National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/60930	Date: February 28, 2024
Circular Ref. No: 286/2024	

To All NSE Members,

Sub: **SEBI Interim Order in the matter of V Marc India Limited.**

This is with reference to in respect of SEBI Order No. WTM/AN/ISD/ISD-SEC-7/30054/2023-24 dated February 28, 2024, wherein SEBI has restrained following entities from buying, selling or dealing in the securities market or associating themselves with the securities market, either directly or indirectly, in any manner whatsoever until further orders.

Noticee No.	Name of Entity	PAN/CIN/DIN
1	Vikas Garg	AEAPG2497K
2	Sandeep Kumar Srivastava	BBPPS9858B
3	Sudhir Gupta	AKTPG7951R
4	Prijesh Kurani	AIQPK8093D
5	Dharini Kurani	DAEPK6510G
6	Rekha Kurani	AQCPK5061H
7	Surbhi Aggarwal	BNIPA1542D
8	Vinod Vilas Sable	BUQPS6087Q
9	Seema Garg	BAEPG2866D
10	Madhu Srivastava	CEHPS5701R
11	Jai Kishorr Singhal	AGIPS9904P
12	Seema Agarwal	AALPA2265J

Further, SEBI vide above order has clarified that If the Entities have any open position in any Exchange traded derivative contracts, as on the date of this Order, they can close out /square off such open positions within 3 months from the date of this Order or at the expiry of such contracts, whichever is earlier.

SEBI vide above order has directed that, Mr. Madhukar Sheth (PAN: ANXPS1972P) is hereby restrained from selling or transferring his shares in V Marc India Ltd. in any manner or creating third party interests in such shares including through pledge of shares, till further orders.

The order comes into force with immediate effect.

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

Further, the consolidated list of such entities is available on the Exchange website http://www.nseindia.com home page at the below mentioned link:

https://www.nseindia.com/regulations/member-sebi-debarred-entities

Members are advised to take note of the above and ensure compliance.

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

For and on behalf of
National Stock Exchange of India Limited

Sandesh Sawant
Senior Manager

ANNEXURE: SEBI Interim Order in the matter of V Marc India Limited.

WTM/AN/ISD/ISD-SEC-7/30054/2023-24

SECURITIES AND EXCHANGE BOARD OF INDIA
AD INTERIM EX PARTE ORDER

Under Sections 11, 11 (4), 11 (4A),11B of the Securities and Exchange Board of India Act, 1992

In respect of:

Sl. No.	Name of the Entity	PAN
1.	Vikas Garg	AEAPG2497K
2.	Sandeep Kumar Srivastava	BBPPS9858B
3.	Sudhir Gupta	AKTPG7951R
4.	Prijesh Kurani	AIQPK8093D
5.	Dharini Kurani	DAEPK6510G
6.	Rekha Kurani	AQCPK5061H
7.	Surbhi Aggarwal	BNIPA1542D
8.	Vinod Vilas Sable	BUQPS6087Q
9.	Seema Garg	BAEPG2866D
10.	Madhu Srivastava	CEHPS5701R
11.	Jai Kishorr Singhal	AGIPS9904P
12.	Seema Agarwal	AALPA2265J
13.	Madhukar Chimanlal Sheth	ANXPS1972P
14.	Pratik Madhukar Sheth	ANXPS1985J
15.	Jinal Pratik Sheth	BFTPS3640R

(The aforementioned persons are collectively referred to in this Order as "Entities")

In the matter of V Marc India Limited

SUMMARY OF THE CASE

1. This case primarily deals with allegations of fraudulent and manipulative trading in securities of the scrip of V Marc India Ltd. (*hereinafter referred to as "**V Marc**"/ "**the***

Company”), a company listed on NSE’s SME segment, *prima facie* orchestrated by the promoter and company management, along with connected parties. The scheme appears to have been devised prior to the listing of the scrip and was aided by the presence of persons who were *prima facie* connected to the promoter/ management of the Company and held a substantial number of shares in the Company. The cornered shares appear to have supported the *prima facie* fraudulent activity of manipulation of the volume and price of V Marc shares thereby eventually enabling the sale of shares at inflated prices to unsuspecting investors.

BACKGROUND

2. Securities and Exchange Board of India (*hereinafter referred to as* “***SEBI***”) received a complaint dated September 21, 2022, from one of the shareholders of V Marc. In the complaint, it was alleged *inter alia* that the price of V Marc’s scrip was being manipulated. Based on the aforesaid complaint, an examination was carried out to determine whether any provisions of securities law have been violated in the trading of this scrip.

3. The examination which covered the period from April 09, 2021, to April 30, 2021, was aided by data obtained from the mobile device of one Mr. Prijesh Kurani, seized pursuant to the Search and Seizure Operation carried out by SEBI at Mr. Kurani’s residence in the month of May 2022, in the context of investigation into the matter of “Front Running of Trades of Axis Mutual Fund”. The data from the said device, particularly messages exchanged on WhatsApp involving Entities referred to in this Order including a copy of a signed agreement between certain Entities, has served as important evidence in this case.

4. Certain facts regarding the Company, as recorded in the Examination Report, are as follows:

   4.1. The Company was originally incorporated as Asian Galaxy Private Limited on March 4, 2014. The Company acquired business of partnership firm namely M/s Asian Wire & Cable Industries pursuant to an acquisition deed dated March 10, 2014, to carry on the business of manufacturing and trading of PVC insulated wires and cable etc. The private Company was later converted to a public limited company on February 2, 2021, pursuant to which the name of the Company was changed to V-Marc India Limited.

4.2. V Marc had launched an IPO (100% book built) with an issue size of 60 lakh equity shares of face value of INR 10/- each at an issue price of INR 39/- each, aggregating to INR 23.40 crore. The issue opened on March 25, 2021, and closed on March 31, 2021. The scrip was listed for trading on the SME segment of NSE from April 09, 2021.

4.3. The Directors and Key Managerial Personnel of the Company during the IPO and now are stated in the following table:

Table 1: Key Managerial personnel of the Company

Sl. No.	Name of the Director	Designation	Present Status
1	Vikas Garg	Chairman & Managing Director	Managing Director
2	Meenakshi Garg	Non-Executive Director	Non-Executive Director
3	Sandeep Kumar Srivastava	Whole Time Director	Resigned on February 23, 2022
4	Ranjan Kumar Sawarna	Chief Financial Officer	Chief Financial Officer
5	Raj Kumar Pandey	Independent Director (Additional)	Independent Director
6	Mukesh Bansal	Independent Director (Additional)	Independent Director
7	Kanchan Gupta	-	Company Secretary cum Compliance Officer (Appointed on September 17, 2022)
8	Deepak Prabhakar Tikle	-	Additional Director (Executive and Non Independent) (Appointed on November 02, 2022)

5. Facts relating to the IPO, as recorded in the Examination Report *inter alia* are as follows:

5.1. A few Entities connected or known directly/ indirectly to Mr. Vikas Garg, Promoter of V Marc (*in a manner described later in this order*) namely Mr. Sudhir Gupta, Mr. Pratik Madhukar Sheth, Ms. Jinal Pratik Sheth and Ms. Dharini Kurani had subscribed to the IPO.

5.2. The Entities connected to Mr. Vikas Garg were allotted a total of 18.42 lakh shares out of the 60 lakh shares allotted during the IPO, constituting 30.70% of the shares allotted during the IPO.

6. Facts relating to trading in the scrip of V Marc during the Examination Report *inter alia* are as follows:

6.1. Gross purchases constituting 85.86% of market wide purchases were made by Mr. Prijesh Kurani and other Entities connected to him and to the promoter Mr. Vikas Garg. Their net purchases of the scrip (i.e., volume purchased less volume sold) constituted 92.40% of the total market wide net purchases during the Examination Period.

6.2. As elaborated later in Table 10, on the price front, as net buyers, Mr. Prijesh Kurani and Entities connected to him and to Mr. Vikas Garg were also observed to have contributed to 71.43% of the positive Last Traded Price (*hereinafter referred to as* ***"LTP"***), which is a measure of their contribution to lifting or supporting the price of the scrip during the period.

7. The basis of connection between the Entities, as recorded in or inferred from the facts in the Examination Report along with the alleged role of each Entity (in brief) as observed in the Examination Report, are as follows:

Table No. 2: Connection among Entities

Sl. No	Name	Alleged Role	Basis of Connection
1.	Vikas Garg	Promoter, Chairman and MD of V Marc	i) Promoter of V Marc. ii) Connected with Sudhir Gupta (S. No. 2) on the basis of – a. Call data Records b. WhatsApp Chat with Prijesh Kurani (S. No 7) indicating fund transfer from partnership firm of Sudhir Gupta (S. No 2) to the bank accounts of Prijesh Kurani (S. No 7), Dharini Kurani (S. No 8) and Surbhi Aggarwal (S. No 10). iii) Connected with Prijesh Kurani (S. No. 7) on the basis of WhatsApp Chat

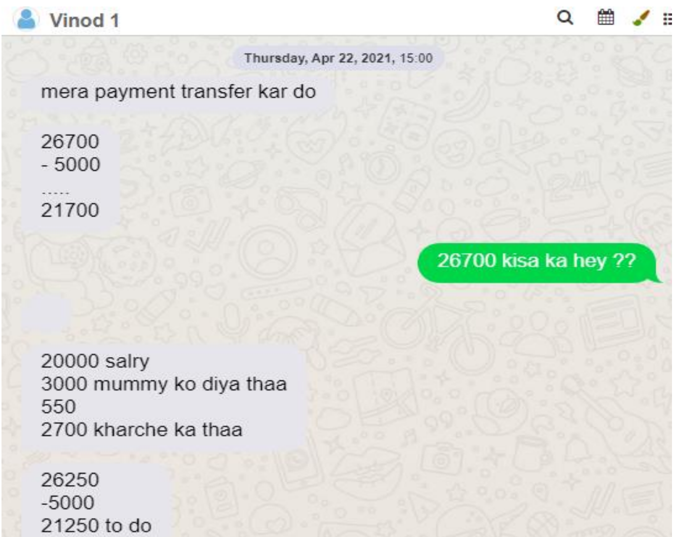
Sl. No	Name	Alleged Role	Basis of Connection
			iv) Connected with Jai Kishorr Singhal (S. No. 11) on the basis of– a. Call Data Records b. WhatsApp Chat with Prijesh Kurani where account of Jai Kishorr Singhal was provided by Vikas Garg to Prijesh Kurani c. Dedicated WhatsApp Group named "V-Marc Documents" where S. No. 1,3,7 and 11. are the members.
2.	Sudhir Gupta	Subscriber of V Marc IPO, funded the IPO and the stock manipulation after listing	i) Connected with Vikas Garg (S. No 1) on the basis of - a. Call data Records b. WhatsApp Chat between Prijesh Kurani (S. No 7) and Vikas Garg (S. No 1) indicating Sudhir Gupta through his partnership firm transferred funds to the bank accounts of Prijesh Kurani (S. No 7), Dharini Kurani (S. No 8) and Surbhi Aggarwal (S. No 10). He had also through his partnership firm had transferred funds to Pratik Madhukar Sheth (S. No 5).
3.	Sandeep Kumar Srivastava	Erstwhile Whole Time Director of V Marc, facilitated fund transfers and enabled manipulation of the scrip post listing	i) Connected to Vikas Garg (S. No 1) as both are at Key Managerial Position at V Marc. ii) Connected to Prijesh Kurani (S. No 7) on the basis of WhatsApp chats and dedicated WhatsApp Group named "V-Marc Documents" where S. No. 1,3,7 and 11 are the members.
4.	Madhukar Sheth	Subscriber of V Marc through a private placement and facilitated IPO subscription	i) Subscribed to 8.40 lakhs shares of V Marc through private placement. ii) Connected to Prijesh Kurani (S. No 7) on the basis of WhatsApp chats. iii) Met Vikas Garg and Prijesh Kurani at Haridwar prior to IPO (See Figure No. 17)
5.	Pratik Madhukar Sheth	Subscriber of V Marc IPO	i) Son of Mr. Madhukar Sheth (S. No 4). ii) Connected to Prijesh Kurani (S. No 7) on the basis of WhatsApp chats.
6.	Jinal Pratik Sheth	Subscriber of V Marc IPO	i) Daughter-in-law of Madhukar Sheth (S. No 4). ii) Wife of Pratik Madhukar Sheth (S. No 5)
7.	Prijesh Kurani	Managed IPO subscription of V Marc,	i) Connected to Vikas Garg (S. No 1) on the basis of WhatsApp chats.

Sl. No	Name	Alleged Role	Basis of Connection
		created artificial volume and manipulated the price post IPO	ii) Connected to Sandeep Kumar Srivastava (S. No 3) on the basis of WhatsApp chats. iii) Connected to Jai Kishorr Singhal (S. No 11) on the basis of WhatsApp chats. iv) Connected to Madhukar Sheth (S. No 4) on the basis of WhatsApp chats v) Husband of Dharini Prijesh Kurani (S. No 8)
8.	Dharini Prijesh Kurani	Subscriber to the V Marc IPO, created artificial volume and manipulated the price post IPO	i) Wife of Prijesh Kurani (S. No 7) [As per KYC]
9.	Vinod Vilas Sable	Created artificial volume and manipulated the price post IPO	i) Employee of Prijesh Kurani (S. No 7) *(See Note 1 below)* ii) Connected to Prijesh Kurani (S. No 7) on the basis of WhatsApp chats.
10.	Surbhi Aggarwal		i) Sister-in-law of Prijesh Kurani (S. No 7) *[It is noted from the Memorandum of Marriage issued by Government of Maharashtra, Health Department that Ms. Surbhi Aggarwal is married to Mr. Bindesh Kurani. Further, as per the witness details mentioned in the Memorandum of Marriage, it is noted that Mr. Bindesh Kurani is the brother of Mr. Prijesh Kurani. Hence, Ms. Surbhi Aggarwal is the sister – in – law of Mr. Prijesh Kurani.]*
11.	Jai Kishorr Singhal	Funded the manipulation of V Marc post listing, created artificial volume and manipulated the price post IPO	i) Connected to Vikas Garg (S. No 1) as Jai Kishorr Singhal was allotted 1,000 shares of V Marc to on January 25, 2021 i.e. before the IPO. *[Mr. Jai Kishorr Singhal and Ms. Madhu Srivastava were two of the five public shareholders who were allotted 1,000 shares of V Marc on January 25, 2021, pursuant to the Company's conversion to a Public Limited Company from a Private Limited one. They were the select few individuals out of 5 individuals who were allotted shares to meet the mandatory requirement of having minimum 7 persons to form a public company (Section 3(a) of Companies Act, 2013).]* ii) Connected with Vikas Garg (S. No 1) through - Call Data Records. iii) Connected to Prijesh Kurani (S. No 7) through WhatsApp chats.

