suggestion that closure of proceedings by BSE shall have a bearing on the present proceedings is untenable.

551. I note that one of the most vigorous arguments that has been advanced by the Noticees is that the attendant facts and circumstances around the DRCL scrip differentiate it from the other four scrips and thus, no allegations could have been levelled in respect of DRCL scrip. The purported differences in the DRCL scrip as sought to be averred by the Noticees and my findings on the same are as under:

(a) *In other scrips in this matter, the company connected entities were either employees, directors, promoters or contractors of the company but the only*

connection of the Darjeeling Group entities with DRCL was through Mr. Aakash Dilip Doshi, the son of the CFO of DRCL who himself was not even a Noticee

(i) There is no statutory requirement that a connection to a company can be drawn only on the basis of employment, ownership or directorship in that company. Once the material on record has established that the Darjeeling Group entities were connected to each other through fund transfers, familial relationships, etc., and were connected to DRCL, not only through the CFO but also on account of their trading activity, which was meant to create artificial price and volume in the scrip and thereby, facilitate the promoter of DRCL to offload his shares at inflated prices, it becomes immaterial that these Darjeeling Group entities had no direct formal relationship with DRCL. What is of prime importance is the functional relationship between the Darjeeling Group entities and DRCL, rather than the technical or formal characterization of their connection. The absence of a precise legal relationship between the Company and these entities would not immunize them from the consequences of their manipulative actions, which have been established by the totality of attendant facts and circumstances.

(b) *The orders of the Sub-Groups 2 and 3 entities did not match with those of the Darjeeling Group entities, except Mr. Himanshu Shah*

(i) At the outset, I note that this argument is factually inaccurate since it is evident from the trade log that orders of Sub-Groups 2 and 3 entities such as Linkup, Highgrowth, Uma Dutta, Debashish Dutta did match with certain Darjeeling Group entities such as Mr. Shashikant Kapadia, Bharati Arvind Shah, Yash Manish Mehta, etc.

(ii) Be that as it may, the SCN had not alleged that the Darjeeling Group entities had indulged in market manipulation by trading with Sub-Groups 2 and 3 entities and in respect of the DRCL scrip, the allegation was that both the Darjeeling Group and the Sub-Groups 2 and 3 were trying, albeit through independent pathways, to influence the price and volume in the scrip, so as to project the scrip as an attractive investment opportunity.

(iii) The inherently manipulative trading pattern of Darjeeling Group entities has been established on the strength of independent evidence and the unusual trading pattern of Sub-Groups 2 and 3 entities during the pre-SMS period and the circulation of bulk SMSes during the SMS period only go on to establish the footprint of Mr. Hanif Shekh in the fraudulent scheme.

(c) *The Darjeeling Group entities traded with their own funds, there were no multiple layers of fund transfers and the profits were retained by these entities.*

(i) There is no requirement that the fraudulent scheme orchestrated by Mr. Hanif Shekh has to unfold in an exactly identical manner in every scrip. As already noted hereinbefore, the role of the Darjeeling Group entities has been established on the strength of independent evidence, and thus, hyper technical distinctions, such as trades being self-funded and retention of profits, as sought to be highlighted by these Noticees, are not material in nature and cannot be artificially stretched so far as to absolve the Noticees of their liability. It is not the case of SEBI that the transfer of profits to entities controlled by Mr. Hanif Shekh is a *sine qua non* to establish the fraudulent scheme in each of the 5 scrips. Once it has been established that the trading on part of the Noticees concerned was fraudulent or manipulative, the retention of profits by the Noticees themselves does not alter the nature of the violations.

(ii) Further, I note that even in the VFL scrip, the promoter-connected Chiripal Group entities were, like the Darjeeling Group entities, not alleged to have been funded by someone else or to have transferred their profits to other entities. Therefore, this particular circumstance is not even unique to the Darjeeling Group entities, as sought to be contended by them.

(d) *In the case of other scrips, only those Noticees who have been termed as offloaders based on shares sold during SMS period, have been asked to disgorge. Accordingly, in DRCL scrip also, only the Sub-Groups 2 and 3 Noticees, who sold during SMS period, should be asked to disgorge the unlawful*

gains and not the Darjeeling Group entities, that too on the basis of shares sold during entire investigation period.

(i) I note that this argument is factually inaccurate on two counts, viz., because the Darjeeling Group entities also indulged in heavy offloading during the SMS period, much like the Sub-Groups 2 and 3 Noticees, and secondly, because in the scrip of MUL also, the alleged unlawful gains made by PV Influencers were directed to be impounded, in addition to the gains made by the Offloaders.

(ii) The underlying rationale for issuing directions for impounding or disgorgement is that wrongdoers should be deprived of unjust enrichment, and accordingly, there cannot possibly be an artificial segregation that gains made only during a particular phase of manipulation can be disgorged.

(iii) In the other three scrips, *viz.,* 7NR, GBL and VFL, it was observed that the price manipulation and creation of artificial volume during the pre-SMS periods and the Offloading during the SMS periods were carried out in the respective scrips by the entities belonging to the same Sub-Group, and the unlawful gains to such Sub-Group entities had accrued largely during the Offloading phase. This is especially because an apparent trading pattern of only placing buy trades during pre-SMS period and only placing sell trades during SMS period has been observed in the case of Hanif-Shekh connected Sub-Groups 2 and 3 entities. Thus, from an enforcement point of view, the Interim Order cum SCN directed impounding of gains accrued only during the Offloading phase in those scrips, since no substantial gains were, in any case, found to have been made during the pre-SMS periods.

(iv) Be that as it may, I hasten to add at this juncture that once wrongdoing is established, SEBI retains the discretion to select the appropriate remedy, provided the same is proportionate, reasonable, non-arbitrary and consistent with the governing statutory framework. Accordingly, I find that merely because no directions for disgorgement of wrongful gains, if any, accrued to certain Noticees in the scrips of 7NR, VFL and GBL during pre-SMS periods were envisaged, the same does not act as an estoppel so as to foreclose the

remedy of directing disgorgement of the entire wrongful gains made by Darjeeling Group entities in the scrip of DRCL (or by the PV Influencers in the scrip of MUL), regardless of the stage of manipulation when these gains were made. There is no intelligible differentia between the pre-SMS and the SMS period in the context of unlawful gains, so as to artificially read a limitation in the statute on the powers of SEBI to direct disgorgement of such unlawful gains. This is especially relevant when it is observed that Darjeeling Group entities have made substantial gains during the pre-SMS period itself while manipulating the price and volume in the scrip.

(e) No connection has been proved in the SCN between Mr. Hanif Shekh and the Darjeeling Group entities, unlike other scrips.

(i) At the outset, I note that the SCN had alleged that the Darjeeling Group entities were connected to DRCL and no connection of these entities as such to Mr. Hanif Shekh was alleged.

(ii) Having said that, I note that even if there is no direct connection of these entities with Mr. Hanif Shekh, their connection to the fraudulent scheme orchestrated by Mr. Hanif Shekh is apparent from the similarities in their trading pattern with that of the Hanif Shekh-controlled Sub-Groups 2 and 3 (the other set of PV Influencers), viz., creation of artificial price and volume by means of *inter se* and synchronized trades during the pre-SMS period, and also facilitating the exit of promoter, Mr. Himanshu Shah from DRCL. The fact that this price manipulation and creation of artificial volume by entities of Darjeeling Group and Sub-Groups 2 and 3 was followed by circulation of bulk SMSes by Mr. Hanif Shekh and consequent offloading of shares by these groups, leaves no doubt whatsoever in a discerning mind that the Darjeeling Group entities, like the Sub-Groups 2 and 3, were working towards the execution of the scheme orchestrated by Mr. Hanif Shekh.

(iii) At this stage, I also note that even in the VFL scrip, no connection as such was alleged between Mr. Hanif Shekh and one set of PV Influencers, viz., the promoter-connected Chiripal Group, whereas the role of the Chiripal Group

entities in artificially manipulating the price and volume in the scrip during the pre-SMS period was clearly discernible and identical to the other set of PV Influencers, i.e., the Sub-Groups 2 and 3, and GBFL.

In this regard, it is trite to note that what is ultimately relevant for the charge in the present matter is not whether all the 225 discrete entities were directly connected with Mr. Hanif Shekh, but whether the trading profile of such entities aligned with the *modus operandi* of the fraudulent scheme orchestrated by Mr. Hanif Shekh.

(f) The DRCL scrip was placed under the surveillance measures by BSE in December 2018 and when the scrip came out of surveillance measures in March 2019, the price had dropped and thus, it could not be alleged that the Noticees influenced the scrip price. Further, the scrip was placed under surveillance measures during the SMS period and thus, no profits could be made. Accordingly, any profits which were made in the scrip were made only by ordinary trading activities and not manipulation.

(i) I note that the Noticees have attempted to selectively fragment the Investigation Period to portray a misleadingly favourable picture of their conduct, instead of considering the Investigation Period in its entirety, which conveys the true state of affairs. The mere fact that the price of the scrip dropped during certain periods when the scrip was under surveillance measures cannot be the mitigating factor to claim that these Noticees were not at all involved in the scrip manipulation, especially when their role in creating artificial price and volume, *inter alia*, by means of *inter se* and synchronized trading has been established and imposition of the surveillance measures was also possibly on account of the manipulative trading by these Noticees.

At the cost of reiteration, I note that the Darjeeling Group entities along with the entities of Sub-Groups 2 and 3 disproportionately contributed approx. 32% and 36% of the buy and sell volumes respectively in the DRCL scrip across the pre-SMS period, during which the price of the scrip moved from ₹11.9/- to ₹ 103/- without any underlying change in the fundamentals and

performance of the company. The imposition of surveillance measures merely depressed the quantum of profits which would have been otherwise generated by the Noticees by their trading activity in the scrip and cannot possibly lead to an inference that due to imposition of these surveillance measures for a limited period, there was no price manipulation and creation of artificial volume at all in the scrip during the extended pre-SMS period and the substantial profits made by the Noticees were purely the result of their trading acumen.

552. In view of the foregoing discussion, I am of the considered view that the distinctions sought to be drawn by the Darjeeling Group entities in the DRCL scrip vis-à-vis the other scrips are merely artificial and peripheral, and do not detract from the substance of price manipulation and creation of artificial volume, as already established hereinbefore.

553. I note that apart from their common submissions, certain specific submissions have also been made by some of the Darjeeling Group entities. For instance, Ms. Dhavani Shah (Noticee 160) has averred that she retained a large portion of her DRCL holdings beyond the peak price period, accumulated DRCL shares even in December 2019 and did not engage in massive offloading during SMS period, which indicates that she was not part of a fraudulent pump and dump scheme. In this regard, I note from the trade log of DRCL that Ms. Dhavani Shah had entered into multiple synchronised trades with other Darjeeling Group entities such as Mr. Mehul Shah on November 26, 2019, and with entities of Bhavin Shah family, viz., Mr. Arvind Shantilal Shah, Mr. Yash Manish Mehta and Mr. Ramnaresh Nirmal on December 20, 2019. Further, she has herself admitted that she obtained funds from Ms. Rupal Bhavin Shah for trading purpose and that Mr. Bhavin Shah was aware of her interest in DRCL scrip. Considering the above trading pattern and the above discussed connections and findings, I am of the view that Ms. Dhavani Shah was part of the Darjeeling Group entities and involved in price manipulation and creation of artificial volume.

554. I also take note of a contention of Mr. Aakash Dilip Doshi that in his allegedly positive LTP trades, the orders of the counterparties were placed prior in time and thus, he was only a price taker in those trades. However, I note from the trade log in the scrip of DRCL that more than 86% of this Noticee's buy quantity (63,180 shares out of 73,206 shares) matched with trades of other Darjeeling Group entities. I am of the view that once such disproportionate matching of trades is evident from the material on record clearly establishing a premeditation amongst counterparties, the arguments such as sell orders being prior in time to the Noticee's buy orders are rendered futile.

555. Mr. Yash Manish Mehta (Noticee 157) has argued that the Interim Order ignored that there were material corporate announcements made by DRCL in March 2019 and thus, any rise in the scrip could not be attributed to his trades and at best, could be attributed to such announcements. In this regard, I note that the Noticee has referred to only one corporate announcement dated March 29, 2019 regarding DRCL receiving certain contracts/tenders. I find that the instant argument of the Noticee is not only an oversimplification but also does not have any factual basis. The price of the DRCL scrip increased from INR 11.9/- to INR 103/- during the long sustained pre-SMS period of 21 months (i.e., April 2, 2018 to December 22, 2019) and thus, no reasonable person can contend that the price rise was due to a single corporate announcement which was also brought out almost one year after the start of the pre-SMS period, that too when the price had already reached INR 90.25/- on the day of the said corporate announcement. Thus, the attempt of the Noticee to attribute the price rise in the scrip to a singular corporate announcement and thereby, distance the Darjeeling Group entities from the price manipulation and creation of artificial volume is futile.

556. Mr. Ankur Suresh Mehta (Noticee 163) has contended that only very few of his trades matched with entities known to him, viz., Ms. Kruti Kevin Kapadia and Shashikant Kapadia. Further, very few of his trades were allegedly synchronized and that too, not with entities known to him. I find relevant to emphasize here that once the *inter se* connections amongst all the Darjeeling Group entities have been

proved, the contention of Mr. Ankur Suresh Mehta that he is only connected to the Kapadia family, is subsumed in the elaborate findings in the earlier paragraphs describing the connections amongst the constituent entities of the Group. In this context, I also note from the trade log that a large number of buy trades of Mr. Ankur Suresh Mehta matched with Mr. Mehul Shah and Mr. Arvind Shah on October 18, 2019 (12 trades out of total 15 trades on that day) and a large number of his sell trades matched with Ms. Kruti Kevin Kapadia on November 28, 2018, December 3-4, 2018 (all of his sell trades on December 3-4, 2018), some of which were also synchronized trades. Similarly, on October 4, October 15 and November 22, 2019, a large number of trades of Mr. Ankur Suresh Mehta had matched with other connected entities, viz., Mr. Mehul Shah, Mr. Yash Mehta and Mr. Ramnaresh Nirmal.