Sl. No	Name	Alleged Role	Basis of Connection
12.	Seema Aggarwal	Funded Manipulation	i) Funds were transferred from her account to Prijesh Kurani, Dharini Prijesh Kurani, Surbhi Aggarwal
13.	Seema Garg	Created artificial volume and manipulated the price post IPO	i) Relative of Vikas Garg (S. No 1) as mentioned in the RHP. ii) Seema Garg was allotted 1,000 shares of V Marc on January 25, 2021 i.e. before the IPO.
14.	Madhu Srivastava		i) Madhu Srivastava was allotted 1,000 shares of V Marc on January 25, 2021 i.e. before the IPO. *[Mr. Jai Kishorr Singhal and Ms. Madhu Srivastava were two of the five public shareholders who were allotted 1,000 shares of V Marc on January 25, 2021, pursuant to the Company's conversion to a Public Limited Company from a Private Limited one. They were the select few individuals out of 5 individuals who were allotted shares to meet the mandatory requirement of having minimum 7 persons to form a public company (Section 3(a) of Companies Act, 2013).]* ii) Wife of Sandeep Kumar Srivastava (S. No. 3).
15.	Rekha Kurani	Prijesh Kurani's conduit for sale of shares	i) Mother of Prijesh Kuarani (S. No 7) who had also received and transferred shares in off-market.

Note 1: In a WhatsApp chat on April 22, 2021 between Prijesh Kurani and Vinod Sable, the latter can be seen asking the former to pay him his salary of INR 20,000/-. The same *prima facie* leads to an inference that Vinod Sable was an employee of Prijesh Kurani. The extract of the aforesaid WhatsApp chat is reproduced below:

Figure No. 1



Note 2: *Relevant details of CDRs of calls between Vikas Garg and Sudhir Gupta; and between Vikas Garg and Jai Kishorr Singhal are as follows:*

Table No. 3: CDRs during the period September 1, 2021 and November 11, 2022

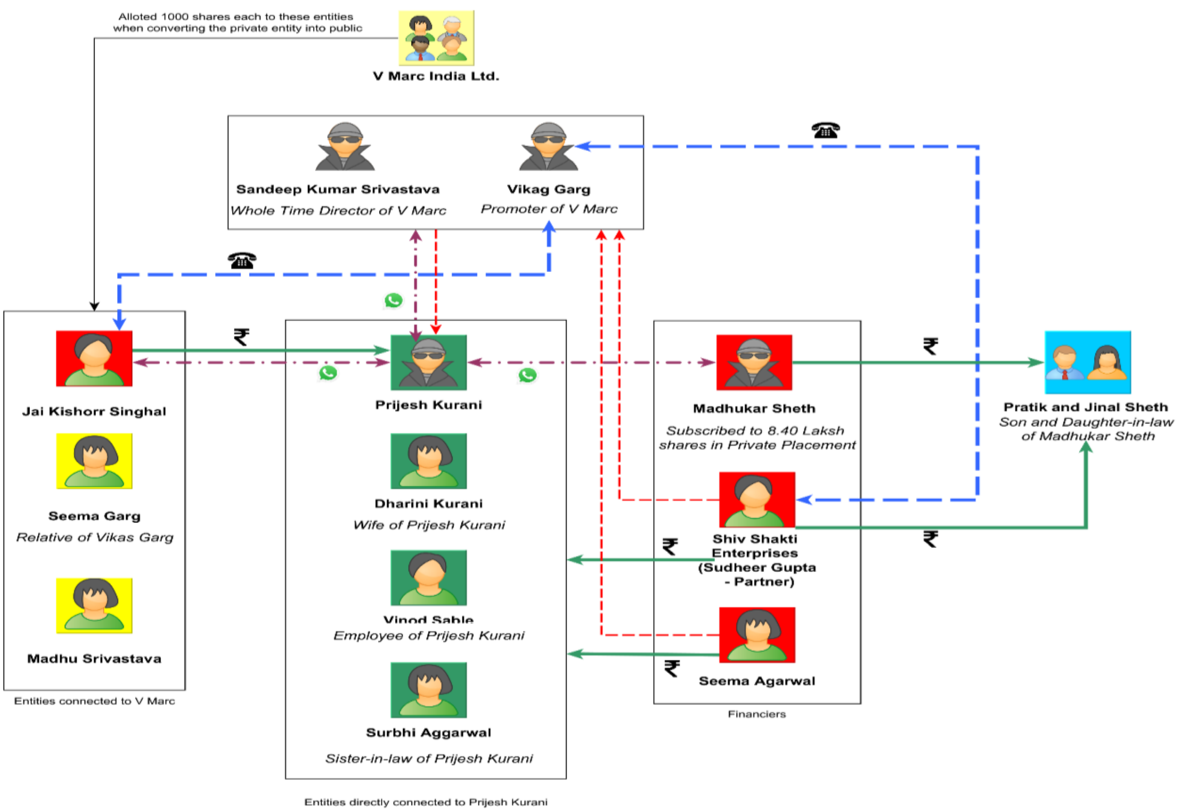
Party A	Party B	A to B		B to A	
		Count	Duration (in secs)	Count	Duration (in secs)
+91 955XXXX300 (Vikas Garg)	+91 921XXXX189 (Sudhir Gupta)	27	2302	6	611

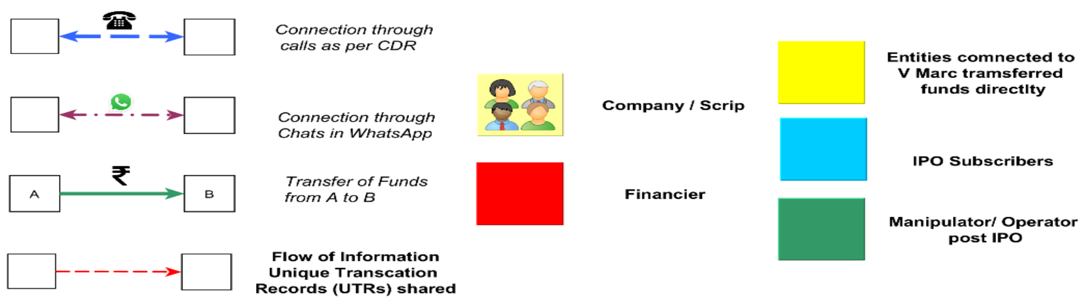
Table No. 4: CDRs during the period September 1, 2021 and November 11, 2022

Party A	Party B	Call / SMS	A to B		B to A	
			Count	Duration (in secs)	Count	Duration (in secs)
+91 955XXXX300 (Vikas Garg)	+91 983XXXX237 (Jai Kishorr Singhal)	Call	630	1,00,238	489	71,197
		SMS	2	N.A.	8	N.A.

8. A diagram explaining the connection between the Entities is recorded in the figure below:

Figure No. 2

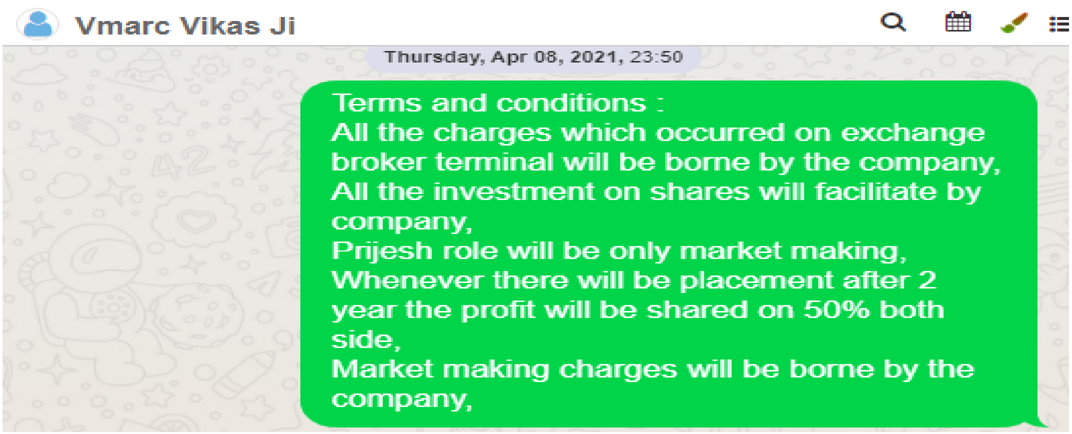




CONSPIRACY TO MANIPULATE

9. A WhatsApp chat dated April 8, 2021 (i.e. the day prior to the listing of V Marc), between Prijesh Kurani and Vikas Garg reveals a mutual understanding or agreement between them regarding the manner of dealing in the scrip. The extract of the said WhatsApp chat is reproduced below:

Figure No. 3

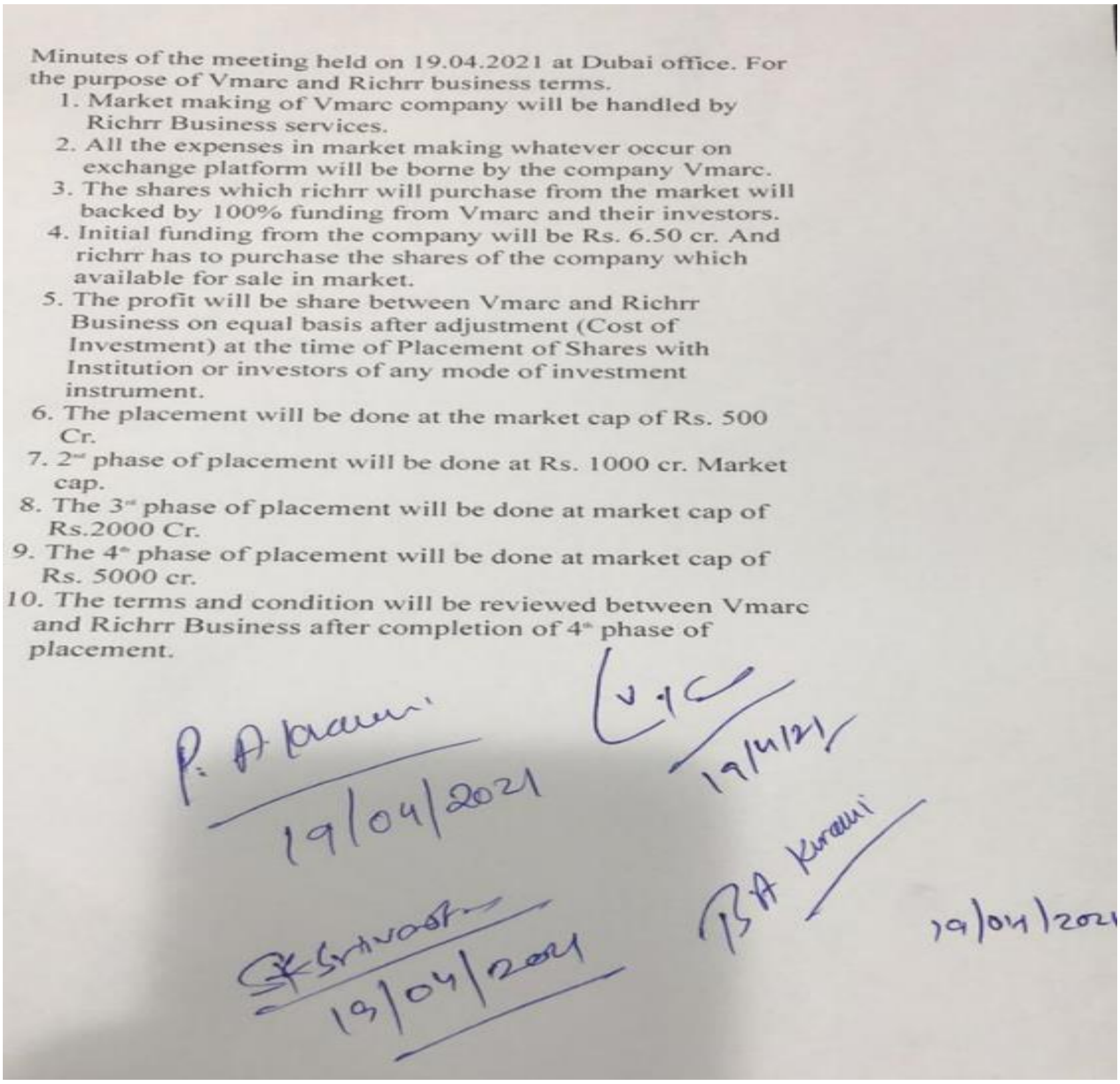


10. The following is gathered from the above WhatsApp chat:
    10.1. The Company would bear the cost of dealing in the scrip and would “facilitate” investment on shares (sic).
    10.2. Prijesh Kurani would be the “market maker”.
    10.3. The ratio of profit share between the Company and Prijesh Kurani would be 50:50.

11. The existence of an arrangement between the management of the Company and Prijesh Kurani is corroborated by another WhatsApp chat dated April 19, 2021 (i.e., after the listing of V Marc) between Prijesh Kurani and Vikas Garg. In the said WhatsApp chat, Prijesh Kurani shared a document with Vikas Garg containing the

minutes of a meeting held on April 19, 2021 in Dubai. The extract of the said document is reproduced below:

Figure No. 4



Minutes of the meeting held on 19.04.2021 at Dubai office. For the purpose of Vmarc and Richrr business terms.

1. Market making of Vmarc company will be handled by Richrr Business services.
2. All the expenses in market making whatever occur on exchange platform will be borne by the company Vmarc.
3. The shares which richrr will purchase from the market will backed by 100% funding from Vmarc and their investors.
4. Initial funding from the company will be Rs. 6.50 cr. And richrr has to purchase the shares of the company which available for sale in market.
5. The profit will be share between Vmarc and Richrr Business on equal basis after adjustment (Cost of Investment) at the time of Placement of Shares with Institution or investors of any mode of investment instrument.
6. The placement will be done at the market cap of Rs. 500 Cr.
7. 2nd phase of placement will be done at Rs. 1000 cr. Market cap.
8. The 3rd phase of placement will be done at market cap of Rs.2000 Cr.
9. The 4th phase of placement will be done at market cap of Rs. 5000 cr.
10. The terms and condition will be reviewed between Vmarc and Richrr Business after completion of 4th phase of placement.

19/04/2021

19/4/21

19/04/2021

19/04/2021

12. On a perusal of the signatures on the aforesaid document and comparing the same with their signature in the KYC documents (copy of passports) it is evident that Vikas Garg, Prijesh Kurani, Sandeep Kumar Srivastava and Bindesh Kurani have signed the document.

13. Broadly, the aforementioned WhatsApp chat brings out the following:

    13.1. A company named Richr Business Services will handle ‘market making’ of V Marc.

13.2. All expenses of market making as well as funds for purchase of V Marc shares will be funded by V Marc itself.

13.3. The profit will be shared between V Marc and Richr Business on equal basis at the time of 'placement of shares' with investors.