557. Such substantial matching on a repetitive basis goes on to prove, on a preponderance of probability basis, that the aforesaid Noticee's trades were part of the larger trading pattern of the Darjeeling Group entities of creation of artificial price and volume. In light of such large-scale matching of trades of Mr. Ankur Suresh Mehta with several Darjeeling Group entities, I find that the submission of Mr. Ankur Suresh Mehta that transfer of shares between him and Mr. Shashikant Kapadia was in lieu of a collateral against a loan extended to the latter, addresses only the facet of receipt of some shares by him and does not substantively advance his defence against price manipulation and creation of artificial volume in any manner. In the face of such irrefutable evidence, I am of the view that the judgments of the Hon'ble SAT cited by the Mr. Ankur Suresh Mehta, viz, *Ketan Parekh vs. Securities and Exchange Board of India, Indivar Traders Private Limited vs. SEBI* and *Ashlesh Shah Vs. SEBI,* to contend that he was not connected or acting in connivance with any of the Darjeeling Group entities are inapplicable.

558. Further, I am not inclined to favourably consider the submission of Mr. Ankur Suresh Mehta that he did not sell any shares during the SMS period and sold his DRCL shares much after the Investigation Period, that too at a loss, since the primary allegation against the Darjeeling Group entities pertains to the price-volume

manipulation during the pre-SMS period, rather than the SMS period. Further, it has already been recorded that the apparent scheme of offloading of shares did not work as per expectation for any of the Noticees, including those belonging to Sub-Groups 2 and 3 due to the imposition of surveillance measures and thus, not selling any shares during the SMS period cannot be considered to be the indicator of innocence of a Noticee.

559. In the same vein, I take note of similar arguments made by other Noticees, viz., Mr. Bhashit Shah, Mr. Mehul Shah and Ms. Vidhi Mehul Shah that their trading patterns were normal, their trading activity was spread over many days, many of their trades matched with non-Noticees, etc. Ms. Vidhi Mehul Shah had also contended that she had merely traded for 2 days during the entire Investigation Period, which comprised 9 buy trades and no sell trades. From the trade log of DRCL, I observe that there was a large scale matching of trades between Mr. Bhashit Shah and Mr. Shashikant Kapadia (from whom he had purportedly taken a loan) and his other family members. Similarly, a common trading pattern was observed in the case of Mr. Mehul Shah and Ms. Vidhi Mehul Shah, viz., large scale matching of trades with other Darjeeling Group entities during the month of November 2019, including several synchronized trades and trades, which were meant to provide exit to Mr. Himanshu Shah, and thus, the mere fact that Ms. Vidhi Mehul Shah traded only on a few occasions is immaterial, especially since she has accepted in her submissions that trading decisions on her behalf were taken by Mr. Mehul Shah. Accordingly, the aforesaid arguments of the Noticees cannot be accepted.

560. The Noticees of the Bhavin Shah family, viz., Noticees 156, 158, 159 and 201 have contended that Mr. Bhavin Shah who was alleged to have traded on behalf of Noticees 156, 158 and 159, also traded in 13,895 shares of DRCL, but his trades were not considered manipulative in the SCN and thus, there was cherry-picking in the investigation. At the outset, I acknowledge that this submission of the Noticees is factually true. In this regard, I note from the material on record that the magnitude of the trading activity carried out by Mr. Bhavin Shah during the pre-SMS period in his own account (13,895 shares bought on only 3 days during the pre-SMS period)

was miniscule as compared to the cumulative trading quantity in the accounts of his 3 family members (Buy quantity – 7,01,498 shares). However, I am of the view that mere miniscule volume of trading cannot be considered to be a valid justification for investigation to not impugn the trades of such person in the SCN as manipulative and appears to be an oversight, especially since the nature of allegations in this matter is that entities were acting in a collective manner and not in an individual capacity *per se*.

561. That being said, I also note that the SCN has levelled the same allegations against Mr. Bhavin Shah as have been levelled against the other PV Influencers in the scrip of DRCL, including his family members. Thus, even though the SCN has inadvertently not impugned the transactions in Mr. Bhavin Shah's account, this omission creates no substantive difference since the core illicit act and the evidence in support remain the same. Further, I note that the argument regarding SEBI cherry-picking transactions to level allegations against the Noticees has already been dealt with at para 545 above.

562. Another argument made by the Bhavin Shah family was that the DRCL scrip was hitting lower circuits on December 26 and 27, 2019 and sensing something wrong, they sold shares and booked losses but also bought some shares to earn intra day difference and average out the selling price. In this regard, I note that the SCN, in respect of these Darjeeling Group Noticees, had alleged that they manipulated price and volume in the scrip during the pre-SMS period and had started exiting their positions in the DRCL scrip when the price of the scrip was in the inflated range. However, there was no specific allegation in the SCN that these Noticees were part of the offloading activity in the scrip during the SMS period (December 23 to 27, 2019) like the entities of Sub-Groups 2 and 3 and thus, the present argument of the Noticees of Bhavin Shah family, which seeks to justify their selling activity during the SMS period, does little to aid their defence since their manipulative conduct during the pre-SMS period has already been established.

563. I now proceed to examine the specific arguments advanced by Mr. Himanshu Shah, the promoter of DRCL, other than the common submissions, which have been dealt with earlier. Mr. Himanshu Shah has argued that unlike connections amongst other entities, he is not alleged in the SCN to be connected to other Noticees either through phone calls, addresses or phone numbers. In this regard, I am of the view that the connection of other Darjeeling Group entities to DRCL has been premised upon their connection with the CFO of DRCL or in light of their apparent trading pattern meant to create artificial price and volume, in order to, ultimately, provide an exit to Mr. Himanshu Shah from DRCL. The role of Mr. Himanshu Shah as the beneficiary of the fraudulent scheme in the scrip of DRCL has already been discussed along with the network of connections amongst the entities involved in the said scheme. It does not appeal to reason that a certain group of entities would execute a scheme in order to benefit a person whom they do not know. Accordingly, even if it is accepted that Mr. Himanshu Shah did not have any direct connection with the Darjeeling Group entities by means of a common mobile number or address, the same does not prove that he was not a part of the scheme which was designed, *inter alia*, for his benefit.

564. Mr. Himanshu Shah has also contended that Table No. 60 of the SCN, which illustrates the trading pattern of Sub-Groups 2 and 3 entities taking turns to match their buy trades with his sell trades, did not detail all the trades, which took place on that day since only 45.6% of his trades matched with Sub-Groups 2 and 3 entities. He also argued that the SCN at paras 150.4 and 150.5, while illustrating another such instance of matching trades, itself acknowledged that the first buy order by Sub-Groups 2 and 3 entities was placed 9 minutes after the sell order of the Noticee which indicated that there was no coordination between the buy and sell orders. In this regard, I note that the admitted 45.6% matching of trades of Mr. Himanshu Shah with Hanif Shekh-connected Sub-Groups 2 and 3 entities on a single day in an illiquid scrip like DRCL is itself an overwhelming matching proportion, and when seen in light of the fact that this pattern of matching was repeated on five other trading days (where certain orders of Darjeeling Group entities also matched with those of Mr. Himanshu Shah) which enabled Mr. Himanshu Shah to bring his holding in DRCL

from 26.73% down to 8.32%, it is clear that these trades were meant merely to inflate the trading volumes and to facilitate the exit of Mr. Himanshu Shah from the scrip. Further, while Mr. Himanshu Shah has harped on the fact that there was a time gap of 9 minutes between his sell order and the buy orders by Sub-Groups 2 and 3 entities on August 29, 2019, I find that what is more relevant to prove that Sub-Group 2 and 3 entities were acting in a concerted manner with Mr. Himanshu Shah, is that 38 of their buy orders were placed within less than one minute of each other at an identical price, since the possibility that 38 orders were placed in an illiquid scrip within such a short span of time, by disparate entities connected to Mr. Hanif Shekh, without any ulterior motive, is highly remote.

565. Mr. Himanshu Shah also argued that he did not sell his holding in DRCL completely and also did not sell during the SMS period when the volume had surged significantly, which meant that his trading was not for the purpose of fully exiting the scrip but was bonafide. In the above discussed facts and circumstances, I am not convinced by the argument that he could be held liable for manipulation only if he had sold 100% of his shareholding or would have offloaded shares during the SMS period, since the very fact that a promoter who has gained control of the company in 2018, sells off approx. 70% of his shareholding in the market within one year, where the counterparties to his sell trades are mostly entities directly or indirectly connected to him, or entities connected to Mr. Hanif Shekh, is, in itself, highly incriminating. Further, the SMS period was cut short and rendered ineffective due to the imposition of surveillance measures by BSE, which was an extraneous intervening circumstance, and thus, the mere fact of no offloading by Mr. Himanshu Shah, or for that matter by any other entity, during this period, would not absolve them of the liability for manipulative trading. Given that the imposition of said surveillance measures was possibly on account of the manipulative trading by the Darjeeling Group Noticees, the present argument appears to be an attempt at taking advantage of their own wrong and thus, deserves no latitude.

566. I note from the replies of Sub-Group 2 and 3 entities that they have not made any substantive submissions in respect of their trading pattern in DRCL, other than the

ones which have already been dealt with while analyzing their trading pattern in the other four scrips.

567. In this view of the matter, I am of the considered view that the Darjeeling Group entities along with Sub-Group 2 and 3 entities were involved in price manipulation and creation of artificial volume in DRCL scrip during the pre-SMS period.

Circulation of buy recommendations and offloading activity in the scrip of DRCL

568. Moving forward, I note that the scrip followed a similar pattern of bulk SMS circulation during the SMS period (December 23-27, 2019) as the other scrips discussed in this Order and even though such SMS circulation did not lead to a palpable increase in the price of the scrip due to imposition of surveillance measures, it did lead to an almost 14 times surge in the trading volume in the scrip. This facilitated the Hanif Shekh-connected Sub-Groups 2 and 3 entities as mentioned at Table Nos. 64 and 65 of the SCN, some of whom were also involved in price manipulation and creation of artificial volume during the pre-SMS period, to offload their shares *en masse*. Further, as was observed for the other scrips, which also witnessed offloading by Sub-Groups 2 and 3, the entities belonging to these Sub-Groups ultimately transferred their sale proceeds, through intermediate conduit entities, to entities controlled by Mr. Hanif Shekh, and in absence of any convincing justification for their unusual conduct, I find that the allegation of offloading shares of DRCL by the Sub-Groups 2 and 3 entities at inflated prices to earn unlawful gains, for the ultimate benefit of Mr. Hanif Shekh, stands established.

569. In light of the foregoing discussion, I am of the view that the ***Issue A.*** framed at para 192 above, viz., whether the allegations levelled against the Noticees in the SCN are established in light of the evidence available on record and the defences put forth by the Noticees, is answered in the affirmative.

ROLE AND LIABILITY OF ENTITIES

570. Having examined the allegations pertaining to the fraudulent scheme of price manipulation and creation of artificial volume and consequent offloading of shares as set out in the SCN, I now proceed to deal with the ***Issue B.*** framed at para 192 above, i.e., scrip-wise determination of the specific role played by the various Noticees and the attendant violations thereby of relevant statutory provisions.

IN THE SCRIP OF MAURIA UDYOG LTD.

Liability of PV Influencers for influencing the price and volume in the scrip

571. The SCN alleged that the PV Influencers in MUL scrip (Noticees 134 to 144), by artificially influencing the price and volume in the scrip in order to build a momentum and induce other investors to invest in the scrip, violated the provisions of Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(a), (b), (e) and (g) of the PFUTP Regulations.

572. I note that Section 12A(a), (b), (c) of the SEBI Act, together with Regulations 3(a), (b), (c) and (d), and 4(1) of the PFUTP Regulations, broadly prohibits any person from using manipulative or deceptive devices, schemes or artifices to defraud, or from indulging in manipulative, fraudulent or unfair trade practices in securities. Further, by virtue of Regulations 4(2)(a), (b), (e) and (g) of the PFUTP Regulations, knowingly creating false or misleading appearance of trading, manipulation of the price of a security, and entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security and with the intention of inflating, depressing or causing fluctuation in the price of the security for wrongful gain or avoidance of loss, are deemed to be manipulative, fraudulent or unfair trade practices.

573. In the preceding paragraphs, it has already been concluded that the PV Influencers in MUL scrip contributed significantly to the LTP and created substantial artificial volume in the illiquid scrip by trading amongst themselves, that too repetitively, and

in a synchronised manner, thereby also ensuring that the ownership of the shares stayed with the PV Influencers. Accordingly, I am of the view that the actions of these PV Influencers, i.e., Noticees 134 to 144 have led to the violation of Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(a), (b), (e) and (g) of the PFUTP Regulations.

Liability for circulation of buy recommendations in the MUL scrip

574. Moving on to the stage of circulation of buy recommendations in the MUL scrip, the SCN alleged that Mr. Hanif Shekh, by creation of websites and sender IDs used to send bulk SMSes for circulating buy recommendations, violated the provisions of Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(k) and (r) of the PFUTP Regulations. Apart from the aforementioned legal purport of Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c) and (d), and 4(1) of PFUTP Regulations of, *inter alia*, proscribing manipulative, fraudulent or unfair trade practices in securities markets, I note that the Regulations 4(2)(k) and (r) of the PFUTP Regulations, *inter alia*, deem the act of disseminating false or misleading information or advice which is designed to or likely to influence the decision of, or induce investors to deal in securities, as a manipulative, fraudulent or unfair trade practice.

575. In this regard, I note that it has already been established that Mr. Hanif Shekh was responsible for circulation of buy recommendations and price targets for MUL scrip and disseminating misleading information such as impending listing of the scrip of NSE, through websites and bulk SMSes. Further, it was observed that circulation of such buy recommendations and misleading information led to a significant increase in the price as well as the volume in the scrip, thereby inducing other investors to invest in the scrip, and consequently enabled the off-loaders to exit the scrip by offloading their shares at inflated prices, and earn substantial unlawful profits. Accordingly, the violation by Mr. Hanif Shekh of Section 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(k) and (r) of the PFUTP Regulations stands established. Further, Noticee No. 226 (Mr. Chandraprakash Valchand Parekh), the proprietor of Sambhavnath Traders, by making the payment

to FEPL for creation and development of website www.midcapgains.in, which was used for circulation of buy recommendations, was also instrumental in circulation of these buy recommendations and inducing the investors and is thus, liable for violation of these aforesaid statutory provisions.

Liability of Collaborators for maintaining liquidity in MUL scrip and of Mr. Malay Bhow in acting as a link between Mr. Hanif Shekh and the Collaborators

576. Simultaneous to the circulation of buy recommendations in the MUL scrip, it was observed that during the SMS period, a group of entities termed as 'Collaborators' (Noticee 145 to 151) was taking turns to deal in the MUL scrip, largely by means of intra-day trades even at the expense of incurring continuous losses and it has been established hereinbefore that such intentional trading for incurring losses was for the ultimate aim of maintaining liquidity and sustaining the trading momentum, rendering it manipulative in nature. Accordingly, I find that the violation of Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(a) of the PFUTP Regulations, as alleged in the SCN, stand established against the Collaborators and Mr. Hanif Shekh, who is found to have been connected with the Collaborators (Noticee 145 to 151) through Mr. Malay Bhow (Noticee 152) and was responsible for circulation of buy recommendations at the same time as the Collaborators were manipulatively trading in the scrip. In this context, the violation of Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c) and (d), and 4(1) of the PFUTP Regulations by Mr. Malay Bhow (the link between the Collaborators and Mr. Hanif Shekh) also stands conclusively proved.

577. Further, the SCN has also alleged violation by the Collaborators (Noticee 145 to 151) of Regulations 4(2)(b) and (e) of the PFUTP Regulations, which, *inter alia*, deal with manipulation, fluctuation, inflation or depression of the *price* of a security whereas no evidence has been brought forth in the SCN as to whether the Collaborator entities, in addition to creation of artificial *volumes* (already established), had any role to play in manipulation of the *price* of the MUL scrip and thus, I find that this charge against the Collaborators entities is not substantiated.

Liability of MUL promoters for the actions of PV Influencers and Collaborators and for circulation of buy recommendations

578. At this stage, I take note that as per the SCN, the promoters of the company, viz., Mr. Navneet Sureka and Ms. Deepa Sureka (Noticees 8 and 9, respectively) were allegedly liable for the actions of the PV Influencers, Collaborators and Mr. Hanif Shekh (who allegedly circulated the buy recommendations), since the manipulative scheme was executed ultimately for the benefit of the promoters. In this regard, even though the actions of the PV Influencers, Collaborators and Mr. Hanif Shekh (who allegedly circulated the buy recommendations) have been proved to have ultimately benefitted the MUL promoters (in addition to Mr. Hanif Shekh), the SCN has not brought out any evidence to prove either that the promoters of MUL were in contact with the PV Influencers or the Collaborators, knew of their exact *modus operandi* or had any fund transfers with them. Further, no active role or even actual knowledge of the promoters of circulation of the buy recommendations in the MUL scrip has been brought out in the SCN. Accordingly, I am of the view that the charges levelled against the MUL promoters in the SCN in relation to the activities of PV Influencers, Collaborators and for circulation of buy recommendations remain *unsubstantiated*, and thus, they *cannot* be held liable for these aspects of the fraudulent scheme orchestrated by Mr. Hanif Shekh in the scrip of MUL.

579. At this point , I deem it fit to clarify that even though the evidence on record has been found to be inadequate to establish the role of MUL's promoters in respect of the activities of price volume manipulation, maintenance of volume by collaborators and circulation of buy recommendations via SMS / website, the same does not eliminate their role in the overall fraudulent scheme since it has been established that they were the recipients of the unlawful proceeds of the offloading activity by Sub-Group 1, i.e., the employees of MUL who have been found to have acted at the behest of MUL's promoters. The role and liability of MUL's promoters in relation to the receipt of the unlawful proceeds of the offloading activity is discussed in the ensuing section.

Liability of Offloaders, MUL promoters and Mr. Hanif Shekh for offloading of shares of MUL

580. Finally, as regards the offloading activity in the MUL scrip, the SCN alleged that Sub-Group 1 entities (Noticees 12 to 73), Sub-Group 2 entities (Noticees 84 to 99) and Sub-Group 3 entities (Noticees 100 to 118) along with Mr. Hanif Shekh and the MUL promoters, Mr. Navneet Sureka and Ms. Deepa Sureka were liable for violation of Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(a) of the PFUTP Regulations, *inter alia*, for deliberate unwarranted interference in the operation of ordinary market forces of supply and demand and portraying a misleading appearance of trading in the market.

581. In this regard, it has already been established that the Sub-Group 1 Noticees were merely the fronts for holding shares on behalf of the promoters of MUL and sold those shares *en masse* at inflated prices once the bulk SMS circulation led to inducement of innocent investors in the scrip, and thereafter, transferred the sale proceeds to the promoter related entities and MUL. However, as noted earlier in this Order, two of the Sub-Group 1 Noticees, viz., Mr. Dashrath Yadav (Noticee 46) and Ms. Saroj Yadav (Noticee 69) did not sell any shares during the SMS period.

582. Further, the Sub-Groups 2 and 3 entities, who did not have the financial wherewithal to deal in such huge volumes and were found to have been funded by other entities, have been held in this Order to be controlled by Mr. Hanif Shekh and to have offloaded their shares at inflated prices and thereafter, transferred their sale proceeds ultimately to entities controlled by Mr. Hanif Shekh, albeit through conduit entities. Accordingly, this heavy selling by Sub-Group 1 (Noticees 12 to 45, 47 to 68, 70 to 73), Sub-Group 2 (Noticees 84 to 99) and Sub-Group 3 (Noticees 100 to 118) entities at inflated prices, exactly at the time when SMSes were circulating in the scrip, not only created a misleading appearance of trading but also ultimately distorted the ordinary forces of supply and demand, and thus, these Sub-Groups 1, 2 and 3 entities violated the provisions of Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(a) of the PFUTP Regulations. Further, it is clear that Mr. Hanif Shekh and the MUL promoters, Mr. Navneet Sureka

and Ms. Deepa Sureka, by being the ultimate beneficiaries (through the entities controlled by them) of this heavy offloading of shares, were intricately involved in this stage of fraudulent trading, and thus, are also liable for violation of these aforesaid provisions.

583. Furthermore, MUL and its connected entities, viz., Linkwise and Vee-EM, by receiving sale proceeds from Sub-Group 1 entities, and enabling the MUL promoters to benefit from the scheme, are also held liable for violation of Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c) and (d), and 4(1) of the PFUTP Regulations. In the same vein, Noticees 74 and 75, viz., Mr. Deepak Kumar Garg and Mr. Davinder Kumar Gupta, who have been found to have been involved in managing the fraudulent offloading activity of the Sub-Group 1 entities (Noticees 12 to 45, 47 to 68, 70 to 73), are also held liable for violation of Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c) and (d), and 4(1) of the PFUTP Regulations.

IN THE SCRIP OF VISHAL FABRICS LTD.

Liability for price manipulation and creation of artificial volume in VFL scrip by PV Influencers

584. Since the broader *modus operandi* of the fraudulent scheme was *common* across all the five scrips, I am of the view that in line with the aforesaid discussion (in respect of the MUL scrip) regarding the role of PV Influencers and earlier findings regarding price manipulation and creation of artificial volume in the VFL scrip carried out by Goenka Business Finance Limited (GBFL) and the entities enumerated at Table No. 32 of the SCN, viz., Chiripal Group (Noticees 77 to 83 and 193 to 200), Sub-Group 2 (Noticees 84, 85, 87 to 91, 93 to 95, 98 and 99) and Sub-Group 3 (Noticees 100 to 102 and 106 to 118), the charge of violation of Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(a), (b), (e) and (g) of the PFUTP Regulations by these entities on account of price manipulation and creation of artificial volume in VFL as PV Influencers, stands established.

Liability for circulation of buy recommendations in VFL scrip

585. Moving on to the stage of circulation of buy recommendations in the VFL scrip, I note that the role of Mr. Hanif Shekh in circulation of buy recommendations across all the five scrips and thereby, inducing other investors to invest in the scrip and enabling the offloaders to exit the scrip by making unlawful gains has already been established and accordingly, the violation of Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(k) and (r) of the PFUTP Regulations by Mr. Hanif Shekh stands established for the VFL scrip as well.

However, I am of the view that the SCN has *not* brought out any direct role of the promoter-connected PV Influencers in the matter, viz., the Chiripal Group entities (Noticees 77 to 83 and 193 to 200) in circulation of the buy recommendations and thus, the allegation in the SCN that they were complicit with Mr. Hanif Shekh in sending bulk SMSes is *not established.*

Liability of members of Chiripal Group and Sub-Groups 2 and 3 for offloading shares of VFL

586. As regards the stage of offloading activity in the VFL scrip, the very fact that some of the entities of the Chiripal Group (Noticees 77 to 83, enumerated at Table No. 39 of the SCN) were involved in heavy selling activity at the opportune time when the buy recommendations in the scrip were circulating and these entities were themselves involved in creation of artificial price and volume in the scrip during the pre-SMS period, goes on to prove that they not only created a misleading appearance of trading but also distorted the ordinary forces of supply and demand and offloaded their holdings in the scrip, and thus, the Noticees 77 to 83 of the Chiripal Group violated the provisions of Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(a) of the PFUTP Regulations. Further, similar to the MUL scrip, the Sub-Group 2 (Noticees 94, 95, 98 and 99) and Sub-Group 3 (Noticees 100 to 102, 105 to 118) offloaders in the VFL scrip (as enumerated at Table Nos. 40 and 41) are also liable for violation of these provisions. Furthermore, Mr. Hanif Shekh (through entities controlled by him), being the ultimate

beneficiary of this heavy offloading of shares by these Sub-Group 2 and 3 entities, was intricately involved in this stage of fraudulent trading, and thus, he is also liable for violation of these provisions.

IN THE SCRIP OF 7NR RETAIL LIMITED

587. In light of the foregoing discussion regarding liability of entities for price manipulation and creation of artificial volume, circulation of buy recommendations and offloading, I hold that the following violations stand established against the entities involved in the 7NR scrip:

(a) The entities of the Gohil Group and Sub-Group 3 as mentioned at Table No. 44 of the SCN (Noticees 100 to 118, 119 to 133 and 168 to 181) violated Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(a), (b), (e) and (g) of the PFUTP Regulations, by artificially influencing the price and volume in the 7NR scrip in order to build a momentum and induce other investors to invest in the scrip.

(b) Mr. Hanif Shekh, being responsible for circulation of buy recommendations in the 7NR scrip, violated the provisions of Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(k) and (r) of the PFUTP Regulations. Further, Mr. Chandraprakash Valchand Parekh, the proprietor of Sambhavnath Traders, by making the payment to First Economy Pvt. Ltd. (FEPL) for creation and development of website www.midcapgains.in, which was used for circulation of buy recommendations, also violated these statutory provisions.

(c) The offloaders in the 7NR scrip, viz., the entities of Gohil Group and Sub-Group 3 as mentioned at Table No. 46 of the SCN (Noticees 119 to 133) and Table No. 47 of the SCN (Noticees 100 to 117), along with the mastermind of the scheme, Mr. Hanif Shekh violated Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(a) of the PFUTP Regulations.

IN THE SCRIP OF GBL INDUSTRIES LTD.

588. In light of the foregoing discussion regarding liability of entities for price manipulation and creation of artificial volume, circulation of buy recommendations and offloading, I hold that the following violations stand established against the entities involved in the GBL scrip:

(a) The entities of *'11 Entities Group'* (Noticees 182 to 192) and the entities of the Gohil Group (Noticees 120, 122, 124, 125, 126, 130, 132, 133, 173, 176 and 180) as mentioned in Table No. 51 of the SCN, by artificially influencing the price and volume in the scrip in order to build a momentum and induce other investors to invest in the scrip, violated Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(a), (b), (e) and (g) of the PFUTP Regulations. Further, the entities of the *'11 Entities Group'* (Noticees 182 to 192) as mentioned at Table No. 50 of the SCN, by indulging in circular transactions in GBL scrip with each other in order to create a false appearance of trading, also violated Regulation 4(2)(n) of the PFUTP Regulations.

(b) Mr. Hanif Shekh, being responsible for circulation of buy recommendations in the GBL scrip, violated the provisions of Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(k) and (r) of the PFUTP Regulations.

(c) The offloaders in the GBL scrip, viz., the entities of Gohil Group and Sub-Group 3 as mentioned at Table No. 55 of the SCN (Noticees 100, 103-106, 108, 109, 112 and 116) and Table No. 56 of the SCN (Noticees 120, 122, 124, 125, 130, 132, 133, 173 and 176), along with the mastermind of the scheme, Mr. Hanif Shekh violated Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(a) of the PFUTP Regulations.

IN THE SCRIP OF DARJEELING ROPEWAY COMPANY LTD.

589. In light of the foregoing discussion regarding liability of entities for price manipulation and creation of artificial volume, circulation of buy recommendations and offloading, I hold that the following violations stand established against the entities involved in the DRCL scrip:

(a) The entities of Darjeeling Group (Noticees 153 to 167), Sub-Group 2 (Noticees 84 to 98) and Sub-Group 3 (Noticees 100-108, 111, 113-115, 117 and 118) as mentioned in Table No. 59 of the SCN, along with Mr. Bhavin Shah (Noticee 201) and Mr. Kevin Kapadia (Noticee 202) who traded on behalf of their family members who were part of the Darjeeling Group, by artificially influencing the price and volume in the scrip in order to build a momentum and induce other investors to invest in the scrip, violated Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(a), (b), (e) and (g) of the PFUTP Regulations.

(b) Mr. Hanif Shekh, being responsible for circulation of buy recommendations in the DRCL scrip, violated the provisions of Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(k) and (r) of the PFUTP Regulations. Further, Mr. Chandraprakash Valchand Parekh, the proprietor of Sambhavnath Traders, by making the payment to FEPL for creation and development of website www.midcapgains.in, which was used for circulation of buy recommendations, also violated these statutory provisions.

(c) The offloaders in the scrip, viz., the entities of Sub-Groups 2 and 3 as mentioned at Table No. 64 of the SCN (Noticees 84 to 99) and Table No. 65 of the SCN (Noticees 100-108, 111, 113-115, 117 and 118), along with the mastermind of the scheme, Mr. Hanif Shekh violated Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(a) of the PFUTP Regulations.

590. Apart from the charges established hereinbefore, I also note that this Order has held that post-offloading of shares by Sub-Groups 2 and/or 3 entities in all the scrips, the sale proceeds ultimately reached entities controlled by Mr. Hanif Shekh, *inter alia*, through various intermediate layers (which have been defined at para 5 of this Order), viz., entities of Sub-Group 2.A (Noticees 203-207), Sub-Group 3.A (Noticees 208-219), Sub-Group 5.A (Noticees 220-225) and Sub-Group 5 (Noticees 2 to 7) and thus, these entities by facilitating Mr. Hanif Shekh to encash the benefit of the fraudulent scheme, are held liable for violation of Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c) and (d), and 4(1) of the PFUTP Regulations.