13.4. Few milestones were identified for placement of shares with the investors.

14. It is noted from the WhatsApp chat that the meeting was held in Dubai. Prijesh Kurani has a work visa issued by General Directorate of Residency and Foreigners Affairs – Dubai. Further, Prijesh Kurani's cell phone number is prefixed by the ISD code of United Arab Emirates (+971). In his Facebook profile, Prijesh Kurani claims that he is the Chief Investment Officer at '**Richr Business Services**'. Also, from the Professional License details of Richr Business Services, it is noted that Bindesh Kurani (brother of Prijesh Kurani), Rekha Kurani (mother of Prijesh Kurani) and Surbhi Aggarwal (sister-in-law of Prijesh Kurani) are the partners of Richr Business Services, Dubai while Bindesh Kurani is also the Manager of Richr Business Services. Hence, it can be *prima facie* concluded that Richr Business Services is a business organization owned and operated by Prijesh Kurani and his family from Dubai.

15. In compliance with regulation 261 (1) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (*hereinafter referred to as* "***ICDR Regulations***"), the lead manager(s) is / are required to ensure market making through the stockbrokers of the SME Exchange(s) appointed by the issuer. In the instant matter the official market maker was Pentagon Stock Brokers Private Limited (formerly known as Pantomath Stock Brokers Private Limited). Further, NSE, vide its email dated May 3, 2023, has submitted that neither Richr Business Services nor Prijesh Kurani were registered as market makers at NSE during the period from January 1, 2020 to December 31, 2021.

16. The aforesaid WhatsApp chat (minutes of meeting dated April 19, 2021), apart from reiterating the contents of WhatsApp chat dated April 8, 2021, also discloses the stages at which the profits would be shared and earmarks the period when the terms and conditions agreed upon by the management of the Company and Prijesh Kurani would undergo a review. Further, the WhatsApp chat also identifies the individuals

who are in the know of the *prima facie* scheme employed in the matter while dealing in the scrip.

17. Based on the aforesaid two WhatsApp chats and the fact that Richr Business Services was not the official market maker in the scrip, it can be inferred that the reference to "market making" in the said WhatsApp chats was in fact a way of recording that volumes and price in the scrip had to be artificially created and not by the anonymous market forces of demand and supply. Also, the word 'placement' appears to an alternative reference to 'sale' of shares at specified levels of market capitalisation. Therefore, it is *prima facie* concluded that there was an agreement / arrangement between the Company's management and Richr Business Services for artificial volume and price creation in the scrip backed by funding arranged by the Company / its management. Subsequently, according to the agreement recorded in Figure 4, the gains made by such artificial volume and price manipulation would be shared between the Company / its management and the Kuranis.

PRICE AND VOLUME MANIPULATION POST LISTING OF SECURITIES

18. Based on the material available on record, the Examination Report concludes that Vikas Garg, Sandeep Kumar Srivastava and Prijesh Kurani had dealt in the scrip, post its listing, with the intent to artificially manipulate its price and volume. Broadly, in accordance with the scheme, the management of the Company would provide funds, trading accounts, and even the Beneficiary Position (*hereinafter referred to as* "***BENPOS***") report to Prijesh Kurani who in turn would execute the trades in the scrip either from his own trading account or from the trading accounts of connected entities to artificially sustain/ manage the price of V Marc, post listing. The aim of the aforesaid *prima facie* scheme, as brought out in more detail in subsequent paragraphs, appears to have been to off-load the shares to investors at inflated prices after a certain level of market capitalization was achieved.

19. For the purpose of this Order and for the reasons elaborated in subsequent paragraphs, the Entities namely Prijesh Kurani, Vinod Vilas Sable, Surbhi Aggarwal, Dharini Prijesh Kurani, Rekha Kurani, Jai Kishorr Singhal, Seema Garg, Seema Agarwal, Madhu Srivastava, Vikas Garg, Sandeep Kumar Srivastava and Sudhir Gupta are hereinafter collectively referred to as '**PV Manipulators**'. Based on

connections discussed in paragraph 7 above, it is evident that the PV Manipulators are connected with Mr. Prijesh Kurani or with Mr. Vikas Garg.

ROLE PLAYED BY PV MANIPULATORS

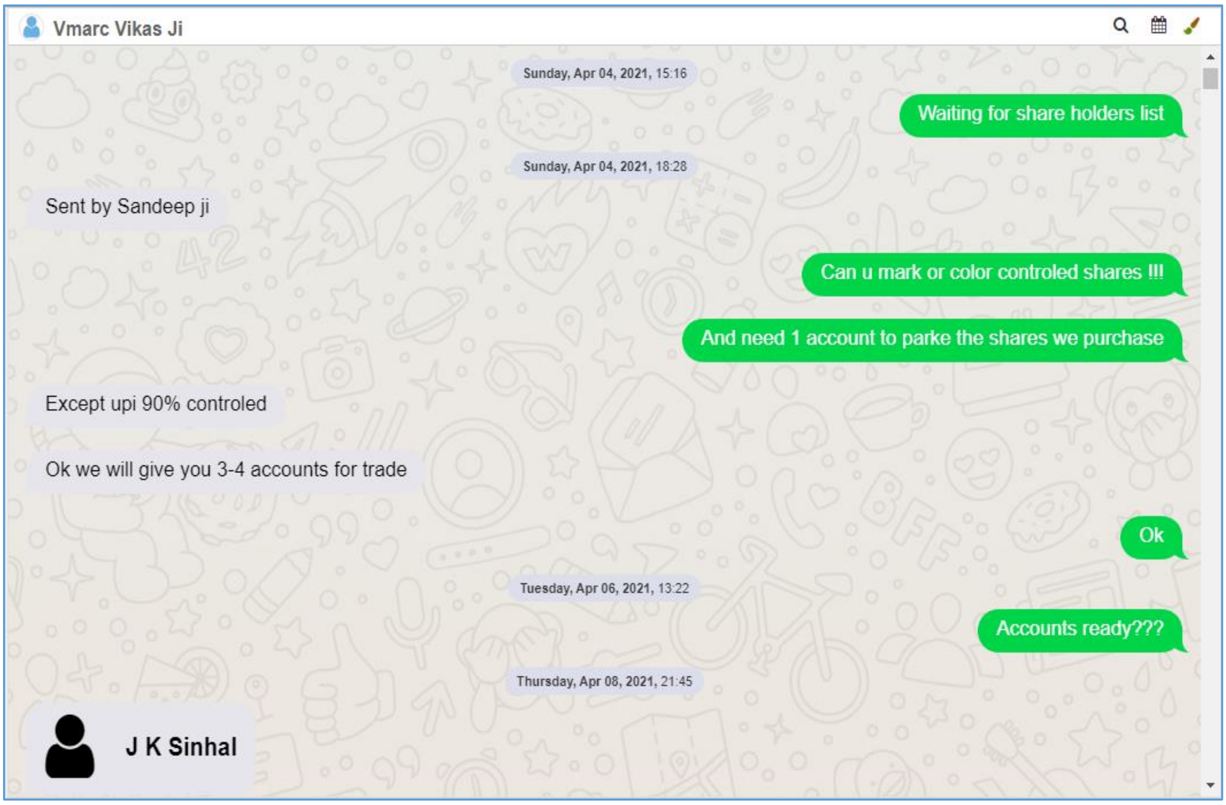
20. The Examination Report reveals that the PV Manipulators undertook volume and price manipulation of V Marc's scrip with the active support of the Company's management which provided funds, information about shareholders and access to trading accounts, to the PV Manipulators. These are discussed under the following separate heads:

A. Access to trading accounts and information about shareholders
B. Funds for trades by PV Manipulators
C. Price manipulation and volume creation by the PV Manipulators

20.1. **<u>Access to trading accounts and information about shareholders</u>**

20.1.1 WhatsApp chats between Vikas Garg and Prijesh Kurani between April 4, 2021 and April 8, 2021 reveal that that the management of the Company had, prior to the listing day, provided trading account(s) to Prijesh Kurani for the purpose of executing the trades / holding the shares post trading. The extract of the said WhatsApp chats as obtained from Prijesh Kurani's device are reproduced below:

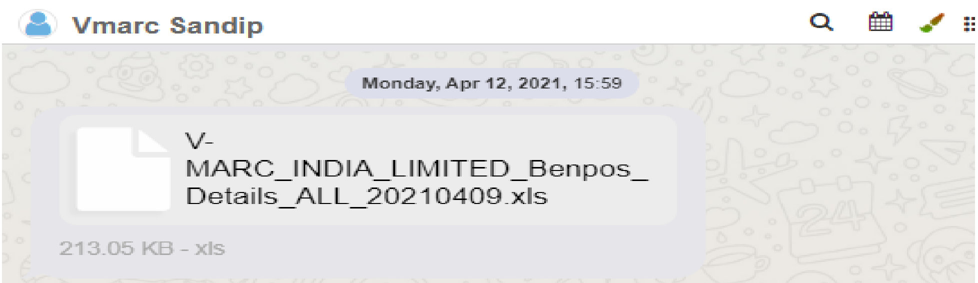
Figure No. 5



20.1.2 As can be seen from Figure No. 5, the message from Vikas Garg on April 04, 2021 agreeing to give "*3-4 accounts to trade*" is a clear indication of the management support for trading in the scrip. This gains importance particularly in the light of the previous two messages from Prijesh Kurani on the same date - "*Can u mark or color controled shares !!!* (sic)" and "*And need 1 account to parke* (sic) *the shares we purchase*". Later on April 08, 2021 Vikas Garg shared the contact details of 'Jai Kishorr Singhal' in continuation of the aforesaid messages thereby, *prima facie* suggesting that the manipulated trades were to be carried out *inter alia* through Jai Kishorr Singhal's account and that he was part of the PV Manipulators.

20.1.3 On April 12, 2021 Sandeep Kumar Srivastava, Director of the Company shared BENPOS statement with Prijesh Kurani through WhatsApp. This BENPOS statement is ordinarily made available to the company's management and enables it to monitor change in shareholding. The extract of the said WhatsApp chat is reproduced below:

Figure No. 6

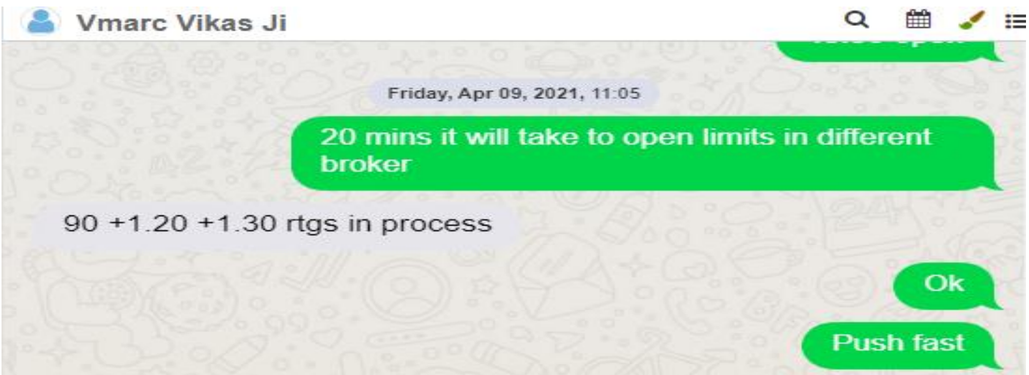


20.2. <u>Funds for trades by PV Manipulators</u>

20.2.1 <u>Funds transferred to relatives of company management</u>: Upon examination of the ICICI bank statement (A/c no.: 07110XXXX490) of **Madhu Srivastava (wife of Sandeep Srivastava)**, it is noted that she had received INR 10 lakh from V Marc Electricals Pvt. Ltd. (Directors are Vikas Garg and Meenakshi Garg) on April 9, 2021 (the listing day). This amount was immediately transferred to her trading member- Sharekhan Ltd. It is noted from the trade log that she purchased 21,000 shares of the Company worth INR 9.28 lakh on April 9, 2021. It is observed from the Prospectus of the Company that V Marc Electricals Pvt. Ltd. is a sister concern of V Marc. *Prima facie* it can thus be inferred that the proximate cause of receipt and transfer of money to the stockbroker was for the purpose of buying the shares of the Company considering that it was her only purchase in the scrip during the Examination Period. Similarly, upon examination of the ICICI bank statement (A/c no.: 10070XXXX894) of **Seema Garg (relative of Vikas Garg**), it is noted that she had received INR 25 lakh from Asian Galaxy Pvt. Ltd. on April 9, 2021. Asian Galaxy Pvt. Ltd. is the former name of the Company as noted from its Prospectus. She had immediately transferred INR 25.20 lakh to her trading member (Zerodha Broking Ltd.) on April 9, 2021 itself. It is noted from the trade log that she had purchased 57,000 shares of V Marc worth INR 25.25 lakh on April 9, 2021. *Prima facie* it can thus be inferred that the proximate cause of receipt and transfer of money to the stockbroker was for the purpose of buying the shares of the Company, considering the fact that this was the only trade executed using the trading account of Seema Garg during the Examination Period.

20.2.2 Funds transferred to Prijesh Kurani: Certain fund transfers from Entities connected to Vikas Garg (PV Manipulators) to Prijesh Kurani were initiated soon after the Company was listed. The material on record reveals that Prijesh Kurani sent a message to Vikas Garg at 11:05 am stating that it will take around 20 minutes to open limits with different brokers. In response to the same, Vikas Garg replied that transfer of INR 3.40 crore is in progress. The extract of the WhatsApp chat dated April 9, 2021 is reproduced below:

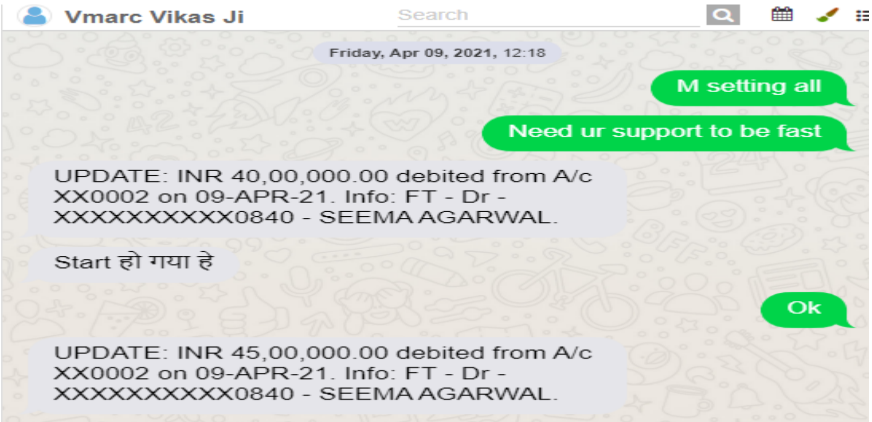
Figure No. 7



Thus, by transferring funds to Prijesh Kurani and his associates via Seema Agarwal, Shiv Shakti Enterprises and Jai Kishore Singhal, Vikas Garg is seen to have enabled the former to execute the trades in the scrip. This is further corroborated both by WhatsApp chats recording bank account debit messages as well as by bank statements of the concerned persons. These are elaborated below:

(i) Transfer from **Seema Agarwal** to Prijesh Kurani and his connected Entities

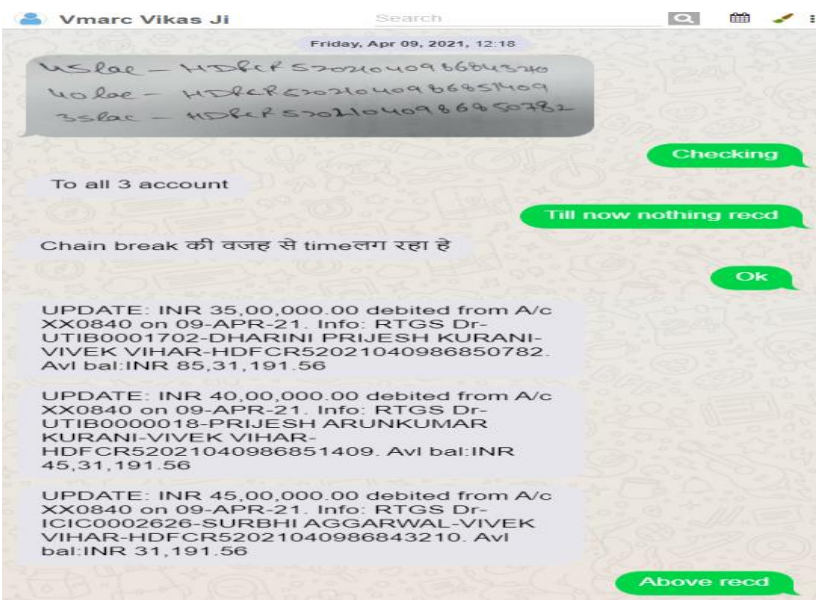
Figure No. 8



The aforesaid WhatsApp chat is corroborated by the bank statements of Seema Agarwal (HDFC Bank a/c no.: 0585193XXXX840), Dharini Kurani (Axis Bank A/c no: 91601007XXXX767), Prijesh Kurani (Axis Bank A/c no.: 01801010XXXX194) and Surbhi Aggarwal (ICICI Bank A/c no.: 26260XXXX964). It is noted that an amount of INR 1.2 crore was transferred from Seema Agarwal's bank account to the bank accounts of Dharini Kurani (INR 35 lakh), Prijesh Kurani (INR 40 lakh) and Surbhi Aggarwal (INR 45 lakh).

(ii) Transfer from **Shiv Shakti Enterprises account (Partner: Sudhir Gupta)** to Prijesh Kurani and his connected Entities

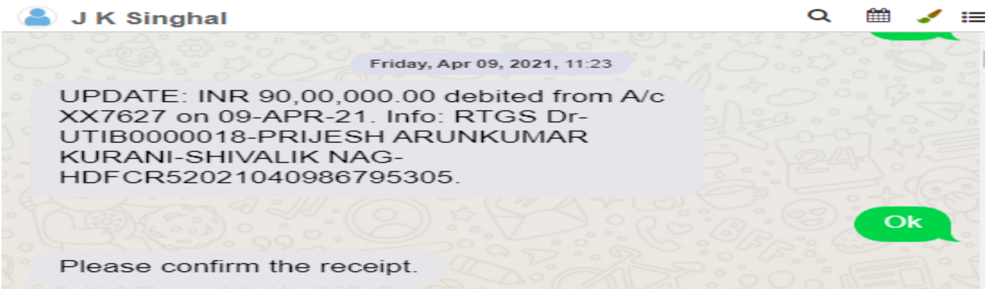
Figure No. 9



The aforesaid WhatsApp chat is corroborated by the bank statements of Shiv Shakti Enterprises (HDFC Bank a/c no.: 5020003XXXX840), Dharini Kurani (Axis Bank A/c no: 91601007XXXX767), Prijesh Kurani (Axis Bank A/c no.: 01801010XXXX194) and Surbhi Aggarwal (ICICI Bank A/c no.: 26260XXXX964). It is noted that an amount of INR 1.3 crore was transferred from Shiv Shakti Enterprises bank account to the bank accounts of Dharini Kurani (INR 35 lakh), Prijesh Kurani (INR 50 lakh) (Note: *Though the WhatsApp chat shows a debit of INR 40 lakh, the bank statement of both the transferor and transferee shows debit – credit of INR 50 lakh*) and Surbhi Aggarwal (INR 45 lakh).

(iii) Transfer from **Jai Kishorr Singhal** to Prijesh Kurani:

Figure No. 10



The aforesaid WhatsApp chat is corroborated by the bank statements of Jai Kishorr Singhal_(HDFC Bank a/c no.: 5010024XXXX627) and Prijesh Kurani (Axis Bank A/c no.: 01801010XXXX194). It is noted that an amount of INR 90 lakh was transferred from Jai Kishorr Singhal's bank account to the bank account of Prijesh Kurani.

20.2.3 Apart from the aforesaid instance, there were other days on which funds were transferred to Prijesh Kurani from the bank account of Jai Kishorr Singhal. This information is based on analysis of bank statements. The details are as follows:

Table No. 5: Fund Transfers

Transferor	Transferee	Date	Amount (INR)
Jai Kishorr Singhal	Prijesh Kurani	13/04/2021	50 Lakh
		18/04/2021	5 Lakh
		19/04/2021	9 Lakh

20.2.4 Further, through a WhatsApp chat on April 26, 2021 at 10:57 pm, Vikas Garg can be seen to have informed Prijesh Kurani that INR 10 lakh is available in the trading account of Jai Kishorr Singhal and that Prijesh Kurani can utilize the same for purchasing the shares of V Marc. The extract of the WhatsApp chat dated April 26, 2021 and extract of Jai Kishorr Singhal's bank statement is reproduced below:

Figure No. 11

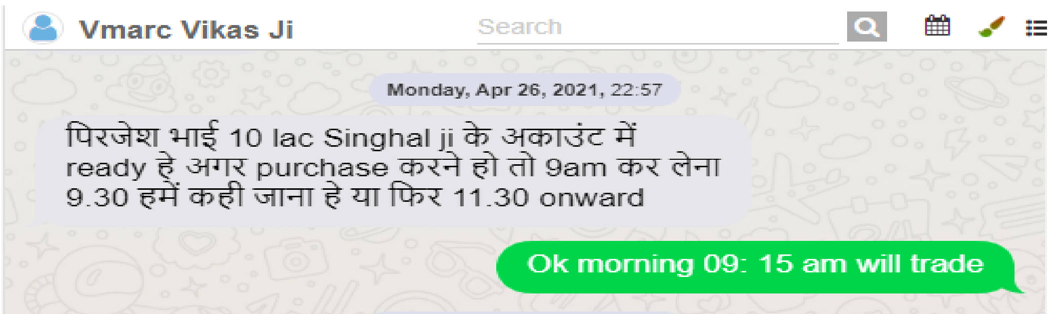


Table No. 6

Date	Narration	Chq. / Ref. No.	Value Dt	Withdrawal Amt.	Deposit Amt. (INR)	Closing Balance (INR)
26/04/2021	RTGS CR-PUNB0370100-HIMANSHU LEASEFIN CO P LTD-JAI KISHOR SINGHAL-PUNBR52021042610808602	PUNBR52021-042610808602	26/04/21	-	10,00,000	33,41,664

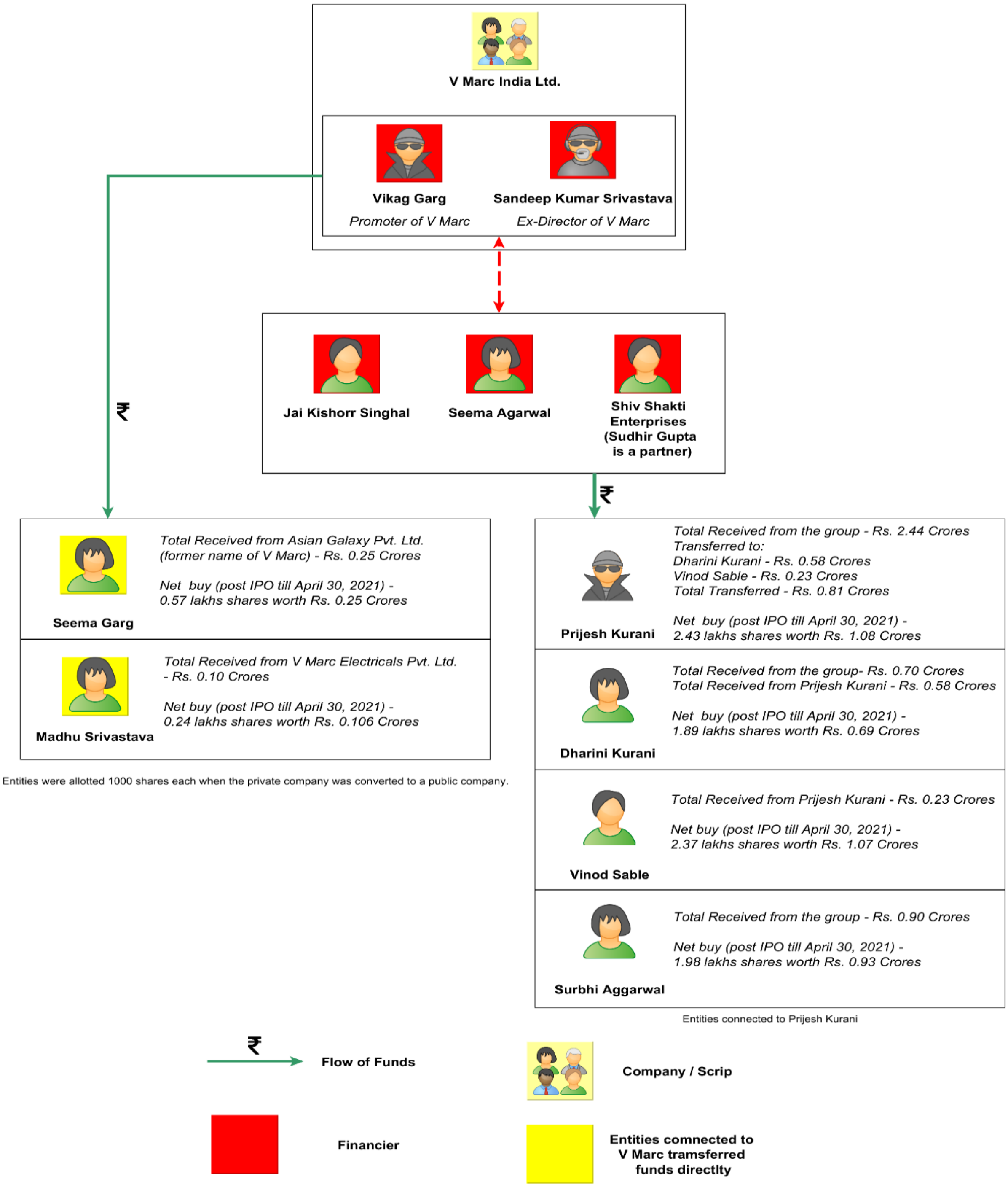
It is noted from the trade log for April 27, 2021 that 21,000 shares worth INR 9,40,800/- were credited into the trading account of Jai Kishorr Singhal. This appears to justify the bank transaction that took place the previous day.

(Note: The aforesaid, when is seen along with the fact that Vikas Garg had shared the mobile number of Jai Kishorr Singhal with Prijesh Kurani (Refer Figure No. 5) , leads to a prima facie inference that Prijesh Kurani was using the trading account of Jai Kishorr Singhal to place orders in the scrip.)

20.2.5 It is noted from the records that the funds, which were transferred by the management of the Company to Prijesh Kurani on April 9, 2021, were further transferred by him to Dharini Kurani on the same day (Axis Bank A/c no: 91601007XXXX767; INR 58 lakh) and to Vinod Vilas Sable on April 11, 2021 (Indian Bank A/c no.: 5030XXXX408; INR 23 lakh).

20.2.6 A diagram explaining fund transfers between the PV Manipulators is recorded in the figure below:

Figure No. 12



20.3. <u>Utilisation of Funds transferred towards trading in V-Marc shares</u>

20.3.1 It is noted from the trade log that on April 9, 2021, Dharini Kurani, Surbhi Aggarwal, Vinod Vilas Sable, Jai Kishorr Singhal and Prijesh Kurani had cumulatively bought shares worth INR 2.52 crore. As noted above, INR 3.40 crore was transferred by the management of the Company on that day itself (refer para 20.2.2 above).

20.3.2 While the total amount of money transferred by the management of the Company via their connected Entities to Prijesh Kurani and his connected Entities was INR 4.04 crore, their net purchases (*probably including reimbursement for the shares allotted to Dharini Kurani in IPO*) is INR 4.14 crore. The details of fund transfer between the aforesaid entities and its utilization is provided below:

Table No. 7: Total amount used for manipulation

Amount Received by	Amount Paid by			
	Jai Kishorr Singhal	Seema Agarwal	Shiv Shakti Enterprises	**Total Received**
Prijesh Kurani	154 lakh	40 lakh	50 lakh	**2.44 crore**
Dharini Kurani	-	35 lakh	35 lakh	**70 lakh**
Surbhi Aggarwal	-	45 lakh	45 lakh	**90 lakh**
Total Transferred	**1.54 crore**	**1.20 crore**	**1.30 crore**	**4.04 crore**

20.3.3 Net purchases (*including shares subscribed in IPO*) by Prijesh Kurani and his connected Entities during the Examination period were as follows :-

(i) Dharini Kurani – Subscribed to the IPO for 0.96 lakh shares at INR 0.37 crore.

(ii) Dharnini Kurani – 5.01 lakh shares bought at INR 2.12 crore and 3.12 lakh shares sold at INR 1.42 crore (Net buy – 1.89 lakh shares at INR 0.69 crore).

(iii) Prijesh Kurani – 2.64 lakh shares bought at INR 1.18 crore and 0.21 lakh shares sold at INR 0.09 crore (Net buy – 2.43 lakh shares at INR 1.08 crore).

(iv) Surbhi Agarwal – 2.04 lakh shares bought at INR 0.96 crore and 0.06 lakh shares sold at INR 0.03 crore (Net buy – 1.98 lakh shares at INR 0.93 crore).

(v) Vinod Vilas Sable – 2.43 lakh shares bought at INR 1.10 crore and 0.06 lakh shares sold at INR 0.02 crore (Net buy – 2.37 lakh shares at INR 1.07 crore).

Total – INR 4.14 crore.

20.3.4 The similarity in figures (*i.e. of funds transferred and funds utilized for acquisition of shares*) leads to the *prima facie* conclusion that the management of the Company had in fact funded the trades by the PV Manipulators.