591. Once the role of and consequent violation of statutory provisions by the Noticees in the fraudulent scheme orchestrated by Mr. Hanif Shekh has been established, it is relevant to now consider the ***Issue C.*** framed at para 192 above, viz., what directions, if any, are required to be issued in the matter and what should be the amount of penalty, if any, that needs to be levied on the Noticees.

DISGORGEMENT OF UNLAWFUL GAINS MADE BY ENTITIES

592. Once the role of and consequent statutory violations committed by various Noticees involved in the matter have been established as above, it becomes necessary to deal with the issue of the alleged unlawful gains, if any, made by respective Noticees and their liability to disgorge such unlawful gains.

593. In this regard, I note from the replies of Noticees that certain arguments have been raised by them challenging the nature of disgorgement directions sought to be imposed (in terms of the SCN) and also challenging the calculation of the amounts sought to be disgorged. The said arguments are being dealt with in the ensuing paragraphs.

Argument regarding joint and several liability for disgorgement

594. One of the primary arguments raised by Noticees belonging to different Sub-Groups was that once the unlawful gains made by each entity had been quantified in the

SCN and no connection between the entities had been proved, there could be no joint and several liability for disgorgement. It was also argued that the coincidence of several persons performing a series of acts could never make them joint tort-feasors and each person could be held liable only for the damage attributable to his own act. In support of these arguments, reliance was placed by these entities on the judgments in the matters of *Karvy Stock Broking (supra), Mahavir Singh N Chauhan (supra)*, *SRSR Holdings Pvt. Ltd. (supra), National Stock Exchange of India Ltd. (supra)* and *Jigna Vipul Vora (supra).* The conduit entities even argued that disgorgement could only be directed against entities, which had possession of unlawful gains and since the SCN itself acknowledged that these entities were mere conduits, there could be no direction against them for disgorgement.

595. Before proceeding to examine the applicability of the aforesaid judgments to the matter at hand, I note that the mere fact that the SCN calculated the profits made in the trading accounts of the respective Noticees while dealing in various scrips, should not be treated as a stand on the part of SEBI that the unlawful gains were divisible amongst the entities so as to possibly foreclose any direction of joint and several disgorgement. The enumeration of profits in the relevant tables in the SCN was a computational step, which has no bearing on the nature of disgorgement to be directed.

596. In order to deal with the instant argument of the Noticees on merits, it is appropriate to recap in brief the *modus operandi* of the generation of unlawful gains in the various scrips in this matter. For the sake of brevity, I note that in all the scrips, the offloaders have been found to be the front entities of Mr. Hanif Shekh, e.g., Sub-Group 2 and/ or Sub-Group 3, or of certain promoter-connected entities (in cases such as MUL). Thus, in this view of the matter, I am not persuaded by the argument that no connection has been proved amongst various Noticees. Further, it has already been established that the aforesaid offloader entities possessed limited financial resources and these entities have furnished no material on record to prove that they acquired the offloaded shares out of their own funds. Moreover, it has been established that Sub-Group 2 and 3 entities were funded by the entities of Sub-

Group 2.A and 3.A. In addition, it was observed across all scrips that these offloaders, en masse, transferred their sale proceeds in a well-structured pattern either back to the financier entities (Sub-Group 2.A and 3.A), or to the set of Forex Companies or to the promoter-connected entities.

597. In this context, I am of the firm view that these offloaders were acting in a concerted manner, and with an intention of ultimately unjustly enriching entities controlled by Mr. Hanif Shekh and / or the promoters of the concerned company(ies) and by no stretch of imagination, could it be claimed that it was a mere coincidence that the financier entities, the concerned promoters, the offloaders and Mr. Hanif Shekh (along with the entities controlled by him) were always found playing the same role, across all stages of manipulation in all the concerned scrips. There was an intricate connection and concert, *inter alia*, amongst the financiers, promoters, offloaders and Mr. Hanif Shekh (along with the entities controlled by him) . I, therefore, find that the reliance placed by these Noticees on the judgments of the Hon'ble SAT in the matters of *Mahavir Singh N Chauhan (supra)*, *SRSR Holdings Pvt. Ltd. (supra), Jigna Vipul Vora (supra), etc.* is misplaced.

598. To take this point further, I deem it fit to rely on the judgment of the Hon'ble SAT in the matter of *Navin Kumar Tayal & Anr. Vs. SEBI* (Appeal No. 8 of 2018) dated August 2, 2021, which distinguished the judgment in the matter of *Mahavir Singh N Chauhan (supra)* and, in turn, relied upon the judgment of *Dhaval Mehta vs. SEBI* (Appeal No. 155 of 2018) which upheld joint and several disgorgement by a profit making trader and the entity which financed him. The *Navin Kumar Tayal* case also relied upon the judgment in a US SEC case, (*SEC vs. David E. Whittmore and Peter S. Cahill)* which upheld joint and several disgorgement since the exact quantum of profits shared between the respective entities was not clear. The Hon'ble SAT, while relying on the aforesaid judgments allowed imposition of disgorgement in a joint and several manner.

599. I also place reliance on the judgment of the Hon'ble SAT in the matter of *Janak Chimanlal Dave vs. SEBI* (Appeal No. 446 of 2020) dated September 20, 2021

where the direction by SEBI of joint and several disgorgement by profit making entities and their financiers was upheld by Hon'ble SAT while holding that the financier Noticees had indirectly accessed the market by funding the trading Noticees.

600. In view of the above discussion, it is evident that the facts of the present matter are marked by presence of financier entities, routing of funds by offloaders to the financier entities or to the promoter connected entities without fail, so much so that the unlawful gains are indivisible amongst these entities and the exact quantum of sale proceeds in possession of respective entities cannot be ascertained with precision. These facts resemble those in the *Navin Kumar Tayal* and *Janak Chimanlal Dave* cases and therefore, the position of law enunciated therein - joint and several disgorgement - enunciated in these cases is squarely applicable here.

601. This case presents a situation where the unlawful gains made by respective entities are indistinguishable and comingled in such a way that the calculation of profit sharing by respective Offloaders to the respective recipients becomes impossible, especially because these entities were simultaneously indulged in offloading in multiple scrips at the same time.

602. In respect of entities of Sub-Groups 2 and 3, I note that not only were these entities joint tortfeasors as established hereinabove, but these entities were so closely controlled by Mr. Hanif Shekh that their status as separate legal entities is just a sham to obfuscate the fund trail and overburden investigative resources. It is quite evident that the mind and will behind the entities of these two Sub-Groups is just one person, Mr. Hanif Shekh. The offloading profits made by these entities were never individualistic to begin with and were accordingly, mindlessly routed by these entities ultimately to entities controlled by Mr. Hanif Shekh through layers of conduit entities. The inescapable conclusion in this view of the matter is that Mr. Hanif Shekh was one of the ultimate beneficiaries of the fraudulent scheme. Therefore, any profits made by the respective entities of Sub-Groups 2 and 3 in any of the scrips, are liable to be disgorged from each of them, with Mr. Hanif Shekh and his controlled entities

being jointly and severally liable with each of these entities for the said unlawful gains.

603. The above discussed logic also applies for offloading profits made by Sub-Group 1 entities (MUL employees) in the scrip of MUL. It has been established that these entities had no financial agency of their own and only served to ultimately transfer the profits made, either to MUL or its promoter related entities or to entities controlled by Mr. Hanif Shekh, through layers of conduit entities. Thus, the liability of disgorgement of these entities would be joint and several, along with either Mr. Hanif Shekh and his controlled entities, or with MUL, its promoters and their connected companies to the extent of the profits identified to have been so transferred.

604. Moving further, it is noted that the Sub-Group 1 entities were also found to be transferring their sale proceeds to the Forex Companies (Sub-Group 6) and I have arrived at a finding that these Forex Companies were working at the behest of Mr. Hanif Shekh, *inter alia*, on account of the findings that they had frequent fund transfers with entities connected to Mr. Hanif Shekh such as Sub-Groups 2.A and 3.A, were functional only for the time period when the offloading was occurring in the subject scrips, and were receiving offloading sale proceeds not just from the MUL employees but also from the Gohil Group entities in respect of other scrips viz., 7NR and GBL, also found to have been manipulated by Mr. Hanif Shekh. However, I find that the SCN has not been able to map out the fund trail further from the four FFMCs (which received the sale proceeds from the Forex Companies) and the only observation in the SCN regarding these sale proceeds is that these were converted to Forex Cash.

605. Further, the SCN had not roped in the Sub-Group 6 entities as Noticees and thus, their submissions in respect of obtaining sale proceeds from disparate entities are not on record. Therefore, unlike the observation that sale proceeds transferred by Sub-Groups 2 and 3 ultimately landed at the door of entities controlled by Mr. Hanif Shekh, no similar finding can be arrived at in respect of the Forex Companies.

606. Noting the above, I am of the view that even though the foundational facts noted above in respect of the conduct of Forex Companies may be enough to arrive at the conclusion that these companies facilitated Mr. Hanif Shekh in bringing the fraudulent scheme to fruition, the same are not enough to conclude that the ultimate beneficiaries of the sale proceeds transferred to the Forex Companies were the entities controlled by Mr. Hanif Shekh. Therefore, the sale proceeds transferred in various scrips by entities of the Gohil Group and Sub-Group 1 (employees of MUL) to the Forex Companies are *not* liable to be disgorged from Mr. Hanif Shekh or entities controlled by him. Nonetheless, I note at this juncture that notwithstanding the transfer of these gains to the Forex Companies, such gains can be disgorged directly from the entities who made these gains, viz., entities of Gohil Group and Sub-Group 1. The rationale for such an approach is set out in the next paragraph.

607. An argument has been advanced in these proceedings in the context of disgorgement, viz., that disgorgement can only be directed against a party who is in possession of unlawful gains. In order to deal with this argument, it is relevant to quote from the judgment of the Hon'ble SAT dated July 12, 2019 in the matter of *Gagan Rastogi and Anr. vs. SEBI* (Appeal No. 91 of 2015), wherein, it was, *inter alia*, held as under:

> *"18. … equitable remedy demands that disgorgement has to be made from the point of unjust enrichment or where the chickens come to roost. However, we cannot accept the arguments that no such unjust enrichment has been made by the appellants nor disgorgement has to be made from where the unjust enrichment rests finally. If one entity who has unjustly enriched knowingly transferring those proceeds further to some other entity does not prevent the authorities from disgorging the same from the original beneficiary of unjust enrichment. <u>The choice is clearly that of the authority to pursue and disgorge an illegal gain from any point of a chain, if such a chain exists. Tracing to the last point of the chain is an exercise in futility and is not needed. When the proof of unjust enrichment is right before the eyes of an authority chasing the mirage of further transfers itself cannot be supported.</u>"* (underline supplied)

Accordingly, the argument that sale proceeds transferred by the offloaders to other entities could not be directed to be disgorged from the offloaders or from the conduit entities, who acted as mere pass-throughs, does not survive.

Arguments regarding reckoning of the time period for calculation of unlawful gains of *offloaders*

608. Certain Sub-Group 3 entities have argued that since the SCN had alleged that offloaders made profits by selling shares in the *post-SMS* period, the disgorgement amount should have been calculated in respect of *post-SMS* period only, and not for other different periods such as the entire investigation period taken into account for some scrips. These entities also claimed that *post-SMS* period was not considered for profit calculation even in one scrip for them.

609. In respect of this argument, I note at the outset that in the SCN, the profit was calculated for the *SMS periods* for Offloaders in the respective scrips and not the *post-SMS periods* as sought to be argued by these entities. It appears that these Noticees have confused the *SMS period* (i.e., the period after the end of pre-SMS period till the end of investigation period in the respective scrip) with *post-SMS* period (i.e., the period after the end of investigation period in the respective scrip) since *no* profits were calculated in the SCN for *post-SMS period* for any scrip, and thus, *post-SMS period* has no relevance as such to the present matter.

610. In respect of their substantive argument, I note that the profits of respective offloaders were calculated in the SCN by subtracting from the sell value of the shares (sold by these offloaders during the period of offloading, i.e., the SMS period), the buy value of those shares. Further, the Tables of the SCN containing the profit figures also provided the rationale for calculation of buy value of shares in case the shares sold during SMS period were more than the shares bought, in which case the *average* buy price of shares during pre-SMS period was considered for such balance shares (in case shares were bought *during* Investigation Period), and in case shares were bought *before* Investigation Period, the *opening price* of the scrip on the *first day* of the Investigation Period was considered as the buy price. For

instance, such profit calculation is detailed in Table No. 39 of the SCN for the profits made by the Chiripal Group entities in the scrip of VFL.

611. However, from a perusal of the profit figures mentioned in the SCN and the respective trade logs, I find that the methodology of calculation of profits in the scrips of MUL and DRCL is at a variance with the methodology adopted in respect of the other 3 scrips. Notably, in the scrip of MUL and DRCL, the SCN has calculated the offloaders' profits by taking the sell value of all the shares sold by the offloaders during the *entire investigation period* and *not just during the offloading or the SMS period*. In this context, I find it important to highlight that *ideally* the entire amount of profits of the Noticees ought to have been disgorged from the Noticees (in all scrips) since the stage of the execution of a fraudulent scheme at which profits were made is immaterial to the question of disgorgement, however, the SCN has calculated the unlawful gains in the scrips of VFL, 7NR and GBL only for the offloading period, and therefore at this stage, it would not be appropriate to make the concerned Noticees liable for disgorgement for the entire period as they were not show-caused to that effect and did not get an opportunity to respond in that regard. Accordingly, in order to ensure consistency of methodology across all the scrips in the Order, I find that it would be apposite that profits for the scrips of MUL and DRCL are calculated by considering the gains made *only* during the respective offloading periods. Resultantly, the disgorgement amounts of the concerned Noticees (offloaders) in these scrips shall be recalculated and the amounts so determined shall be mentioned at **Annexure-A** of this Order.