20.3.5 Considering the aforesaid facts, it can be *prima facie* concluded that the trades executed by Prijesh Kurani and his connected Entities in the scrip during the Examination Period was largely funded by the management of the Company (Vikas Garg and Sandeep Kumar Srivastava) and the same was pursuant to a pre-determined plan agreed upon by Vikas Garg, Sandeep Kumar Srivastava and Prijesh Kurani, which also corroborates the *prima facie* existence of a conspiracy to manipulate price and volumes of V Marc evidenced by the signed agreement (refer Figure No. 4).

20.4. <u>Price Manipulation and Volume Creation by the PV Manipulators</u>

20.4.1 The top 10 net sellers and net buyers in the scrip during the Examination Period were noted. It is observed from the trading data during the Examination Period that there was significant buy volume amongst the top 10 net buyers (11,76,000 shares) in the scrip vis-à-vis sell volume amongst the top 10 net sellers (1,32,000 shares). Hence, the trading activity of the top 10 buyers in the scrip was examined in more detail. 7 of the top 10 net buyers during the Examination Period were seen to be connected to each other (*particulars of connection is discussed in Table No. 2 above*). The top 10 net buyers in the scrip during the Examination Period are as follows:

Table No. 8: Top Net Buyers

Sl. No.	Name of the Entity	Buy Qty	Buy Value	Sell Qty	Sell Value	Net Buy
1	Prijesh Kurani (Noticee 4)	2,64,000	1,17,58,650	21,000	9,19,500	2,43,000
2	Vinod Vilas Sable (Noticee 8)	2,43,000	1,09,80,000	6,000	2,40,600	2,37,000
3	Surbhi Aggarwal (Noticee 7)	2,04,000	95,55,600	6,000	2,53,200	1,98,000
4	Dharini Prijesh Kurani (Noticee 5)	5,01,000	2,11,53,000	3,12,000	1,42,08,000	1,89,000
5	Jai Kishorr Singhal (Noticee 11)	1,83,000	75,66,000	-	-	1,83,000
6	Seema Garg (Noticee 9)	57,000	25,24,500	-	-	57,000
7	Sanjay Popatlal Jain	30,000	13,95,750	-	-	30,000
8	Madhu Srivastava (Noticee 10)	24,000	10,56,150	-	-	24,000
9	Bijendra Kumar	12,000	4,81,050	-	-	12,000
10	Sudhanshu	15,000	6,08,100	12,000	5,30,100	3,000
Subtotal		**15,33,000**	**6,70,78,800**	**3,57,000**	**1,61,51,400**	**11,76,000**
Market Total		**17,19,000**	**7,50,37,650**	**17,19,000**	**7,50,37,650**	**12,24,000**

20.4.2 A summary of the analysis of trades executed by PV Manipulators namely, Prijesh Kurani, Dharini Kurani, Surbhi Aggarwal, Vinod Vilas Sable, Jai Kishorr Singhal, Seema Garg and Madhu Srivastava in the scrip of the Company during the Examination period is provided in the table below:

Table No. 9: Trading Analysis of PV Manipulators

Sl. No.	Name	Buy Qty	Buy Value	Sell Qty	Sell Value	Net Buy
1	Dharini Kurani	5,01,000	2,11,53,000	3,12,000	1,42,08,000	1,89,000
2	Prijesh Kurani	2,64,000	1,17,58,650	21,000	9,19,500	2,43,000
3	Vinod Vilas Sable	2,43,000	1,09,80,000	6,000	2,40,600	2,37,000
4	Surbhi Aggarwal	2,04,000	95,55,600	6,000	2,53,200	1,98,000
5	Jai Kishorr Singhal	1,83,000	75,66,000	-	-	1,83,000
6	Seema Garg	57,000	25,24,500	-	-	57,000
7	Madhu Srivastava	24,000	10,56,150	-	-	24,000
Sub total		**(85.86%) 14,76,000**	**(86.08%) 6,45,93,900**	**(20.07%) 3,45,000**	**(20.82%) 1,56,21,300**	**(92.40%) 11,31,000**
Total		**17,19,000**	**7,50,37,650**	**17,19,000**	**7,50,37,650**	**12,24,000**

20.4.3 As can be seen from the table above, PV Manipulators had contributed to 85.86% of the gross market purchase of the scrip, and to 92.40% of the market wide net purchase of the scrip during the period. The aforesaid *prima facie* demonstrates that much of the buying interest in the scrip was created by the PV Manipulators.

20.4.4 It is also observed that PV Manipulators were *prima facie* contributing significantly to the LTP. LTP refers to Last Traded Price, i.e. the price at which the latest trade took place. LTP contribution is the change in price of the scrip caused by a trade. It is calculated by subtracting the LTP of the current trade from the LTP of the last trade. If a trade leads to rise in price of the scrip, it is said to have positive LTP contribution. If it leads to fall in price of the scrip, it is said to have negative LTP contribution. If a buyer has significant positive LTP contribution, it implies that the buyer has bought the scrip at prices higher than the last traded price, effectively resulting in an increase in the price of the scrip.

20.4.5 Further, in some instances, entities may collude together to increase or decrease the price of the scrip. To increase the price, entities may place buy orders at higher prices, which may match with sell orders of related / connected entities at higher prices. Similarly, to depress the price, entities may place sell orders at lower prices, which may match with the buy orders of related / connected entities at lower prices. Therefore, if a group of connected / related entities are either contributing to positive LTP as a buyer in a price rise scenario or negative LTP as a seller in a price fall scenario, it can *prima facie* be suggestive of manipulative intent.

20.4.6 From Table 10 below, out of 116 positive LTP trades executed during the Examination Period that contributed INR 114.65/- to the LTP, PV Manipulators contributed INR 81.90/- to the LTP i.e., 71.43% of the total positive LTP, by executing 92 trades. The details of the same is given in the Table No. 10 below. Even on a net basis, the PV Manipulators collectively contributed to LTP of INR 14.70/-, much higher than the net price movement of INR 2.25/- in the scrip during the period.

Table No. 10: LTP contribution by PV Manipulators

Sl. No.	Name	All buy trades			Above LTP			Below LTP			LTP Diff=0		% of +ve LTP to Mkt. +ve LTP
		LTP Contibution	Qty Traded	No. of Trades	LTP Contibution	Qty Traded	No. of Trades	LTP Contibution	Qty Traded	No. of Trades	Qty Traded	No. of Trades	
1.	Jai Kishorr Singhal	6.80	1,83,000	37	7.05	84,000	9	-0.25	6,000	2	93,000	26	6.15%
2.	Prijesh Kurani	13.30	2,64,000	82	22.35	81,000	24	-9.05	42,000	14	1,41,000	44	19.49%
3.	Seema Garg	(1.25)	57,000	19	-	-	-	-1.25	6,000	2	51,000	17	0.00%
4.	Surbhi Aggarwal	22.50	2,04,000	30	22.90	1,65,000	17	-0.40	12,000	4	27,000	9	19.97%
5.	Vinod Vilas Sable	7.60	2,43,000	78	8.85	30,000	9	-1.25	9,000	3	2,04,000	66	7.72%
6.	Madhu Srivastava	-	24,000	8	-	-	-	-	-	-	24,000	8	0.00%
7.	Dharini Prijesh Kurani	(34.25)	5,01,000	160	20.75	1,05,000	33	-55.00	1,11,000	36	2,85,000	91	18.10%

Sl. No.	Name	All buy trades			Above LTP			Below LTP			LTP Diff=0		% of +ve LTP to Mkt. +ve LTP
		LTP Contibution	Qty Traded	No. of Trades	LTP Contibution	Qty Traded	No. of Trades	LTP Contibution	Qty Traded	No. of Trades	Qty Traded	No. of Trades	
Total LTP contribution of PV Manipulator		**14.70**	**14,76,000**	**414**	**81.90**	**4,65,000**	**92**	**(67.20)**	**1,86,000**	**61**	**8,25,000**	**261**	**71.43%**
Total LTP market wide contribution		**2.25**	**17,19,000**	**494**	**114.65**	**5,37,000**	**116**	**(112.40)**	**2,76,000**	**91**	**9,06,000**	**287**	**100.00%**

20.4.7 It is also observed from Table No. 11 that the connected PV Manipulators created artificial volume in the scrip by trading 3.03 lakh shares among themselves thereby contributing 17.63% to the market volume. Consequently, it can be *prima facie* inferred that since PV Manipulators have dealt in the scrip as a group, there was no effective transfer of beneficial ownership in the scrip; rather it was done by design to artificially inflate the volume in the scrip. Further, by executing 22 trades among themselves, the PV Manipulators pushed up the price by contributing INR 40.60/- to the market positive LTP i.e., 35.41% of the gross market positive LTP during the Examination Period. The details of the aforesaid trades are given in the table below:

Table No. 11: LTP contribution by PV Manipulators by trading among themselves

Sl. No.	Name	All trades			Above LTP			Below LTP			LTP Diff=0		% of +ve LTP to Mkt. +ve LTP
		LTP Contibution	Qty Traded	No. of Trades	LTP Contibution	Qty Traded	No. of Trades	LTP Contibution	Qty Traded	No. of Trades	Qty Traded	No. of Trades	
1	Jai Kishorr Singhal	5.90	66,000	3	5.90	66,000	3	-	-	-	-	-	5.15%
2	Prijesh Kurani	8.35	33,000	7	8.65	21,000	4	(0.30)	3,000	1	9,000	2	7.54%
3	Surbhi Aggarwal	14.40	1,65,000	17	14.55	1,44,000	10	(0.15)	9,000	3	12,000	4	12.69%
4	Vinod Vilas Sable	7.25	30,000	8	7.25	12,000	3	-	-	-	18,000	5	6.32%
5	Dharini Prijesh Kurani	2.30	9,000	3	4.25	6,000	2	(1.95)	3,000	1	-	-	3.71%
Total LTP contribution of PV Manipulators		**38.20**	**3,03,000**	**38**	**40.60**	**2,49,000**	**22**	**(2.40)**	**15,000**	**5**	**39,000**	**11**	**35.41%**

Sl. No.	Name	All trades			Above LTP			Below LTP			LTP Diff=0		% of +ve LTP to Mkt. +ve LTP
		LTP Contibution	Qty Traded	No. of Trades	LTP Contibution	Qty Traded	No. of Trades	LTP Contibution	Qty Traded	No. of Trades	Qty Traded	No. of Trades	
Total LTP market wide contribution.		2.25	17,19,000	494	114.65	5,37,000	116	(112.40)	2,76,000	91	9,06,000	287	100.00%

20.4.8 In view of the aforesaid discussion, it is *prima facie* held that the PV Manipulators through their coordinated / concerted actions had manipulated the price of the scrip and created artificial volume in the scrip post its listing.

ROLE OF SUBSCRIBERS TO THE IPO

21. The bidding for the IPO of V Marc opened for subscription from March 25, 2021 to March 31, 2021. V Marc received 820 valid applications during the bidding process for 61,20,000 equity shares. The IPO was oversubscribed 1.02 times. The details of subscription are as follows:

Table No. 12: Details of subscription category wise

Investor Type	No. of shares offered	No. of applicants	Applied qty.	Allotted qty.
A	B	C	D	E
Market Maker*	3,00,000 (5.00%)	1	3,00,000	3,00,000
QIB	0 (0.00%)	0	0	0
HNI	28,50,000 (47.50%)	94	36,45,000	35,25,000
Retail	28,50,000 (47.50%)	725	21,75,000	21,75,000
Total		**820**	**61,20,000**	**60,00,000**

* Pentagon Stock Brokers Private Limited (formerly known as Pantomath Stock Brokers Private Limited)

22. The analysis of the allotment data of the IPO also revealed that the Entities connected either to Vikas Garg and / or Prijesh Kurani who had applied in the HNI category for the IPO, were allotted 30.70% of the total issue. The details of the same is as follows:

Table No. 13: IPO Allottees

Sl. No.	Name	Shares Applied (in number)	Shares Allotted (in number)	Amount (in INR)	% of the Issue size
1	Pratik Madhukar Sheth	12,81,000	12,39,000	4,83,21,000	20.90
2	Jinal Pratik Sheth	15,000	15,000	5,85,000	

Sl. No.	Name	Shares Applied (in number)	Shares Allotted (in number)	Amount (in INR)	% of the Issue size
3	Sudhir Gupta	5,10,000	4,92,000	1,91,88,000	8.20
4	Dharini Kurani	99,000	96,000	37,44,000	1.60
Total		**19,05,000**	**18,42,000**	**7,18,38,000**	**30.70**
IPO size		**61,20,000**	**60,00,000**	**23,40,00,000**	

23. Of the aforesaid IPO subscribers, Sudhir Gupta *(who is connected with both Vikas Garg and Prijesh Kurani)* and Dharini Kurani (*who is Prijesh Kurani's wife*) have earlier been described as PV Manipulators and their role in the volume and price manipulation have been elaborated elsewhere in this Order. Their sizeable subscription to the IPO therefore *prima facie* leads to an inference that the subscription was for an ulterior motive of aiding the PV manipulation of the scrip.

24. According to the Red Herring Prospectus of V Marc, Madhukar Sheth was the only person who was, prior to the IPO, allotted 8,40,000 shares of V Marc on March 15, 2021, on a private placement basis. The bank statement (bank account no. 911XXXX023 with Kotak Mahindra Bank Ltd.) of Pratik Madhukar Sheth reveals that that his father, Madhukar Sheth, had transferred INR 4 crore to him ten days after the private placement i.e. on March 25, 2021. On the same day, Pratik Madhukar Sheth also received three credits in his bank account from Shiv Shakti Enterprises (*where Sudhir Gupta is a partner - the same Entity that funded the post-listing manipulation of the V Marc stock*) for a cumulative amount of INR 1 crore as on March 22, 2021, i.e. prior to the aforesaid transfers, the balance amount in the aforesaid bank account was only INR 33,567.28/. The aforesaid bank transaction details are as follows:

Table No. 14: Bank Transactions

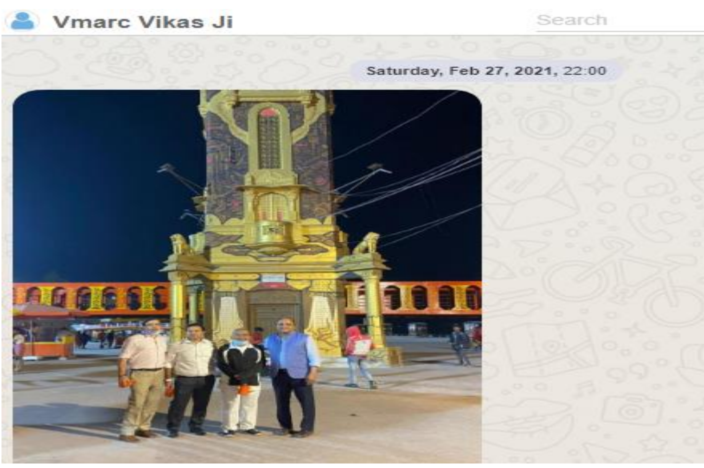
TXN Date	Value Date	PSTD Date	Dr / Cr	Amount (in INR)	TXN Particulars
3-25-2021	3-25-2021	3-25-2021 4:39:02 pm	C	40,00,000	RTGS HDFCR52021032583951471 SHIV SHAKTI ENTERPR
3-25-2021	3-25-2021	3-25-2021 3:51:07 pm	C	25,00,000	RTGS HDFCR52021032583943146 SHIV SHAKTI ENTERPR
3-25-2021	3-25-2021	3-25-2021 3:49:58 pm	C	35,00,000	RTGS HDFCR52021032583935224 SHIV SHAKTI ENTERPR

TXN Date	Value Date	PSTD Date	Dr / Cr	Amount (in INR)	TXN Particulars
3-25-2021	3-25-2021	3-25-2021 12:42:44 pm	C	4,00,00,000	RTGS YESBR52021032579595985 MADHUKAR SHETH YESB
4-8-2021	4-8-2021	4-8-2021 12:00:26 pm	D	4,83,21,000	5955584-80000619 VMARCIND 5830702 -ASBA

25. As per the IPO application made by Pratik Madhukar Sheth, he had subscribed to the IPO on March 25, 2021, at 13:56:02 hours, which is after the first credit of INR 4 crore on the same day at 12:42:44 hours. As can be seen from the table above, Pratik Madhukar Sheth received monies from Shiv Shakti Enterprises also, later in the day. The total fund received from his father and from the entity connected with Vikas Garg, appears to have been utilized towards his IPO subscription dues on April 08, 2021. It is also observed that Pratik Madhukar Sheth's wife - Jinal Pratik Sheth (*Madhukar Sheth's daughter-in-law*) had also subscribed to 15,000 shares in the IPO.