612. Further, as regards DRCL, I find that the SCN has calculated not just the actual profits made by the offloaders (Sub-Groups 2 and 3), but also the notional profits for the purpose of disgorgement, apparently for the reason that, but for the imposition of the surveillance measures by BSE, the offloaders would have sold off their shareholdings in line with their trading conduct in other scrips involved in this matter. However, I note that these offloaders of Sub-Groups 2 and 3 were *per se* not alleged in the SCN to have contributed to artificial price and volume creation in the DRCL scrip and were only alleged to have indulged in offloading their shareholding at

inflated prices during the short-lived SMS period. In light of these peculiar circumstances of this case and to ensure consistency of the calculation methodlogy across all the scrips involved in the matter, I am of the view that disgorgement cannot be extended to clawing back the notional value of those shares which could not be sold by these offloaders. Accordingly, I hold that only the actual profits made in the accounts of the DRCL offloaders are liable to be disgorged and thus, the disgorgement amounts of the concerned offloaders shall be recalculated and the same shall be mentioned at **Annexure-A** of this Order. It is clarified that if the amount of profit in respect of any Noticee, so recalculated, is more than the profit mentioned in the SCN, the profit mentioned in the SCN only shall be considered for the purpose of disgorgement. In light of the aforesaid, I note that the argument of Sub-Group 3 Noticees that different periods were reckoned for calculation of profits of offloaders has been suitably addressed.

Argument regarding reckoning of the time period for calculation of unlawful gains of *PV Influencers*

613. Another argument regarding the time period to be reckoned for calculating unlawful gains was made by the Darjeeling Group entities (PV Influencers in DRCL scrip) that the SCN sought to impose the liability for wrongful gains only on the offloaders for gains made during the SMS periods in four of the scrips, whereas in DRCL, such liability was wrongly sought to be imposed on the Darjeeling Group entities, who were the PV Influencers, and that too for the gains allegedly made during the entire investigation period. I note that this argument has already been dealt in detail at para 551 above, wherein, it has been, *inter alia*, observed that SEBI is empowered to direct disgorgement of illegal gains, irrespective of the stage of manipulation and no such fetters can be read into the applicable statutory provisions based on such unintelligible differentia. I do not intend to dwell on this issue any further, however, for the sake of clarity, I note at this stage that for calculation of profits of the PV Influencers in the respective scrips, the entire Investigation Period has been taken into account since it has been established that these entities were the prime movers in creation of artificial price and volume in the respective scrips and thus, any profits made by them during any stage of trading, are unlawful and deserve to be disgorged.

Arguments regarding charging of interest on disgorgement amounts

614. I also note that certain Noticees have also raised a challenge regarding the power of SEBI to charge interest on disgorgement amounts. It was argued that SEBI appeared to take recourse to the Interest Act, 1978 for this purpose, whereas that Act vested that power exclusively in 'Courts' and SEBI was not a 'Court' within the meaning of a 'Court' under the Interest Act. In this regard, at the outset, I note that the SCN did not advert even once to the Interest Act, 1978 while calling upon the Noticees to show cause as to why certain directions, including a direction of disgorgement, should not be passed against them. It is noted that the Interest Act, 1978 empowers only the 'Courts' (which as per the Section 2(a) of the said Act includes a Tribunal and an arbitrator, but not a quasi-judicial body such as SEBI) to charge interest in equity and is thus, quite clearly not the source of SEBI's power to charge interest. Instead, the power of SEBI to charge interest stems from the SEBI Act itself, and the Hon'ble SAT, in its judgments in various matters such as *SMS Techsoft (India) Ltd.* (judgment dated October 18, 2019)*, Dhyana Finstock Ltd. (*judgment dated June 10, 2022*),* and *Paired Technologies Ltd. (*judgment dated June 15, 2022*)*, has upheld orders of SEBI which had directed disgorgement from entities along with interest. Further, even in other matters such as *Shailesh S. Jhaveri vs. SEBI* (judgment dated October 4, 2012) and *SRSR Holdings Pvt. Ltd. vs. SEBI* (judgment dated February 2, 2023) where the appeals against SEBI's orders were allowed/partly allowed, the Hon'ble SAT recognised SEBI's power to levy interest on the amounts directed to be disgorged. Even the Hon'ble Supreme Court in its judgments in matters such as *Dushyant N. Dalal & Anr. Vs. SEBI* (judgment dated October 4, 2017) has affirmed SEBI's power to levy interest on the monies directed to be disgorged. In light of this analysis, I am of the view that the power of SEBI to levy interest on disgorgement amount is no longer *res integra* and is authoritatively settled.

615. As regards the Noticees' reliance on the judgment of the Hon'ble Supreme Court in the matter of *Clariant International Ltd. Vs. SEBI* (judgment dated August 25, 2004) to argue that the rate of interest to be charged must be reasonable and aligned with

prevailing economic conditions, I note that the said judgment was passed in an entirely different context of Regulation 44(i) of the then existing SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 which provided for payment to shareholders of the consideration amount of shares along with interest, not less than the applicable rate of interest payable by banks on fixed deposits, in case of failure or delay in making of a public offer. On the other hand, the present issue being dealt here is disgorgement of unlawful gains from Noticees. Therefore, the judgment in the matter of *Clariant International Ltd.* (supra) has no applicability to the present matter.

616. At this stage, I deem it relevant to refer to the Section 28A of the SEBI Act read with Section 220 of the Income-tax Act, 1961 (which applies with necessary modifications for the purpose of recovery proceedings under Section 28A of the SEBI Act and is deemed to be a provision of the SEBI Act itself) where interest is chargeable in recovery proceedings at the rate of 1% per month. Therefore, any of the present Noticees who do not pay the penalty imposed or comply with a direction of disgorgement issued vide this Order would be subject to recovery proceedings wherein interest would be chargeable at the rate of 1% per month. I also note that this charging of interest at 1% per month in SEBI's recovery proceedings has also been recently affirmed by the Hon'ble Supreme Court in its judgment dated July 15, 2025 in the matter of *Jaykishor Chaturvedi & Ors. Vs. SEBI*. Therefore, once such a rate of interest finds mention in the statute itself, there is no question of a 12% per annum rate of interest being deemed unreasonable so as to warrant a reliance upon the 'prevailing economic conditions' for deciding the rate of interest on the disgorgement amounts in the present proceedings.

617. In this context, another related argument canvassed by the Noticees is that there could be no imposition of interest during the period of pendency of the instant proceedings since the delay is not attributable to the Noticees. In this regard, I note that the Hon'ble SAT in its judgment dated August 2, 2021 in the matter of *Navin Kumar Tayal & Ors. vs. SEBI* had, *inter alia*, held that the contention that interest could only be levied from the date of the order and not from the date of cause of

action was unacceptable and had accordingly, allowed imposition of interest from the time the unlawful gains were made in the said matter. As regards the present case, I note from the material on record that the Noticees have not deposited the alleged wrongful gains in an escrow account as was directed vide the Interim Order dated June 19, 2023. In case the Noticees would have deposited such gains in compliance of the Interim Order, there would have been no imposition of interest during the period of pendency of these proceedings. Thus, the present argument by the Noticees is aimed at taking advantage of their own wrong, i.e., non-compliance of the Interim Order, and cannot be accepted.

618. Be that as it may, I note that this matter involves almost innumerable trading instances spread over a period of 2-3 years by a huge number of entities. Thus, calculation of interest on disgorgement for the respective entities from the respective dates of their trades would be an unduly burdensome exercise. Accordingly, I find it appropriate to levy interest on the unlawful gains made by the Noticees from October 21, 2020, which is the next date after the end of the later-most investigation period among the five scrips (i.e., October 20, 2020 in the scrip of VFL) till the date of actual payment of the disgorged amounts by the Noticees.

Other arguments in respect of Disgorgement

619. The Sub-Group 3 Noticees have also contended that disgorgement could only be directed for shares offloaded by them onto innocent investors and not for shares traded amongst the group. However, this argument appears to be misconceived because once the general trading pattern of the Sub-Group 3 Noticees has quite clearly revealed that unlike ordinary investors, these Noticees consistently indulged in heavy offloading of their holdings at inflated prices during the SMS periods leading to generation of substantial unlawful gains, it does not matter whether their counterparty was an innocent investor or another Sub-Group 3 entity trying to create artificial buy side volume even during the SMS period. This is because the trading pattern has revealed that buying of shares by a Sub-Group 3 counterparty buyer was merely an intermediate stage and such buyer ultimately offloaded significant part of his shareholding onto innocent investors during the SMS period, in line with

the general *modus operandi* of Sub-Group 3 entities liquidating their shareholdings. Thus, all the gains made by Sub-Group 3 entities by offloading shares need to be disgorged, notwithstanding the fact that in some instances, the intermediate buyers of such shares could have been other Sub-Group 3 entities. I am, therefore, not convinced by the argument that intra-group trades between Sub-Group 3 Noticees should be excluded from profit calculation.

620. Another argument was made by the Darjeeling Group entities that since some of them made a loss, they could not be held liable for disgorgement. In this regard, I note that the SCN has proposed to disgorge the gains made by the Darjeeling Group entities, the PV Influencers in the scrip of DRCL, jointly and severally from all of them. However, I note that there is no material on record to suggest that such unlawful gains made by these entities were shared or transferred amongst themselves. Therefore, the Darjeeling Group entities would only be individually liable for their respective gains, and accordingly, there shall be *no* direction of disgorgement in respect of those Darjeeling Group entities who made a loss.

621. I also take note of an argument advanced by certain Gohil Group entities that the SCN only mentioned a few trades which were allegedly tainted, whereas no bifurcation of tainted and genuine trades was carried out to calculate disgorgement amount. In this regard, I find that this argument spawns from a patent misreading of the SCN since the SCN had very clearly mentioned that the trading instances mentioned therein were mere illustrations and it was never suggested that these illustrations comprised the entire set of tainted trades. Thus, the calculation of unlawful gains in the SCN is based not merely on these illustrations but on the entire trading activity during the SMS period by the Gohil Group entities, trade logs whereof were provided to them. I, thus, find that this argument lacks merit and is rejected.

622. Another related argument canvassed by certain Gohil Group Noticees is that for the purpose of profit calculation, SEBI ought to have taken the buy price as the price on the previous day of start of SMS period rather than the price prevailing during pre-investigation period since *only selling* during SMS period was considered to be

tainted. In this regard, I note that this argument appears to be a misreading of the SCN since the share price prevailing at the start of the investigation period is considered only for those shares which were bought by the Noticees concerned prior to the start of the investigation period. Therefore, an argument that the buy price for shares bought before the start of investigation period should be taken as the price prevailing at a future date, i.e., at the start of SMS period, is fundamentally flawed. Even though this argument does not warrant any further discussion, I deem it relevant to record that the price of the scrip prevailing at the start of the Investigation Period is the most reasonable approximation of the buy price of shares purchased before the start of investigation period since that is the last known fair market price prior to the manipulation of the fair price discovery mechanism as a result of execution of the fraudulent scheme.

Additional arguments regarding calculation methodology/ quantum of disgorgement

623. Once the arguments of the Noticees regarding the nature of disgorgement directions have been dealt with, it is essential to deal with their arguments regarding quantum of disgorgement sought to be directed by the SCN.

624. The promoters of MUL have raised a contention that the SCN had inflated the alleged wrongful gains by undervaluing the MUL shares at ₹10.2 and the unlawful gains of MUL employees should have been calculated by taking the buy price of offloaded shares (which were acquired prior to the investigation period) as their actual acquisition cost, or their fair value depending on the book value method (₹106.18) or the assets appropriation method (₹206.45). They also contended that even the average price of the MUL scrip during the period of two years after the Interim Order was ₹120.

625. At the outset, it is noted that the SCN has alleged that no consideration was paid by MUL employees for acquiring the MUL shares in off-market mode and thus, the buy price of these shares is not known. It is in this context that the SCN zeroed-in on an objective and fair buy price (i.e., the price at the start of Investigation Period) in order

to calculate the unlawful profits. In this regard, I find the argument of MUL promoters to be patently misconceived since shares of a company are almost never traded at their book values or any other accounting values and rather, one of the common metrics to gauge whether a share is overvalued or undervalued is the Price-to-Book Value ratio, which carries an assumption that market prices of shares are at a variance from their book values. Further, it is trite that profits made in the market are always calculated on the basis of market prices rather than prices derived from accounting mechanisms. Thus, any calculation of unlawful profits has to proceed on the basis of a reasonable approximation of the buy price and in this context, the price of MUL scrip prevailing at the start of the Investigation Period, which is the last known fair market price, prior to the manipulation of the price discovery mechanism in the scrip by the PV Influencers, is an objective notional cost of acquisition since it discounts any unrelated price movement which occurred much before the start of Investigation Period. Accordingly, the argument of MUL promoters is unfounded and without merit.

626. One of the Darjeeling Group entities, viz., Mr. Aakash Doshi (Noticee 153) has contended that SEBI had considered unequal buy and sell values to arrive at unlawful profits. More specifically, he claimed that his buy quantity during the Investigation Period was shown as 73,206 shares and sell quantity was shown as 2,71,202 shares which meant that SEBI had no objection to his buying shares other than the 73,206 shares and thus, there could be no objection for selling those shares. He also submitted his own revised calculations for unlawful profits by taking equal buy and sell quantities, i.e., 73,206 or 2,71,202 shares. Similar submissions regarding inflated profits were also made by other entities belonging to Darjeeling Group, such as the Bhavin Shah family, viz., Noticees 156, 158 and 159. Further, Mr. Yash Manish Mehta (Noticee 157) has averred that since Day-wise and trade-wise details of quantity and value were not provided, it was not clear how the gains were calculated and if average sale and purchase prices were applied, it would be clear that he made a net loss since purchases were understated and sales were overstated.

627. At the outset, I regard the contention that Day-wise and trade-wise details of quantity and value were not provided, as baseless, since the trade log containing details of each and every trade during the investigation period was provided to the Noticees. As regards the argument w.r.t. SEBI taking unequal buy and sell quantities for profit calculation, I find the same to be a misreading of the SCN since the SCN has indeed considered equal buy and sell quantities for profit calculation. Additionally, in the case of Darjeeling Group entities, the SCN, based on the overall evidence, proceeds on the premise that their trades were made during, and they benefitted from, the artificial price manipulation environment created by their own conduct. I note that none of the Noticees has been able to causally disconnect any of their trades from the overall price manipulation pattern so as to derive an inference that any of their trades were genuine. There is a clear demonstrable nexus between the artificial price rise during the pre-SMS period and the Noticees, being the most frequent traders during this period, encashing on that price rise. Therefore, once the unlawful gains made by the Darjeeling Group Noticees are fairly attributable to the price manipulation and creation of artificial volume in the scrip, a reasonable approximation of such unlawful gains would be the total sell value of all the shares sold by them during the investigation period minus the total buy value of the same number of shares, regardless of whether the shares were bought by them during the investigation period or were bought / received / held by them prior to the start of the investigation period.