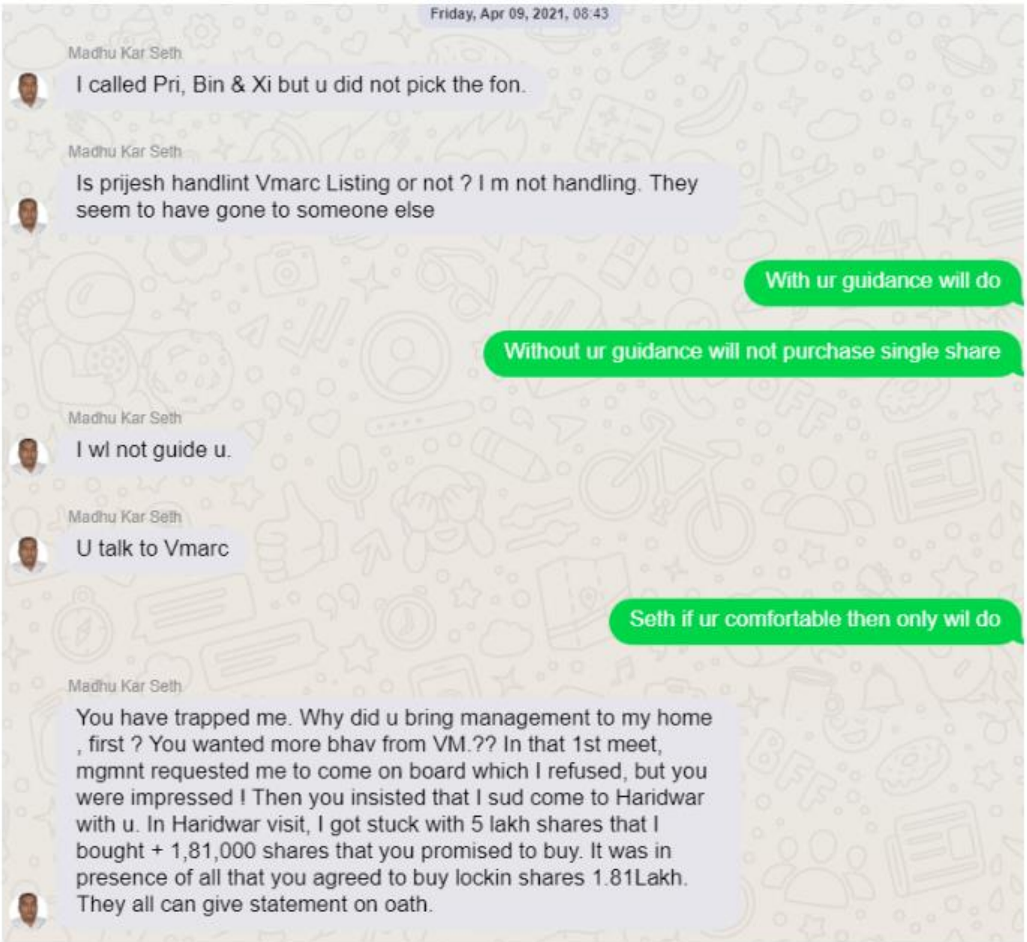
26. The records show that Vikas Garg, Prijesh Kurani and Madhukar Sheth knew each other prior to the IPO. A picture (Figure No. 13) shared by Vikas Garg with Prijesh Kurani through WhatsApp on February 27, 2021, evidences a meeting of Vikas Garg with Prijesh Kurani, Madhukar Sheth and Mahavir Lunawat (director of Pentagon Stock Brokers Pvt. Ltd.) at Haridwar. This is corroborated by a group WhatsApp chat excerpt dated April 9, 2021 reproduced at Figure No. 14, which refers to the prospective "handling" of the V Marc shares, and mentions a meeting between Madhukar Sheth and management of V Marc, set up by Prijesh Kurani. Both these are reproduced below for reference:

Figure No. 13



From left to right – 1) Mahavir Lunawat 2) Prijesh Kurani, 3) Madhukar Sheth and 4) Vikas Garg

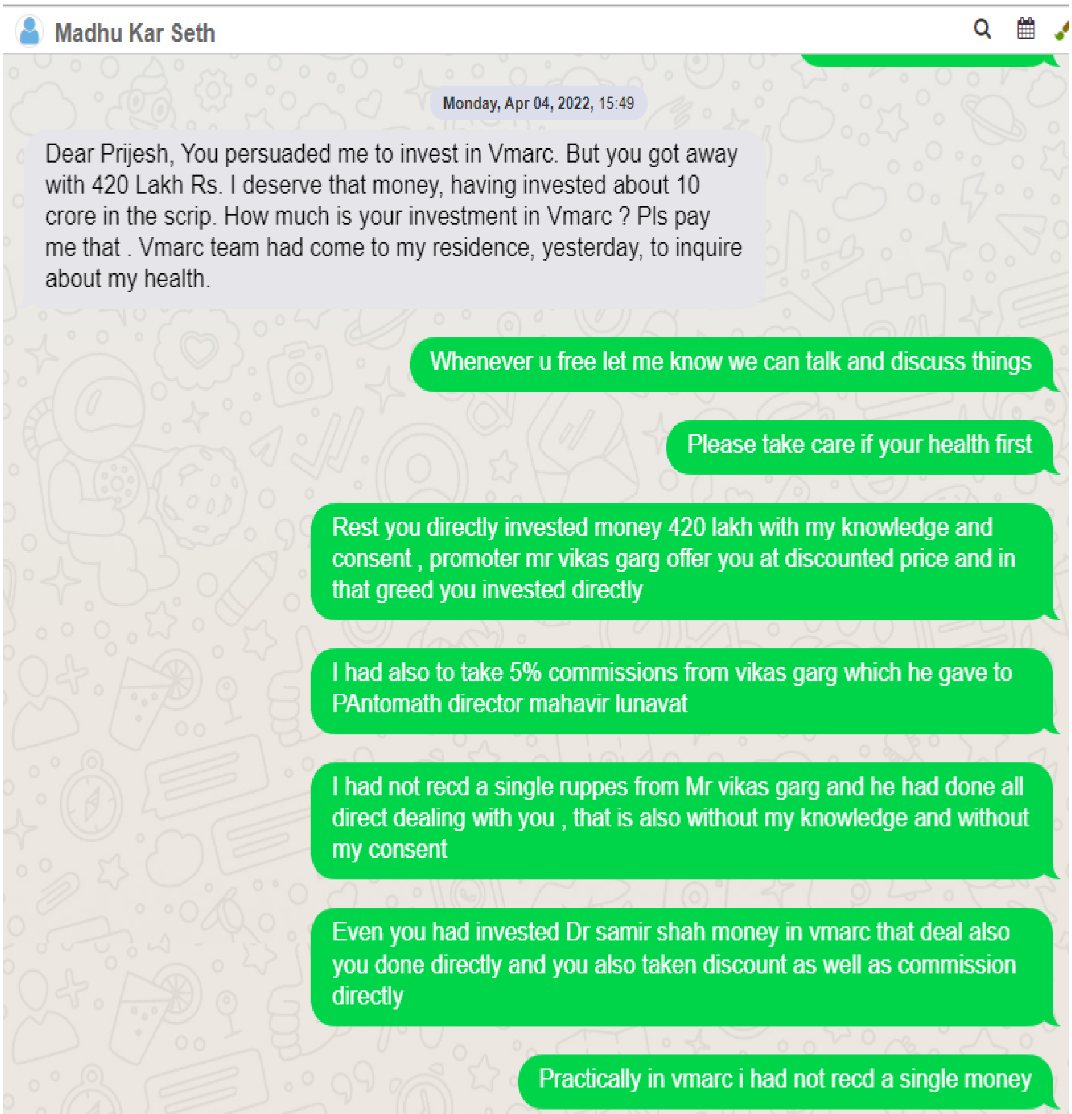
Figure No. 14



27. By itself, receipt of shares through private placement prior to the IPO or the sizeable subscription to the IPO or the association with the promoter – Vikas Garg or with Prijesh Kurani (the PV Manipulator), may not be sufficient to arrive at a *prima facie* conclusion that Madhukar Sheth, Pratik Madhukar Sheth and Jinal Pratik Sheth (*hereafter referred to as* "***the Sheths***") engaged in any act that contravened securities law. However, certain emails and WhatsApp chats read with other material available on record point to the preponderance of probability that the Sheths were aware of and participated in the fraudulent scheme engineered and orchestrated by Vikas Garg, Sandeep Kumar Srivastava and Prijesh Kurani. These are discussed below.

27.1. The WhatsApp chat dated April 4, 2022 reproduced as Figure No. 15 (below) is between Prijesh Kurani and Madhukar Sheth where the former claims that the latter received commission for arranging funds for the IPO.

Figure No. 15



Significantly, as per the material on record, Madhukar Sheth does not deny any of the aforesaid claims made by Prijesh Kurani.

27.2. An email dated June 2, 2021 (see Figure No. 16 below) was sent by Prijesh Kurani to Vikas Garg *prima facie* suggesting that there was an understanding that Prijesh Kurani would be paid a commission (@5%) in return for raising funds for the IPO. The reference to his entitlement to commission can also be seen in Figure No. 15 above. Payment or agreement to pay such commissions may constitute a violation of regulation 4(2)(c) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (*hereinafter referred to as* "***PFUTP Regulations***"). However, this an issue that needs further investigation by SEBI. Notwithstanding the same, what is curious about the aforesaid communication is the involvement of Madhukar Sheth in the drafting of the said email. Both the draft email sent by Madhukar Sheth to Prijesh Kurani and the revised email sent by Prijesh Kurani to Vikas Garg are reproduced below:

Figure No. 16

From:	prijesh kurani <prijesh1010@gmail.com>
Sent:	02-06-2021 11:39:43
To:	sandeep@v-marc.in, vikasgarg@v-marc.in
Subject:	commission for capital raised for your ipo v -marc

To,
Mr.Sandeep Srivastav / Mr.Vikas Garg
Director V Marc Ltd /
Haridwar, India

Dear Sir,

I had raised the Funds for your company V- Marc in the recent IPO, as below :

1) Madhukar Sheth : 8,40,000*39= 3,27,60,000
2) Manoj Gopi : 3,78,000*39= 1,47,42,000/-
3) Prateik Sheth : 12,39,000*39 = 4,83,21,000/-
4) Dharini Kurani : 1,00,000*39 = 39,00,000/-

I request you to pay me 5% commission 49,86,150 INR for the total fund raised amount 9,97,23,000/- which should only come to me and not go to anybody else.

Please send me the above amount on an immediate basis.

Thanking you,

Prijesh Kurani

Figure No. 17

To	Prijesh Kurani <prijesh1010@gmail.com>
From	Xitij Sheth <xitijsheth@gmail.com>
Date/Time - UTC+00:00 (dd/MM/yyyy)	02/06/2021 11:31:45
Body	

Thanks & Regards
XITIJ SHETH
Mob :-+971 55 265 7546
Fax :-+971 4 437 1103
Email:-xitijsheth@gmail.com

This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error please notify the system manager. This message contains confidential information and is intended only for the individual named. If you are not the named addressee you should not disseminate, distribute or copy this e-mail. Please notify the sender immediately by e-mail if you have received this e-mail by mistake and delete this e-mail from your system. If you are not the intended recipient you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited.

Begin forwarded message:

From: Madhukar Sheth <madhukarsheth@gmail.com>
Date: June 2, 2021 at 2:48:38 PM GMT+4
To: Xitij sheth dubai <xitijsheth@gmail.com>
Subject: VMarc

To,
1) Mr.Sandeep Srivastav / Mr.Vikas Garg
Director V Marc Ltd /
Haridwar, India
2) Mr.Mahavir Lunavat,
Pantomath capital advisory , Mumbai

Dear Sir,

I had raised the Funds for your company V- Marc in the recent IPO, as below :

1) Madhukar Sheth : 8,40,000*39= 3,27,60,000
2) Manoj Gopi : 3,78,000*39= 1,47,42,000/-
3) Prateik Sheth : 12,39,000*39 = 4,83,21,000/-
4) Dharini Kurani : 1,00,000*39 = 39,00,000/-

I request you to pay me 5% commission 49,86,150 INR for the total fund raised amount 9,97,23,000/- which should only come to me and not go to anybody else.

Please send me the above amount on an immediate basis.