628. Further, as per the logic adopted in the SCN for all the scrips, in case the number of shares bought by an entity during the investigation period was less than the number of shares sold, the buy value of such residual shares was calculated based on the scrip price at the start of the investigation period. Accordingly, the buy value of the extra 1,97,996 shares (2,71,202 – 73,206) sold by Mr. Aakash Doshi is calculated at the buy price of DRCL on April 2, 2018, i.e., ₹11.9/- which comes out to be approx. ₹ 23,56,152, and when added to the buy value of 73,206 shares (approx. ₹68,14,353) bought by him during the investigation period, the total buy value comes out to be ₹ 91,70,506 as mentioned in Table No. 66 of the SCN. Similar calculations matching with the figures in Table No. 66 of the SCN have been worked out for the

other entities of the Darjeeling Group as well. Therefore, I find that there is no discrepancy, such as consideration of unequal buy and sell quantities for profit calculation arrived at in Table No. 66 of the SCN, as contended by these Noticees. Further, in light of the aforesaid calculation logic, I find the arguments of Mr. Yash Manish Mehta that it would be clear that he made a net loss if sales were not overstated and purchases were not understated, and that profit should have been calculated by taking a purported average sale and buy price, to be without any merit.

629. Another argument advanced by the Darjeeling Group entities is that the surveillance measures imposed by BSE during the SMS period in response to the price movement did not let the prices rise and any fraud intended by Mr. Hanif Shekh did not materialize which meant that the Darjeeling Group entities made profits due to ordinary trading. I find that this argument is factually erroneous since the said surveillance measures were imposed by BSE on December 27, 2019, which was taken as the last day of the investigation period. The imposition of the surveillance measures caused the price to crash. Notably, the Darjeeling Group entities made profits during the entire 21-month duration (approx.) of the investigation period when the prices were artificially increased from ₹ 11.9/- to a high of ₹ 112.40/-. Thus, the imposition of surveillance measures did not have any impact on the profits made by any entity since the investigation period itself ended on the same day. It is also relevant to reiterate that imposition of said surveillance measures was possibly on account of the manipulative trading by these Darjeeling Group Noticees, thereby negating their defence of genuine trading.

630. The Darjeeling Group entities have made another contention that there was a discrepancy in the calculation of unlawful profits since there was a huge variance in the number of shares sold by them between Table Nos. 59 and 66 of the SCN. I find this argument to be rather perfunctory since Table 59 specifically contains details of shares bought and sold and the LTP contribution by the PV Influencers, including the Darjeeling Group entities, during the *pre-SMS period,* whereas Table No. 66 pertains to the profits made by the Darjeeling Group entities during the *entire*

investigation period, and not just the pre-SMS period, and thus, there is bound to be a variance between the figures contained in both the Tables.

Determination of the disgorgement liability of respective entities

631. Once the challenges to the nature and quantum of disgorgement have been dealt with hereinabove, I now proceed to outline the rationale for determining the liability of respective Noticees for the wrongful gains generated in the five scrips as under:

(1) Regarding determination of individual and joint & several liability of the Noticees:

a. The amount of profit transferred by any of the offloaders to MUL and its promoter related entities, shall be disgorged from each of the offloaders, jointly and severally with Noticees 8 to 11 i.e., MUL, its promoters and their related entities since Noticees 8 and 9 i.e., the promoters of MUL were in charge of MUL (Noticee 10) as well as Vee EM (Noticee 11). Such amounts cannot be disgorged from Mr. Hanif Shekh and the entities controlled by him.

b. The amount of profit transferred by any of the offloaders to the entities controlled by Mr. Hanif Shekh shall be disgorged from each of the offloaders, jointly and severally, with Noticees 1 to 7 i.e., Mr. Hanif Shekh and the entities controlled by him. Such amounts cannot be disgorged from MUL, its promoters or their related entities.

c. Since the material on record does not establish that the ultimate beneficiary of the profits transferred by any of the offloaders to the Forex Companies was Mr. Hanif Shekh, entities controlled by him, MUL, its promoters or their related entities, such profits cannot be disgorged from them. In line with the dictum laid down by Hon'ble SAT in the *Gagan Rastogi* (supra) case, as discussed at para 607 above, the entire portion of the unlawful gains of offloaders transferred by them to the Forex Companies, shall be disgorged from each of the concerned offloaders.

d. In the absence of any material on record showing inter se transfer of profits amongst the offloaders, the cumulative amount of profits made by a group of offloaders cannot be directed to be disgorged in a joint and several manner from all the offloaders involved. Such profits made by the offloaders shall be disgorged from each of them, along with the entities who have been identified above to be jointly and severally liable with these offloaders.

(2) The above rationale regarding individual and joint & several liabilities shall also apply *mutatis mutandis* to the PV Influencers, who have made unlawful gains.

*(3) Regarding the apportionment of liability amongst the various categories of Noticees in situations where the profits found to have been earned by certain Noticees (belonging to Sub-Group 1) are less than the cumulative amount shown as transferred by them to entities controlled by Mr. Hanif Shekh or MUL / its promoter related entities or Forex Companies (as shown in Table No. 29 of the SCN, to be read along with the recalculated profits mentioned in **Annexure-A**):*

a. Such instances are not anomalous because what has actually been transferred by an offloader is not *per se* the profit earned (calculated as the difference between the sale proceeds and acquisition cost of shares) but apparently the total sale consideration received in his/her account, which, in any event, shall be larger than the profit earned.

b. Since the disgorgement can be directed only to the extent of the ill-gotten profits made, the following manner of disgorgement in such instances would be most appropriate:

i. In cases where the amount of profit earned by an offloader is less than the amount transferred to MUL and promoter-related entities, the entire profit amount may be disgorged from Noticees 8 to 11;

ii. In cases where the amount of profit earned by an offloader is more than the amount transferred to MUL and promoter-related entities, but is less than the cumulative amount transferred to MUL and its promoter-related entities and Hanif Shekh controlled entities, the amount of profit to the extent of amount transferred to MUL and its promoter-related entities shall be disgorged from Noticees 8 to 11, and the remaining profit amount shall be disgorged from Noticees 1 to 7;

iii. In cases where the amount of profit earned by an offloader is more than the cumulative amount transferred to MUL and promoter-related entities and Hanif Shekh controlled entities, the amounts shown as transferred to MUL and promoter-related entities shall be disgorged from Noticees 8 to 11, the amounts shown as transferred to Hanif Shekh controlled entities shall be disgorged from Noticees 1 to 7, and the remaining profit amount shall be disgorged individually from the concerned offloader.

The rationale for apportioning the disgorgement in the aforementioned manner is that the Sub-Group 1 offloaders were acting as the fronts for the promoters of MUL and therefore, in line with the dictum laid down in the Gagan Rastogi (supra) case, which grants an adjudicating authority the discretion to decide the subject of a disgorgement direction, the most appropriate course of action would be to first disgorge the gains from Noticees 8 to 11 (MUL and promoter related entities), thereafter from Noticees 1 to 7 (Hanif Shekh controlled entities), and lastly, the profits remaining after what was transferred to entities related to/controlled by MUL and/or Mr. Hanif Shekh, to be disgorged individually from the Sub-Group 1 Offloaders themselves.

(4) *Regarding application of consistent methodology across the 5 scrips in relation to the period to be reckoned for calculation of unlawful gains:* As has been explained in para 611 above, in order to ensure consistency of methodology across all the scrips in the Order, the unlawful profits for the scrips of MUL and DRCL shall be

calculated by considering the gains made only during the respective offloading periods.

(5) *Regarding disgorgement of notional gains:* As explained in para 612 above, to ensure consistency of the calculation methodology across all the scrips involved in the matter, disgorgement shall not be extended to the notional value of those shares which could not be sold by concerned offloaders. Accordingly, only the actual profits made in the accounts of the offloaders are liable to be disgorged.

(6) *Regarding the Noticees who incurred losses:* Certain Noticees actually incurred losses as a result of their trading activity during the investigation period. These Noticees shall not be liable for any disgorgement.

632. The respective liabilities of disgorgement to be directed against the respective entities have been tabulated at **Annexure-A** of this Order.

MONETARY PENALTY AND OTHER DIRECTIONS AGAINST THE NOTICEES

633. I note from the SCN that apart from the direction of disgorgement of unlawful gains from the respective Noticees and other directions under section 11B(1) and 11(4) of the SEBI Act, imposition of monetary penalty against the Noticees under Sections 11B(2) and 11(4A) read with Section 15HA of the SEBI Act has also been contemplated.

634. At this stage, it is relevant to note the language of Section 15HA of the SEBI Act, relevant part of which reads as under:

> *"**Penalty for fraudulent and unfair trade practices.***
> *15HA.If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher."*

635. In view of the foregoing findings regarding the role of various Noticees in the fraudulent scheme and the consequent violations of the SEBI Act and PFUTP Regulations, I find that the aforesaid penal provision is clearly attracted making the concerned Noticees liable for the imposition of monetary penalties.

636. As regards the quantum of penalty to be imposed on the respective Noticees, I note that Section 15J of the SEBI Act entails guidance regarding the factors to be considered while deciding such quantum and the said section is reproduced herenunder:

> ***"Factors to be taken into account while adjudging quantum of penalty.***
> ***15J.*** *While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely: —*
> *(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
> *(b) the amount of loss caused to an investor or group of investors as a result of the default;*
> *(c) the repetitive nature of the default.*
> *Explanation. — For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section."*

637. In this regard, I find that several of the Noticees have made colossal gains even though the SCN has not quantified the loss caused to investors or group of investors as a result of the default by the Noticees. I also note that the Hon'ble Supreme Court in the matter of *Adjudicating Officer, SEBI vs. Bhavesh Pabari* has, *inter alia*, held that the factors enumerated in Section 15J of the SEBI Act are merely illustrative in nature and are not the only factors which can be taken into consideration while determining the quantum of penalty.

638. In this context, I record my observations below regarding the aggravating factors in respect of several Noticees making them liable for a higher penalty:

(a) Mr. Hanif Shekh (Noticee 1) – He has been proved to be the mastermind of this entire fraudulent scheme and has been involved at every stage thereof, and has been identified as the person controlling the entities that were ultimately enriched by execution of this scheme. Further, the sheer volume and complexity of the transactions carried out at his behest across five scrips render him liable for the penalty of the highest order.

(b) Noticees 3 to 7 (Hanif Shekh controlled entities) – These entities, viz., Hasina Kasambhai Shekh, Robert Resources Ltd., Econo Trade India Ltd., Econo Broking Pvt. Ltd., Sai Metaltech LLP received unlawful gains directly/indirectly from the Offloaders in the subject scrips. These entities were under the control of Mr. Hanif Shekh as has been held earlier in this Order. On account of their conduct as described in this Order, they are deserving of a very high quantum of penalty.

(c) MUL, its promoters and promoter-controlled entities (Noticees 8, 9, 10 and 11) – MUL and the entities controlled by MUL promoters have been identified among the ultimate beneficiaries of the unlawful gains made in the MUL scrip. The very fact that 62 permanent/contractual employees of MUL participated in this intricate scheme and thereafter, transferred their sale proceeds to MUL and the promoter controlled entities leads me to view the conduct of this group of Noticees very seriously and deserving of a higher quantum of penalty.

(d) Mr. Malay Bhow (Noticee 152) has been established to be the connection between Mr. Hanif Shekh and the Collaborators in the scrip of MUL, and has had frequent calls with Mr. Hanif Shekh during the investigation period. Further, I have recorded my views earlier in this Order regarding Mr. Malay Bhow trying to misdirect the present enforcement proceedings by making false submissions and concealing facts. Accordingly, I am of the view that he is also deserving of a higher quantum of penalty.

(e) GBFL (Noticee 145), which is an RBI-registered NBFC, has been found to have had a very prominent role in price manipulation and creation of artificial volume, not only in the scrip of MUL but also in the scrip of VFL. A registered NBFC being part of such an elaborate pump and dump scheme deserves to be imposed a higher quantum of penalty.

(f) This Order has held that Mr. Himanshu Shah (Noticee 167) was provided an exit from his own company, DRCL at inflated prices by entities of Sub-Group 2 and 3. It is a matter of record that Mr. Himanshu Shah had taken over DRCL only a year before exiting in such a fraudulent manner. A promoter using his own company to perpetrate a fraud deserves a higher quantum of penalty.

(g) The entities of Sub-Groups 2.A, 3.A and 5.A (Noticees 203 to 225) acted as the conduits to transfer the sale proceeds of the Offloaders to the entities controlled by Mr. Hanif Shekh and played a pivotal role in the entire fraudulent scheme and thus, deserve a high quantum of penalty.

(h) The penalties on other Noticees who have been held to have violated the various provisions of the SEBI Act and PFUTP Regulations shall be commensurate with their role.

(i) Lastly, it is reiterated that no penalty shall be imposed on Noticees who have since deceased as per the material available on record, viz., Mr. Kasambhai Shekh and Mr. Govindbhai Natvarlal Chauhan.

639. Further, I am of the view that the violations established against the Noticees go to the root of market integrity and imposition of monetary penalty alone would not be enough to achieve the objective of punishment and deterrence. Thus, it would be appropriate to restrain the Noticees from accessing the securities market and the factors which are being considered for deciding the quantum of monetary penalty shall be considered for deciding the period of such restraint as well. Accordingly, the quantum of monetary penalty and period of debarment of the Noticees shall be mentioned in the Directions part of this Order.

CONCLUSIONS

640. The material brought on record exposes a well-orchestrated fraudulent scheme hatched by Mr. Hanif Shekh, which entailed participation by more than 200 seemingly disparate but intricately connected entities as 'PV Influencers', 'Collaborators' or 'Offloaders', or as the financiers and conduits for the purpose of transferring the unlawful gains to the promoters of the Companies or entities controlled by Mr. Hanif Shekh.