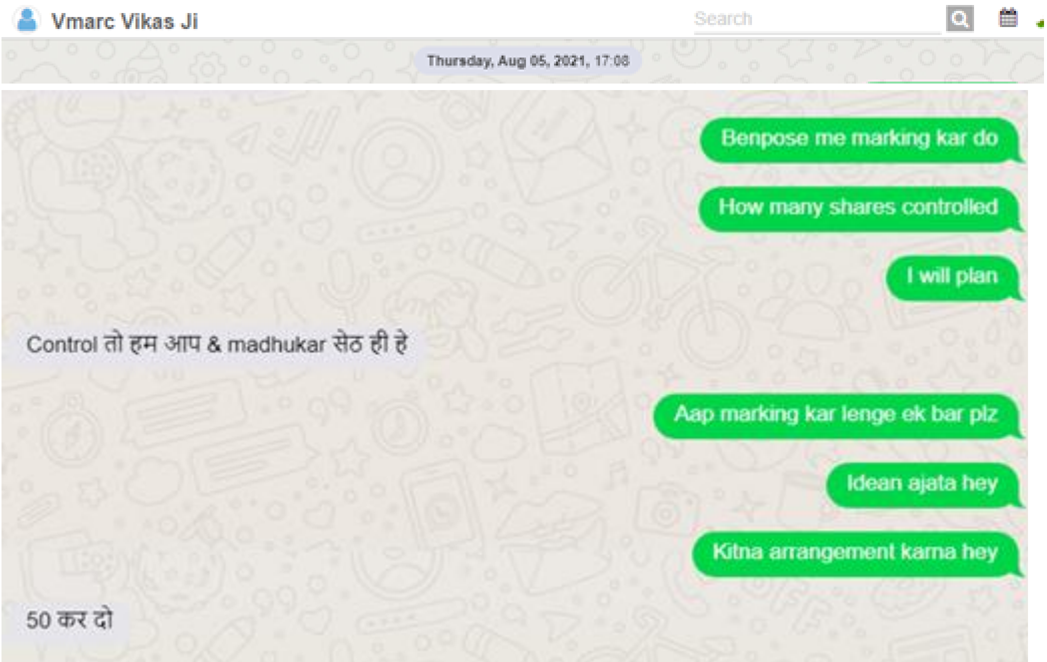
Thanking you,

Prijesh Kurani

Dr. MADHUKAR C. SHETH

27.3. In a WhatsApp chat exchanged between Vikas Garg and Prijesh Kurani on August 05, 2021, Vikas Garg, in response to Prijesh Kurani's query, claims that shares in V Marc are controlled by Vikas, Prijesh and Madhukar Sheth. The extract of the said WhatsApp chat is reproduced below:

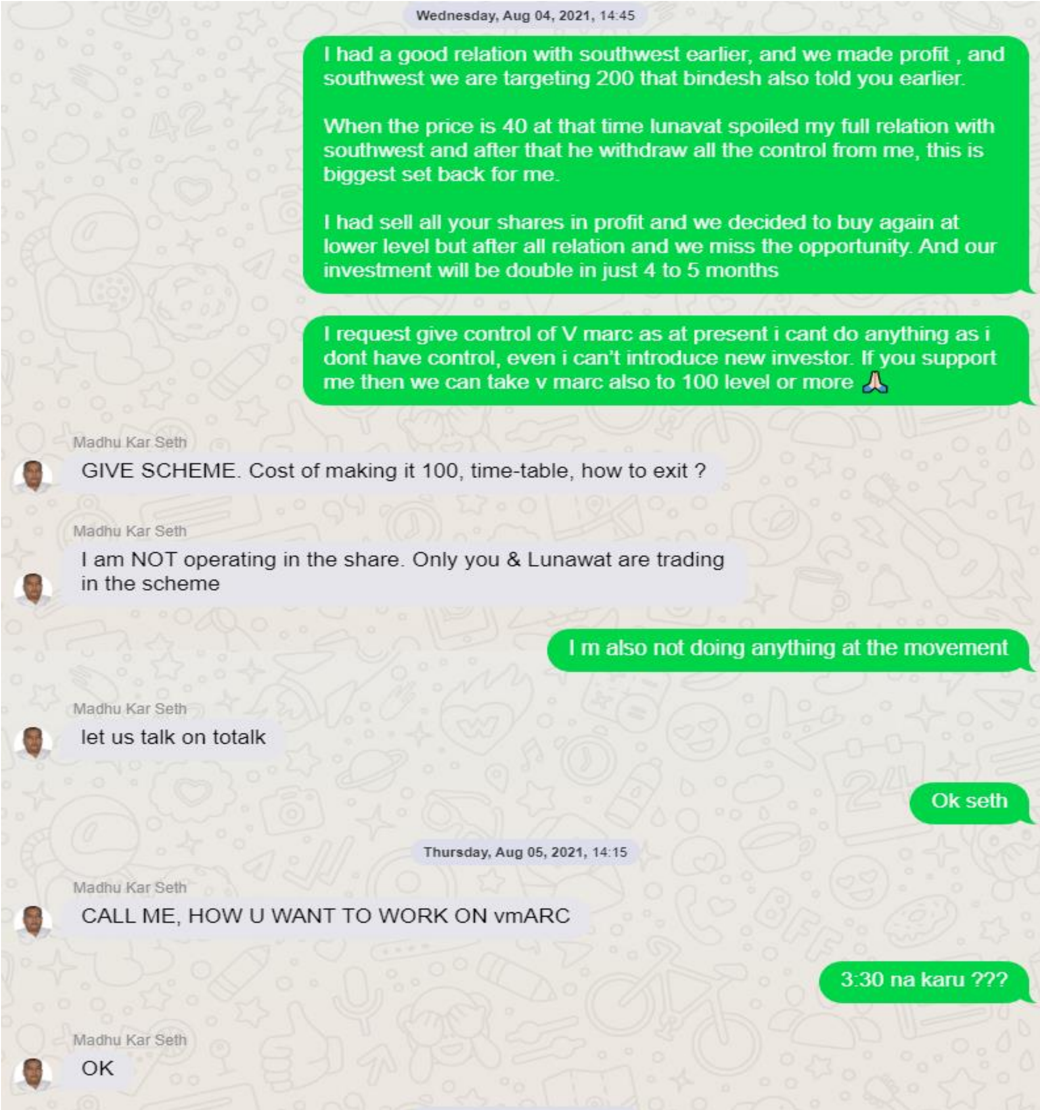
Figure No. 18



This must be read along with the claim made by Vikas Garg on April 04, 2021, over WhatsApp (refer Figure No. 5) that except those shares that were subscribed to on the basis of payment through UPI, 90% of V Marc's shares were "controlled" by him.

27.4. Chats exchanged on August 04, 2021 on a WhatsApp group – "**Family Dubai**" is of particular interest. The members of this WhatsApp group are Prijesh Kurani, Bindesh Kurani (*brother of Prijesh Kurani*), Surbhi Agarwal (*wife of Bindesh Kurani*), Dhaval Parekh, Madhukar Sheth and his sons - Pratik Madhukar Sheth and Xitij Sheth. One exchange between Prijesh Kurani and Madhukar Sheth is reproduced below:

Figure No. 19



As can be seen from the above extract, Prijesh Kurani requests Madhukar Sheth to give him control of his substantial holding of V Marc shares. He posits that if Madhukar Sheth were to support him, he can "take" the share price of V Marc to INR 100/- or more. The reply sent by Madhukar Sheth, *prima facie*, shows his interest at the prospect of taking V Marc's price to 100, and he enquires about the cost involved, the time it would take to reach this level, and the possibility of his exit at this elevated price. To this end, he seeks more information about the "scheme". This exchange makes it clear that not only was Madhukar Sheth aware of Prijesh Kurani's attempts to manipulate the price of V Marc, he also showed interest to explore how their coordinated efforts could enable his exit from the company at artificially elevated levels.

28. In addition to the above, it has already been noted elsewhere in this Order that –

    (i) Madhukar Sheth's son – Pratik Madhukar Sheth's subscription to the IPO appears to also have been funded by a connected Entity (i.e. Shiv Shakti Enterprises) of the Promoter of the Company;

    (ii) Madhukar Sheth along with his family members i.e., Pratik Madhukar Sheth and Jinal Pratik Sheth, owned a substantial stake (9.39%) in the Company, post its listing, and when computed along with the holding by the promoter and connected entities limited the free float available for trading;

    (iii) Madhukar Sheth has subsequently, sold a significant portion of his holdings in the company (approximately 77%). Similarly, Madhukar Sheth's son and daughter-in-law completely sold their holdings in the Company in the months of June and October of 2023, respectively.

CONCLUSION

29. *Prima facie*, the agreement (reproduced as Figure No. 4) signed by Vikas Garg, Sandeep Kumar Srivastava (company management), Prijesh Kurani and his brother – Bindesh Kurani, directly evidences the existence of a conspiracy to manipulate the volume and scrip of V Marc. Though the agreement was purportedly signed on April 19, 2021, the WhatsApp chats and the bank transactions, discussed in this Order along with other material on record, *prima facie* suggest that the device/ design to manipulate had been envisaged even prior to the IPO.

30. According to the post-listing shareholding pattern of the promoter and promoter group, their shareholding in V Marc constituted 69.96% of the total equity capital of the Company on the day of listing. Preceding paragraphs of this Order have recorded that the Company management considered the stake of Sheths to be under their "control", and that the Company's management was providing funds and trading accounts to PV Manipulators that were used by the latter to deal in the scrip. This Order has also recorded the importance of the large stake held by the Sheths to the PV manipulators' designs, and Madhukar Sheth's awareness of Prijesh Kurani's attempts to manipulate the stock, and his interest in exploring further such schemes. During the Examination Period, the PV Manipulators had bought 14,76,000 shares of the Company which constitutes 6.47% of the total share capital of the Company. The above when seen

along with the WhatsApp chat dated April 4, 2021 (Figure No. 5) wherein Vikas Garg claims that 90% of the shares are controlled by him (*except those acquired through payments made via UPI*), *prima facie* shows that there is a high probability that the Company was also in breach of minimum public shareholding requirement as mandated under Securities Contracts (Regulation) Rules, 1957.

31. Since *prima facie*, the Company's promoter and connected entities along with the Sheths controlled sizeable percentage of the equity shares of V Marc available for trading, the PV Manipulators *prima facie* were in a better position to manipulate volumes and price of the scrip. The aforesaid facts and circumstances, when viewed holistically, also lead to the *prima facie* conclusion that investments by Madhukar Sheth and his family i.e., Pratik Madhukar Sheth and Jinal Pratik Sheth were motivated by the knowledge that the scrip would be manipulated and that profits could be made basis this manipulation. In other words, *prima facie* Madhukar Sheth and his family would not have subscribed to the shares of the Company but for the knowledge that their contribution to cornering of shares would enable/ provide impetus to the market manipulation which would, in turn, enable their exit at artificially elevated prices.

32. The material available on record leads to the *prima facie* conclusion that the promoters and directors of the Company –Vikas Garg and Sandeep Kumar Srivastava engaged the services of Prijesh Kurani to 'operate the market'. Prijesh Kurani, in turn, in addition to using his own and his connected entities' trading accounts, appears to have engaged accounts of persons connected to Vikas Garg to manipulate the scrip. Facts on record, already elaborated in this Order, also suggest, *prima facie*, that Vikas Garg and the company management channeled funds through their connected Entities to Prijesh Kurani for the purpose of executing the fraudulent scheme. The alleged PV Manipulation scheme was set in motion as soon as the scrip was listed. The impact of this alleged fraudulent scheme is evident in the manner volumes surged and prices increased after which most of the Entities - PV Manipulators as well the IPO subscribers - exited fully. The shares offloaded were purchased by public shareholders leading to the increase in their numbers as well.

33. It is also pertinent to note that Prijesh Kurani appears to have a history of engaging in manipulative practices. He, his wife (Dharini Kurani) and brother (Bindesh Kurani),

among others, were *prima facie* found to have been responsible for placing trades front running those of Axis Mutual Fund and an interim order was passed by SEBI against them in this context. The said interim order cum SCN dated February 28, 2023, recorded at paras 4.4 and 4.5 thereof a summary of the role of Prijesh Kurani reads as follows:

> *"4.4. It was also noted that the trading accounts of the connected Noticees from which the front running trades were executed, were arranged by Mr. Sumit Desai, apparently a market operator at the behest of Mr.Viresh Joshi. Mr. Sumit Desai had also introduced Mr. Prijesh Kurani (based out of Dubai) to Mr.Viresh Joshi who was entrusted with the task of placing the orders for front running the trades of the Big Client in the trading accounts of the connected Noticees arranged by Mr. Sumit Desai under instructions of Mr. Viresh Joshi.*
> *4.5. In the light of the aforesaid prima facie findings of the investigation, it was observed that a scheme was hatched by Mr. Viresh Joshi wherein he had approached Mr. Sumit Desai for arranging trading accounts of certain individuals who would play a very specific role as conduits in the said scheme. The role of Mr. Sumit Desai involved arranging for such conduit trading accounts and installation of trading terminal software in the computer system of Mr. Prijesh Kurani, located at Dubai. Thereafter, Mr. Prijesh Kurani used to punch the orders for execution of the front running trades. …"*

34. In the context of the facts and circumstances in this Order, I draw reference to and rely on two decisions of the Hon'ble Securities Appellate Tribunal (*hereinafter referred to as "**SAT**")*-

    (i) *Vishalkumar Krishnakant Borisha* vs. *SEBI* decided on July 6, 2023 wherein it was held as follows:

    "The total volume of trades can be taken as a factor in holding market manipulation and artificial increase in a situation when there is a specific finding that the 26 noticees were connected to each other and that there was a meeting of minds and that they were acting in tandem which resulted in synchronized trades and / or reversal trades."

    (ii) *Hemant Sheth et.al.* vs. *SEBI and Other Connected Appeals* decided on March 4, 2020 wherein with respect to a scheme of manipulative and unfair trading, it was held as follows:
    "In a scheme of manipulative and unfair trading it is not necessary that every participant should be indulging in every type of trading violation or even in the

same / similar magnitude. Once they are found to be part of a group trying to manipulate the volume or price of the scrip they became party to the violation."

35. In view of the facts and circumstances narrated in this Order, I find, *prima facie*, that the Entities have collectively engaged in a fraudulent scheme to manipulate volumes and price of the scrip of V Marc thereby *prima facie* violating Section 12A (a), (b), (c) of SEBI Act and regulations 3 (a), (b), (c), (d), 4 (1) and 4 (2) (a), (b), (d), (e) and (g) of PFUTP Regulations.

36. The text of the provisions are reproduced herein below:

SEBI Act

12A. No person shall directly or indirectly—

a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;

c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

PFUTP Regulations

3. No person shall directly or indirectly—

a) buy, sell or otherwise deal in securities in a fraudulent manner;

b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;

c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

d) *engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.*

4. Prohibition of manipulative, fraudulent and unfair trade practices

1) Without prejudice to the provisions of regulation 3, no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities markets.