641. For the scrip of Mauria Udyog Ltd., it has been established that Noticees 134 to 144 were the PV Influencers indulging in structured, synchronised and LTP-contributing trades during the pre-SMS period, which was followed by Mr. Hanif Shekh managing the circulation of buy recommendations through bulk SMSes and websites. The SMS period also witnessed another group of connected entities, viz., the 'Collaborators' (Noticees 145-151) trading amongst themselves and creating further artificial volume in order to maintain the trading momentum and inflated prices. Thereafter, the MUL scrip witnessed offloading of shares by Sub-Group 1 Noticees, i.e., MUL employees (Noticees 12 to 45, 47 to 68, 70 to 73) and other entities of Sub-Groups 2 and 3 which were connected to Mr. Hanif Shekh. The heavy trading activity of these Offloaders was not at all commensurate with their moderate declared incomes/ net worths. Lastly, the sale proceeds of these Offloaders were channelled through multiple conduit entities belonging to Sub-Groups 2.A and 3.A (Noticees 203 to 207 and 208 to 219, who had also initially funded the purchase of shares by these Offloaders), and Sub-Group 5.A (Noticees 220 to 225), so as to ultimately reach the Sub-Group 5 entities controlled by Mr. Hanif Shekh, or to the entities controlled by the promoters of MUL. It was also observed that a portion of the sale proceeds of the Sub-Group 1 entities were transferred to entities of Sub-Group 6, which were certain 'Forex Companies' found to have been active only during the period when the offloading in the MUL scrip was taking place.

642. A similar *modus operandi* was observed in the scrip of Vishal Fabrics Limited, where the PV Influencers (Noticees 77 to 83 and 193 to 200) were entities who were

themselves the promoters or connected to the promoters of VFL (identified as the 'Chiripal Group' in this Order), who created a trading momentum in the scrip, *inter alia*, by means of repeated structured/synchornised trades. Another entity, Goenka Business Finance Limited (Noticee 145), which was part of the 'Collaborators' group in the scrip of MUL, was also found to be one of the foremost PV Influencers in the VFL scrip. Further, certain entities belonging to the Chiripal Group and to the Sub-Groups 2 and 3 were found to have offloaded their shares at inflated prices during the period when buy recommendations were circulated in the scrip by means of bulk SMSes. Similar to the scrip of MUL, the sale proceeds of Sub-Groups 2 and 3 flowed through a set of conduits, ultimately towards entities controlled by Mr. Hanif Shekh.

643. The same pattern was observed in the scrip of 7NR Retail Limited where the PV Influencers were Noticees 119 to 133 and Noticees 168 to 181 (identified as the 'Gohil Group' in this Order), most of whom claimed to be persons of meagre incomes who indulged in odd jobs and to have been embroiled in this matter by a person who paid them a commission in return for lending their accounts. Further, the entities of Sub-Group 3 were also found to be the PV Influencers in the scrip of 7NR. Lastly, certain entities of the Gohil Group and Sub-Group 3 were found to have offloaded their shares at inflated prices during the period when buy recommendations were circulated in the scrip by means of bulk SMSes. Majority of the sale proceeds of the Gohil Group were transferred to the Forex Companies and the sale proceeds of the Sub-Group 3 entities ultimately reached entities controlled by Mr. Hanif Shekh, similar to the scrips of MUL and VFL.

644. The PV Influencers in the scrip of GBL Industries Ltd. were entities belonging to the 'Gohil Group' and another group identified as the '11 Entities Group' in this Order, which were predominantly carrying out structured and synchronised trades amongst each other, besides indulging in circular trades. Post inflation in the volume and price of the scrip, certain entities of the Gohil Group and Sub-Group 3 were found to have offloaded their shares. Like the previously discussed scrips, the sale proceeds of the Gohil Group entities flowed towards the Forex Companies, while those of the Sub-

Group 3 were ultimately transferred to entities controlled by Mr. Hanif Shekh through intermediate conduit entities.

645. Finally, in the scrip of Darjeeling Ropeway Company Ltd., the PV Influencers were the promoter of DRCL as well as other entities connected amongst each other through fund transfers and to DRCL through its CFO, and were found to have indulged in structured and synchronised trades. Post circulation of SMSes, certain entities of Sub-Groups 2 and 3 attempted to offload a part of their shares at inflated prices onto other investors induced into the scrip, however, the offloading was cut short due to imposition of surveillance measures by the BSE and these Offloaders had to exit the scrip at nominal profits or even at a loss in certain cases. Even though the fraudulent scheme could not yield the planned or projected profits in the DRCL scrip, the *modus operandi* in the scrip was identical to the other scrips, with even some of the entities involved being common with those scrips.

646. Since it has been conclusively proved from the material on record that the majority of proceeds of offloading in all the subject scrips ultimately gravitated towards the Sub-Group 5 entities, which, in turn, have been proved to be under the control of Mr. Hanif Shekh, there is no other possible conclusion than that Mr. Hanif Shekh was one of the ultimate beneficiaries of the fraudulent scheme. Thus, even if there were myriad entities interposed in the chain of fund transfers, I am of the considered view that Mr. Hanif Shekh was at the centre of the identified fraudulent scheme which has been elaborated in the preceding paragraphs.

647. Before turning to the final section of this Order, it is imperative for me to note that the fraudulent scheme unravelled in this matter, though not novel or unprecedented in its conception, was executed meticulously and on an almost industrial scale, involving 226 entities coming together to play their designated roles across five different scrips. What is particularly striking is the labyrinthine structure of fund transfers unearthed in the investigation, evidently designed to obscure the identity of the ultimate beneficiaries. These characteristics lend the scheme a distinctly aggravated dimension, taking it beyond the realm of routine market misconduct and into the territory that shakes investor confidence in the integrity of the securities

market. This case, therefore, warrants the imposition of stringent directions both to ensure an effective deterrent on the Noticees concerned and to deter similar conduct by other participants in the securities market.

648. As discussed above, the entities involved in the matter are responsible for violation of several provisions of the PFUTP Regulations and the SEBI Act and for making colossal unlawful gains, and I now proceed to issue directions against these Noticees commensurate to their respective roles in the fraudulent scheme.

ORDER

649. In view of the above findings and having regard to the peculiar facts and circumstances of the matter, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4) and 11B (1) of SEBI Act read with Section 19 thereof hereby issue the following directions:

649.1 The following Noticees are hereby restrained from accessing the securities market and are prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, for a further period as mentioned in column [B] of the Table below. However, the period of restraint as mentioned in Column [B] shall stand adjusted against the period of restraint, if any, already undergone by them in pursuance of the Interim Order. Further, these Noticees are also liable for payment of monetary penalty under Section 11(4A) and 11B(2) of the SEBI Act read with Section 15HA thereof and Rule 5 of the SEBI (Procedure for holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 as set out at Column [C] of the below Table.

Noticee Number (s) **[A]**	**Period of restraint from the date of this Order (to be set-off against the period of restraint already undergone)** **[B]**	**Monetary Penalty (in ₹) on each Noticee** **[C]**
1	7 years	10 Crore

3 to 7	6 years	2 crore
8 to 11, 145, 152 and 167	5 years	1 crore
203 to 225	4 years	50 lakh
Rest of the Noticees (except Noticees 2, 46, 69, 127 and 199)	4 years	5 lakh

649.2 If the Noticees who have been restrained in terms of para 649.1 above have any open positions in any exchange traded derivative contracts, as on the date of the order, they can close out /square off such open positions within 3 months 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.

649.3 The Noticees mentioned at **Annexure-A** of this Order shall disgorge the amount of unlawful gains made by them as are mentioned against their respective names in **Annexure-A,** along with simple interest at the rate of 12% per annum, calculated from October 21, 2020, which is the next date after the end of the later-most investigation period among the five scrips (i.e., October 20, 2020 in the scrip of VFL) till the date of payment of such disgorgement amounts by the Noticees. These amounts shall be remitted to the Investor Protection and Education Fund (IPEF) referred to in Section 11(5) of SEBI Act, within forty-five (45) days from the date of receipt of this Order, and the payment can be made through the designated payment link provided on the SEBI homepage (www.sebi.gov.in) under “Click here to make payment to SEBI IPEF”. The Noticees are allowed to utilise the impounded amounts already deposited by them, if any, in compliance of the Interim Order towards compliance of this direction of disgorgement.

649.4 It is clarified that in respect of Noticee 2, Mr. Kasambhai Shekh and Noticee 127, Mr. Govindbhai Natvarlal Chauhan (who have since deceased), the

above directions for disgorgement shall be applicable through their respective legal representative(s) in terms of section 28B of the SEBI Act.

649.5 The Noticees shall pay the respective penalties imposed on them within a period of forty-five (45) days from the date of receipt of this Order.

649.6 Noticees shall pay the monetary penalty by online payment through the designated payment link provided on the SEBI website at the path: www.sebi.gov.in/ENFORCEMENT→ Orders → Orders of Chairperson / Members → Click on PAY NOW. In case of any difficulties in payment of penalties, the Noticees may contact the support at portalhelp@sebi.gov.in.

649.7 Noticees shall forward details of the online payments made in compliance with the directions contained in this Order to the *"The Division Chief, IVD-ID16, Securities and Exchange Board of India, SEBI Bhavan II, Plot No. C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai -400 051"* and also to e-mail id: tad@sebi.gov.in in the format as given in following table:

Case Name	
Name of the Payee	
Date of Payment	
Amount Paid	
Transaction No.	
Bank details in which payment is made	
Payment is made for:	

650. This Order shall come into force with immediate effect.

651. The proceedings in respect of Noticees Mr. Dashrath Yadav (Noticee 46), Ms. Saroj Yadav (Noticee 69) and Mr. Yogeshkumar Anandpal Goyal (Noticee 199) are disposed of without issuance of any direction or penalty since their roles in the fraudulent scheme have not been established.

652. A copy of this Order shall be sent to the Noticees, all recognized stock exchanges, depositories and registrar and transfer agents for ensuring compliance with the above directions.

AMARJEET SINGH

PLACE: MUMBAI **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA

Annexure – A (Disgorgement Amounts)

For the purpose of this Annexure, the following may be noted:

1. "J & S" has been used as an abbreviation for "Joint and Several".
2. "MUL Group" refers to Noticees 8 to 11.
3. "HCE" refers to Mr. Hanif Shekh and entities controlled by him, i.e., Noticees 1 to 7.
4. This Annexure does not include the names of those entities who were identified in the Interim Order as PV Influencers or Offloaders but who, for reasons recorded in this Order, have not been found to have made any profits in any of the 5 scrips.
5. The amounts of unlawful gains contained in this Annexure have been calculated on the basis of only the Trade Logs in terms of the rationale contained in paras 608 to 613 of this Order.

Scrip Wise Disgorgement

		MUL (Table 12 to 15 and 29)			VFL (Table 39 to 41)		7NR (Table 46 and 47)		GBL (Table 55 and 56)		DRCL (Table 64 to 66)	
Noticee No.	**Noticee Name**	**Individual liability of noticee**	**J & S liability with MUL Group**	**J & S liability with HCE**	**Individual liability of noticee**	**J & S liability with HCE**	**Individual liability of noticee**	**J & S liability with HCE**	**Individual liability of noticee**	**J & S liability with HCE**	**Individual liability of noticee**	**J & S liability with HCE**
12	JAGDISH CHAHAR	1,58,52,746	1,50,24,000	9,41,500	-	-	-	-	-	-	-	-
13	AMIT KUMAR	0	2,90,14,205	0	-	-	-	-	-	-	-	-
14	JAGDISH SINGH	1,61,88,926	1,10,46,500	6,57,700	-	-	-	-	-	-	-	-
15	MITHUN SINGH	1,25,68,716	1,25,00,000	0	-	-	-	-	-	-	-	-
16	SANTOSH RAUT	59,65,993	1,49,59,000	0	-	-	-	-	-	-	-	-
17	RAJA RAM	89,62,691	1,08,63,000	9,17,000	-	-	-	-	-	-	-	-
18	GOVIND OJHA	1,38,30,273	38,80,000	9,20,000	-	-	-	-	-	-	-	-
19	RAKESH GOEL	1,07,58,751	23,51,000	28,32,500	-	-	-	-	-	-	-	-
20	SHIV PAL	73,95,310	66,95,500	16,35,500	-	-	-	-	-	-	-	-
21	RAMAJOR RAMAJOR	70,96,191	41,19,500	18,86,500	-	-	-	-	-	-	-	-
22	MAHAVIR PRASAD	80,01,543	25,43,500	18,90,000	-	-	-	-	-	-	-	-
23	HARIBANSH GUPTA	93,33,030	14,79,300	0	-	-	-	-	-	-	-	-
24	SUNIL KUMAR VERMA	1,05,54,534	0	0	-	-	-	-	-	-	-	-
25	GOVIND SINGH	85,11,542	20,44,000	0	-	-	-	-	-	-	-	-
26	SUKANTA KUMAR PALA	89,69,680	12,00,000	0	-	-	-	-	-	-	-	-
27	MADHU	99,82,011	35,400	0	-	-	-	-	-	-	-	-
28	RAVITA DEVI	91,20,139	8,57,100	0	-	-	-	-	-	-	-	-
29	SUKHILAL MEENA	98,18,060	0	0	-	-	-	-	-	-	-	-
30	HARE RAM	40,39,118	57,52,000	0	-	-	-	-	-	-	-	-
31	ARVIND KUMAR	43,85,760	54,29,000	0	-	-	-	-	-	-	-	-
32	MEERA DEVI	96,53,114	0	0	-	-	-	-	-	-	-	-
33	ROSHAN KUMAR JAISWAL	84,41,781	11,11,000	0	-	-	-	-	-	-	-	-
34	KAVITA DEVI	83,77,261	11,57,500	0	-	-	-	-	-	-	-	-
35	JEET BAHADUR	76,60,392	18,93,300	0	-	-	-	-	-	-	-	-
36	MADAN PRASAD	76,86,800	17,51,000	0	-	-	-	-	-	-	-	-
37	KRISHAN MURARI SHARMA	15,299	87,95,329	0	-	-	-	-	-	-	-	-
38	PAPPU KUMAR RAM	51,45,416	34,66,700	0	-	-	-	-	-	-	-	-
39	NAND LAL SHARMA	43,23,190	32,64,900	8,42,300	-	-	-	-	-	-	-	-
40	LEELU SINGH	64,01,279	19,94,020	0	-	-	-	-	-	-	-	-
41	AMARJEET	12,15,953	0	5,00,000	-	-	-	-	-	-	-	-

		MUL (Table 12 to 15 and 29)			VFL (Table 39 to 41)		7NR (Table 46 and 47)		GBL (Table 55 and 56)		DRCL (Table 64 to 66)	
Noticee No.	Noticee Name	Individual liability of noticee	J & S liability with MUL Group	J & S liability with HCE	Individual liability of noticee	J & S liability with HCE	Individual liability of noticee	J & S liability with HCE	Individual liability of noticee	J & S liability with HCE	Individual liability of noticee	J & S liability with HCE
42	ANAND BANSAL	0	32,10,000	0	-	-	-	-	-	-	-	-
43	ARUN KUMAR	0	0	10,127	-	-	-	-	-	-	-	-
44	BHUREY SINGH	11,55,288	5,00,000	0	-	-	-	-	-	-	-	-
45	BINOD KUMAR JHA	6,22,597	0	0	-	-	-	-	-	-	-	-
47	DEVI SINGH	8,84,130	47,28,475	0	-	-	-	-	-	-	-	-
48	DHARAMWATI CHAUHAN	0	13,23,400	4,01,611	-	-	-	-	-	-	-	-
49	HARIOM RATHORE	0	19,14,009	0	-	-	-	-	-	-	-	-
50	HOSHIYAR SAINI	32,13,462	0	0	-	-	-	-	-	-	-	-
51	INDRANAND SINGH	0	33,855	28,13,500	-	-	-	-	-	-	-	-
52	JITENDER NAGAR	48,13,025	6,72,000	0	-	-	-	-	-	-	-	-
53	KAILASH CHOUHAN	75,73,078	0	0	-	-	-	-	-	-	-	-
54	KESH RAM	38,42,195	19,30,000	0	-	-	-	-	-	-	-	-
55	KULDEEP SINGH	37,05,835	10,00,000	0	-	-	-	-	-	-	-	-
56	LAXMAN YADAV	0	15,45,073	0	-	-	-	-	-	-	-	-
57	MAHENDER SINGH	0	80,565	0	-	-	-	-	-	-	-	-
58	MANGAL SINGH	5,80,546	8,50,000	8,69,500	-	-	-	-	-	-	-	-
59	MUKESH PANDEY	40,37,359	3,60,000	6,30,500	-	-	-	-	-	-	-	-
60	NARENDER	19,14,297	20,00,000	0	-	-	-	-	-	-	-	-
61	PARMANAND	0	13,18,000	1,37,200	-	-	-	-	-	-	-	-
62	PRAMOD RAM	52,95,025	0	0	-	-	-	-	-	-	-	-
63	PREM CHAND	20,50,535	40,50,000	0	-	-	-	-	-	-	-	-
64	RAJENDRA KUMAR	22,41,550	4,21,000	0	-	-	-	-	-	-	-	-
65	RAJESH GIRI	43,42,412	0	0	-	-	-	-	-	-	-	-
68	RATINDRA NATH	22,76,982	16,13,520	0	-	-	-	-	-	-	-	-
66	RAJESH KUMAR	52,97,180	0	0	-	-	-	-	-	-	-	-
67	RAJU DEVI	9,51,450	0	0	-	-	-	-	-	-	-	-
70	SEETA RAM	35,12,190	46,58,100	0	-	-	-	-	-	-	-	-
71	SHIV SHANKER	81,00,692	0	0	-	-	-	-	-	-	-	-
72	SUNIL NAGAR	53,99,502	0	0	-	-	-	-	-	-	-	-
73	SUSHEEL KUMAR ARORA	28,09,311	14,05,800	8,76,500	-	-	-	-	-	-	-	-
77	Durgeshwari Pradipbhai Chiripal	-	-	-	21,20,000	0	-	-	-	-	-	-
78	Manuj Ashokkumar Chiripal	-	-	-	19,53,52,840	0	-	-	-	-	-	-
79	Rushp Trading LLP	-	-	-	3,63,76,088	0	-	-	-	-	-	-
80	Satrama Trading LLP	-	-	-	96,60,030	0	-	-	-	-	-	-
81	Shivhari Trading LLP	-	-	-	5,83,97,900	0	-	-	-	-	-	-
82	Trisha Vikash Bajaj	-	-	-	43,99,750	0	-	-	-	-	-	-
83	Bajaj Sonali Ateet	-	-	-	32,94,258	0	-	-	-	-	-	-
84	Ravi Kannadasan Adidravid	-	-	4,35,520	-	-	-	-	-	-	0	22,788

		MUL (Table 12 to 15 and 29)			VFL (Table 39 to 41)		7NR (Table 46 and 47)		GBL (Table 55 and 56)		DRCL (Table 64 to 66)	
Noticee No.	Noticee Name	Individual liability of noticee	J & S liability with MUL Group	J & S liability with HCE	Individual liability of noticee	J & S liability with HCE	Individual liability of noticee	J & S liability with HCE	Individual liability of noticee	J & S liability with HCE	Individual liability of noticee	J & S liability with HCE
85	Pritiben Popatbhai Parmar	-	-	1,55,100	-	-	-	-	-	-	0	47,131
86	Manishkumar Rajput	-	-	3,42,250	-	-	-	-	-	-	0	19,283
87	Shahrukhkhan Pathan	-	-	1,04,500	-	-	-	-	-	-	0	26,665
88	Sahilkumar Amrutbhai Vaghela	-	-	8,35,850	-	-	-	-	-	-	0	0
89	Lilaben Popatbhai Parmar	-	-	1,91,410	-	-	-	-	-	-	0	22,922
90	Popatbhai Ramjibhai Parmar	-	-	2,02,700	-	-	-	-	-	-	0	25,559
91	Dipika Popatbhai Parmar	-	-	3,83,500	-	-	-	-	-	-	0	33,016
92	Fuldeep Popatbhai Sehgal	-	-	2,22,450	-	-	-	-	-	-	0	2,765
93	Keval Savant	-	-	4,00,753	-	-	-	-	-	-	0	21,509
94	Chiragkumar Makwana	-	-	3,02,473	0	2,03,894	-	-	-	-	0	17,274
95	Makwana Madhuben	-	-	2,03,455	0	1,16,051	-	-	-	-	0	14,782
96	Krusha Birjukumar Sanghvi	-	-	2,77,979	-	-	-	-	-	-	0	5,324
97	Karan Birjubhai Sanghvi	-	-	2,29,456	-	-	-	-	-	-	0	2,765
98	Hina Barot	-	-	2,02,250	0	1,19,840	-	-	-	-	0	46,410
99	Prakash Kantilal Vaghela	-	-	5,75,705	0	3,46,746	-	-	-	-	0	21,755
100	Highgrowth Vincom Private Limited	-	-	2,75,841	0	14,86,224	0	1,95,28,831	0	39,92,288	0	0
101	Sumit Laha	-	-	17,81,387	0	2,29,511	0	1,50,92,884	-	-	0	0
102	Dibakar Laha	-	-	8,17,711	0	4,67,486	0	1,04,29,505	-	-	0	0
103	Glorious Vincom Private Limited	-	-	0	-	-	0	3,34,739	0	1,55,13,742	0	0
104	Arpan Das	-	-	24,22,283	-	-	0	70,06,975	0	15,40,396	0	0
105	Sanjay Dey	-	-	9,54,118	0	4,69,039	0	1,20,99,238	0	7,70,200	0	0
106	Linkup Financial Consultants Private Limited	-	-	4,83,129	0	8,28,487	0	25,68,429	0	95,23,241	0	0
107	Suprabhat Laha	-	-	16,11,393	0	22,780	0	8,31,508	-	-	0	0
108	Ujjal Laha	-	-	4,04,716	0	13,08,049	0	75,76,309	0	0	0	0
109	Buddhadeb Laha	-	-	6,03,493	0	4,74,282	0	14,38,345	0	36,05,842		0
110	Sourav Das	-	-	0	0	18,20,173	0	56,80,271	-	-		0
111	Minu Mallick	-	-	4,16,250	0	60,288	0	36,30,901	-	-	0	0
112	Arun Dutta	-	-	2,58,594	0	9,54,922	0	9,03,624	0	26,87,867		0
113	Debashish Dutta	-	-	7,72,412	0	11,32,300	-	90,764	-	-	0	0
114	Uma Dutta	-	-	5,88,795	0	13,49,364	0	8,00,777	-	-	0	0
115	Subrata Laha	-	-	4,85,378	0	9,99,319	0	6,17,619	-	-	0	0
116	Priyankar Laha	-	-	2,43,715	0	1,79,577	0	6,07,915	0	1,645		0
117	Tapas Laha	-	-	1,61,574	0	2,80,631	0	6,44,540	-	-	0	0
118	Arun Laha	-	-	1,06,164	0	6,18,810	-	-	-	-	0	0
119	Tejal Amitkumar Khatri	-	-	-	-	-	2,70,87,170	0	-	-	-	-

		MUL (Table 12 to 15 and 29)			VFL (Table 39 to 41)		7NR (Table 46 and 47)		GBL (Table 55 and 56)		DRCL (Table 64 to 66)	
Noticee No.	Noticee Name	Individual liability of noticee	J & S liability with MUL Group	J & S liability with HCE	Individual liability of noticee	J & S liability with HCE	Individual liability of noticee	J & S liability with HCE	Individual liability of noticee	J & S liability with HCE	Individual liability of noticee	J & S liability with HCE
120	Nitesh P Pavskar	-	-	-	-	-	2,44,92,644	0	6,49,989	0	-	-
121	Chintukumar Vasudevbhai Pandya	-	-	-	-	-	1,80,38,069	0			-	-
122	Naginbhai Jeshingbhai Maheriya	-	-	-	-	-	1,96,30,358	0	8,89,758	0	-	-
123	Chandrikaben Maheshbhai Chauhan	-	-	-	-	-	2,63,67,618	0			-	-
124	Kamleshkumar G Solanki	-	-	-	-	-	1,51,84,994	0	6,70,493	0	-	-
125	Vijay Rajeshbhai Vasita	-	-	-	-	-	1,55,27,604	0	9,22,799	0	-	-
126	Jitendra Harjivanbhai Gohil	-	-	-	-	-	1,02,88,127	0			-	-
127	Govindbhai Natvarlal Chauhan (Through his legal representatives)	-	-	-	-	-	1,73,79,651	0			-	-
128	Natvarbhai Patlia	-	-	-	-	-	62,96,392	0			-	-
129	Ravindra Nanalal Raval	-	-	-	-	-	67,94,467	0			-	-
130	Dixit Nareshbhai Borisa	-	-	-	-	-	65,85,055	0	5,79,393	0	-	-
131	Sushma Jasmin Barot	-	-	-	-	-	47,91,664	0			-	-
132	Manoharprasad Ghanshyambhai Vaishnav	-	-	-	-	-	42,47,457	0	5,25,640	0	-	-
133	Maheshkumar Nareshkumar Purabia	-	-	-	-	-	34,52,422	0	5,29,888	0	-	-
133	Maheshkumar Nareshkumar Purabia	-	-	-	-	-	-	-	-	-	-	-
134	Piyush Agarwal	99,93,202	-	-	-	-	-	-	-	-	-	-
135	Juscorp Enterprises Pvt. Ltd.	87,39,147	-	-	-	-	-	-	-	-	-	
136	A1 Solutions Prop. Ajju Kumar	1,29,56,803	-	-	-	-	-	-	-	-	-	-
137	Corredor Services Pvt. Ltd.	34,43,135	-	-	-	-	-	-	-	-	-	
138	Sapan Kumar Agarwal	65,01,896	-	-	-	-	-	-	-	-	-	-
139	Vepar Solutions Private Limited	36,56,922	-	-	-	-	-	-	-	-	-	-
140	Shyam Kumar Singh	1,77,37,339	-	-	-	-	-	-	-	-	-	-
141	Kamal Gupta Huf	58,20,065	-	-	-	-	-	-	-	-	-	-
142	Chinnu	49,22,700	-	-	-	-	-	-	-	-	-	-
143	Gyanendra Gharti Chhetri	34,377	-	-	-	-	-	-	-	-	-	-
144	Aayush Tanwar	28,952	-	-	-	-	-	-	-	-	-	-
153	Aakash Doshi	-	-	-	-	-	-	-	-	-	95,91,396	0
154	Rajvi Naresh Shah	-	-	-	-	-	-	-	-	-	53,599	0
155	Ramnaresh Dashadeen Nirmal	-	-	-	-	-	-	-	-	-	9,00,231	0
156	Arvind Shantilal Shah	-	-	-	-	-	-	-	-	-	2,33,44,008	0
157	Yash Manish Mehta	-	-	-	-	-	-	-	-	-	16,64,622	0

		MUL (Table 12 to 15 and 29)			VFL (Table 39 to 41)		7NR (Table 46 and 47)		GBL (Table 55 and 56)		DRCL (Table 64 to 66)	
Noticee No.	Noticee Name	Individual liability of noticee	J & S liability with MUL Group	J & S liability with HCE	Individual liability of noticee	J & S liability with HCE	Individual liability of noticee	J & S liability with HCE	Individual liability of noticee	J & S liability with HCE	Individual liability of noticee	J & S liability with HCE
158	Rupal Bhavin Shah	-	-	-	-	-	-	-	-	-	1,10,14,029	0
159	Bharati Arvind Shah	-	-	-	-	-	-	-	-	-	58,68,806	0
160	Dhavani Jayantkumar Shah	-	-	-	-	-	-	-	-	-	0	0
161	Kruti Kevin Kapadia	-	-	-	-	-	-	-	-	-	28,90,784	0
162	Shashikant Chinubhai Kapadia	-	-	-	-	-	-	-	-	-	0	0
163	Ankur Suresh Mehta	-	-	-	-	-	-	-	-	-	35,07,597	0
164	Bhashit Deepak Shah	-	-	-	-	-	-	-	-	-	2,52,855	0
165	Mehul Hasmukh Shah	-	-	-	-	-	-	-	-	-	3,81,812	0
166	Vidhi Mehul Shah	-	-	-	-	-	-	-	-	-	0	
167	Himanshu Shah	-	-	-	-	-	-	-	-	-	5,76,22,563	0
173	Shrenikbhai J Gohil	-	-	-	-	-	-	-	10,39,141	0	-	-
176	Akshay Jitendrakumar Brahambhatt	-	-	-	-	-	-	-	5,44,396	0	-	-