2) Dealing in securities shall be deemed to be manipulative, fraudulent or an unfair trade practice if it involves any of the following: —

(a) knowingly indulging in an act which creates false or misleading appearance of trading in the securities market;

(b) dealing in a security not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuations in the price of such security for wrongful gain or avoidance of loss;

(d) inducing any person for dealing in any securities for artificially inflating, depressing, maintaining or causing fluctuation in the price of securities through any means including by paying, offering or agreeing to pay or offer any money or money's worth, directly or indirectly, to any person;

(e) any act or omission amounting to manipulation of the price of a security including, influencing or manipulating the reference price or bench mark price of any securities;

(g) entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security;

WRONGFUL GAINS

37. The proceeds from sale of shares by Entities is presented in the Table below:

Table No. 15: Proceeds of the impugned trades

Sr. No.	Entity Name	Holding on Listing date (April 09, 2021)	Value of the holding on listing date (@INR 39 per share)	During April 2021		During May 01, 2021 to February 27, 2024		During April 9, 2021 to February 27, 2024		Holding on February 27, 2024	Sq. off Profit	Notional Profit as on February 27, 2024
			(in INR)	Buy Qty	Value of Share bought (in INR)	Buy Qty	Value of Share bought (in INR)	Sell Qty	Value of Shares Sold (in INR)		(in INR)	(in INR)
1	Singhal Jai Kishorr	1,000	41,200	1,83,000	75,66,000	18,000	7,11,150	60,000	32,53,350	1,42,000	**7,82,553**	**1,63,04,447**
2	Sudhir Gupta	4,92,000	1,91,88,000	-	-	66,000	30,68,700	5,58,000	4,12,10,550	-	**1,89,53,850**	**-**
3	Seema Garg	1,000	41,200	57,000	25,24,500	-	-	-	-	58,000	**-**	**64,82,300**
4	Madhu Srivastava	1,000	41,200	24,000	10,56,150	-	-	24,000	10,29,450	1,000	**(24,006)**	**1,12,106**
Total		***4,95,000***	***1,93,11,600***	***2,64,000***	***1,11,46,650***	***84,000***	***37,79,850***	***6,42,000***	***4,54,93,350***	***2,01,000***	***1,97,12,397***	***2,28,98,853***
	KURANI GROUP											
5	Prijesh Arunkumar Kurani	-	-	*2,64,000*	*1,17,58,650*	*21,000*	*7,81,650*	*2,82,000*	*1,09,43,100*	*3,000*	***(14,65,197)***	***3,35,997***
	Market Trades	*NA*		*2,64,000*	*1,17,58,650*	*21,000*	*7,81,650*	*45,000*	*17,47,500*	*NA*		
	Off-Market Transactions			-	-	-	-	*2,37,000*[2]	*91,95,600*			
6	Surbhi Aggarwal	-	-	*2,04,000*	*95,55,600*	*7,08,000*	*3,74,01,750*	*9,12,000*	*8,23,08,850*	-	***3,53,51,500***	***-***
	Market Trades	*NA*		*2,04,000*	*95,55,600*	*1,50,000*	*76,88,250*	*9,12,000*	*8,23,08,850*	*NA*		
	Off-Market Transactions			-	-	*5,58,000*[2]	*2,97,13,500*	-	-			

Sr. No.	Entity Name	Holding on Listing date (April 09, 2021)	Value of the holding on listing date (@INR 39 per share)	During April 2021		During May 01, 2021 to February 27, 2024		During April 9, 2021 to February 27, 2024		Holding on February 27, 2024	Sq. off Profit	Notional Profit as on February 27, 2024
			(in INR)	Buy Qty	Value of Share bought (in INR)	Buy Qty	Value of Share bought (in INR)	Sell Qty	Value of Shares Sold (in INR)		(in INR)	(in INR)
7	Vinod Vilas Sable	-	-	2,43,000	1,09,80,000	4,47,000	1,50,57,600	5,85,000	2,12,97,000	1,05,000	**(7,78,357)**	**1,24,17,757**
	Market Trades	NA		2,43,000	1,09,80,000	4,47,000	1,50,57,600	2,28,000	74,09,700	NA		
	Off-Market Transactions			-	-	-	-	3,57,000[1]	1,38,87,300			
8	Dharini Prijesh Kurani	96,000	37,44,000	5,01,000	2,11,53,000	3,18,000	1,15,80,000	9,15,000	3,49,52,700	-	**(15,24,300)**	-
9	Rekha Kurani	-	-	-	-	6,30,000	2,43,37,800	6,30,000	3,31,12,200	-	**87,74,400**	**-**
	Market Trades	NA		-	-	36,000	12,54,900	72,000	33,98,700	NA		
	Off-Market Transactions			-	-	5,94,000[1]	2,30,82,900	5,58,000[2]	2,97,13,500			
Total for Kurani Group		**96,000**	**37,44,000**	**12,12,000**	**5,34,47,250**	**21,24,000**	**8,91,58,800**	**33,24,000**	**18,26,13,850**	**1,08,000**	**4,03,58,047**	**1,27,53,753**

(The square off profits are calculated on the basis of difference between weighted average sell price and the weighted average buy price multiplied by the squared off quantity)

(The notional profit is calculated based on the difference between close price as on February 27, 2024 i.e. INR 156/- and the weighted average buy price multiplied by the holding quantity)

(The closing price as on the date of transaction is considered for valuing the off market transactions.)

[1] – Off-market transaction whereby Prijesh Kurani and Vinod Vilas Sable transferred 2,37,000 and 3,57,000 shares respectively to Rekha Kurani (total received – 5,94,000 shares).

[2] – Off-market transaction whereby Rekha Kurani transferred 5,58,000 shares to Surbhi Aggarwal.

38. In view of the *prima facie* conclusions drawn in this Order, the following Entities are *prima facie* liable for the wrongful gains generated from their fraudulent activities, to the extent, as mentioned in the table below, jointly and severally.

Table No. 16: Wrongful Gains

Sl. No.	**Entity Name**	**Entities bearing joint and several liability**	**Wrongful Gains (in INR)**
1	Jai Kishorr Singhal	Jai Kishorr Singhal, Prijesh Kurani, Vikas Garg and Sandeep Kumar Srivastava	7,82,553
2	Surbhi Aggarwal	Surbhi Aggarwal, Prijesh Kurani, Vikas Garg and Sandeep Kumar Srivastava	3,53,51,500
3	Rekha Kurani	Rekha Kurani, Prijesh Kurani, Vikas Garg and Sandeep Kumar Srivastava	87,74,400
4	Sudhir Gupta	Sudhir Gupta, Prijesh Kurani, Vikas Garg and Sandeep Kumar Srivastava	1,89,53,850
Total			**6,38,62,303**

39. The rationale for affixing liability on multiple Entities for price and volume manipulation is that the illegal gains could not have been made by trading account holders but for the orchestration by and active involvement of Vikas Garg, Sandeep Kumar Srivastava and Prijesh Kurani, in the fraudulent scheme. Also, whether wrongful gains were distributed among the perpetrators of the *prima facie* fraudulent scheme and the manner and proportion thereof is not clear at this point in time. Thus, Vikas Garg, Sandeep Kumar Srivastava and Prijesh Kurani must be *prima facie* made jointly and severally liable for the wrongful gains made by the Entities who made wrongful gains.

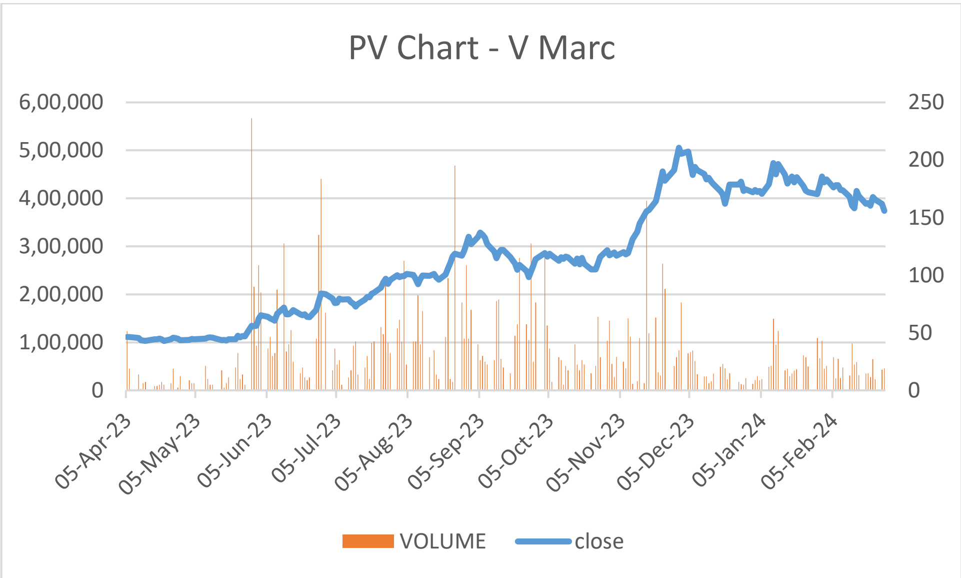
NEED FOR INTERIM DIRECTIONS

40. It is well established that Sections 11 and 11B of the SEBI Act empowers to pass *ex-parte* Interim Orders, pending investigation. I draw reference to Hon'ble SAT's order dated August 18, 2023 in the matter of *Econo Broking Pvt. Ltd.* vs. *SEBI* wherein the Hon'ble SAT observed "*SEBI has power to pass an interim order and such interim order can also be passed ex parte in order to prevent further possible mischief of tampering with the securities market. If during the course of investigation, it is found prima-facie, that the person is violating the securities laws or is siphoning of the funds of the listed company to the detriment of its shareholders, it would be obligatory for*

SEBI to pass an interim order or for that matter an ex parte ad interim order in order to safeguard the interests of the investors and to maintain the integrity of the market."

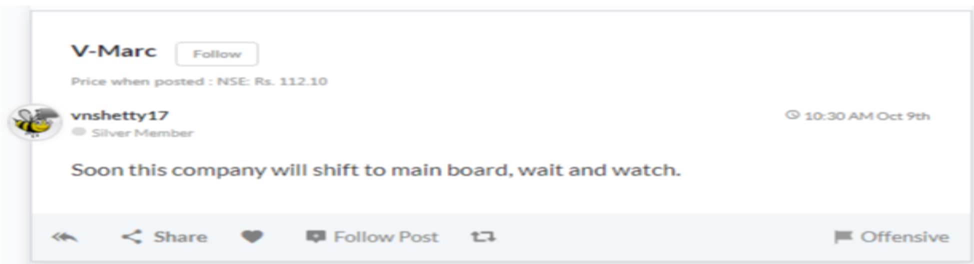
41. As noted earlier in this Order, *prima facie,* the management of the Company along with their connected Entities had a well chalked out scheme wherein each and every step was pre-determined with a definite timeline/ threshold in mind. As can be seen from the chart below, the average daily value of shares traded in the scrip had increased from around INR 25 lakh in April and May 2023 to around INR 93.50 lakh in 2024. Further, the price has also increased from around INR 40.50/- (opening price on April 5, 2023) to around INR 185.60/- (closing price on January 31, 2024) during the FY 2023-24.

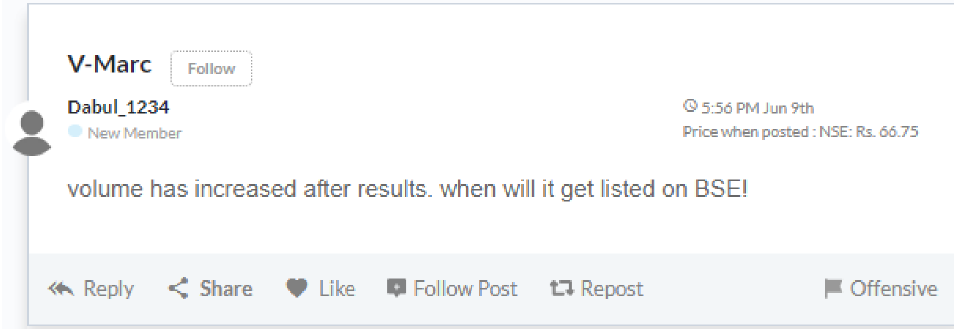
Figure No. 20



42. The increase in volumes and price of the scrip has to be seen along with the fact that there are positive discussions about the scrip in the Money Control fora, over long term prospects of the Company and its possible migration to the main board. Some of the way of illustration are reproduced below:

Figure No. 21





43. The beneficiary position statement details as on December 31, 2023 reveals that that the number of public shareholders in the Company have increased by 125.41% (from 677 public shareholders to 1,526 public shareholders) since the listing of the Company on April 9, 2021. As noted earlier in this Order, the Entities named in this Order have either already exited their positions or are in the process of doing so, by offloading the shares held by them on retail investors oblivious of the manipulative scheme being carried out by the Entities. As on date, six of the connected Entities i.e. Mr. Sudhir Gupta, Mr. Pratik Madhukar Sheth, Ms. Jinal Pratik Sheth, Ms. Surbhi Aggarwal, Ms. Dharini Kurani and Ms. Rekha Kurani have completely sold their holdings in the Company. One connected Entity namely Madhukar Sheth with whom shares of the Company were privately placed and whose family members were major subscribers to the IPO, continues to hold around 0.90% of the shares in the Company though he has already sold 6,79,000 shares since the Company's listing.

44. While examining this matter initially, there was a view that since the matter may need further investigation to unearth additional details in the context of the IPO, interim orders may not be warranted. However, the significant number of shares sold at elevated prices during the latter half of the year 2023 clearly indicated that the conspiracy recorded in Figure 4 was in fact being placed into action at an expedited pace. The certainty of this conspiracy and its continuing impact is no longer in doubt, thereby warranting interim orders.

45. SMEs have a significant role in the Indian economy. A dedicated platform for SMEs has helped to create a market ecosystem that provides them access to capital both efficiently and transparently. Simultaneously, the platform offers investors the opportunity to invest and trade in companies with a high growth potential. Maintaining

the integrity of the primary and secondary SME market is necessary to sustain confidence in it thereby ensuring its development.

46. Trust is the foundation of the securities market ecosystem. When public investors deal in securities, they trust that the scrip is free from fraud and manipulation. When promoters such as Mr. Vikas Garg themselves indulge in cynical and egregious manipulation as has been observed in this case, not only are they duping the specific public investors who were lured to invest in their company, they are also striking at the core trust of investors in the securities market ecosystem. The actions of Mr. Vikas Garg and his ilk particularly threaten trust and hence capital formation via the crucial SME segment, and deserve to be dealt with firmly in accordance with the law.

47. On account of the scheme to manipulate the market right from the time the scrip was listed, the entire IPO of V Marc itself has come under a cloud of suspicion warranting further investigation. The manipulative scheme itself has disturbed rational market forces and created artificial volumes and price thereby prejudicing genuine investors. Investments made by unsuspecting retail investors based on this non-genuine market have increased not just in value terms but in terms of the number of investors as well. Permitting this situation to continue, particularly when the evidence points to the probability of the continuing nature of the manipulative scheme, would cause irreparable injury to the interest of investors.

48. As described earlier in this Order, it is amply clear that Vikas Garg, Sandeep Srivastav and Prijesh Kurani, *inter alia*, devised and orchestrated a scheme for price-volume manipulation along with the other named PV manipulators. There is strong direct evidence in this regard - *inter alia*, the documented signed agreement to manipulate the price, the tell-tale fingerprints of the trading patterns and the LTP indicators of the PV manipulators, and the arrangement of funds and trading accounts by the Company management for the manipulation. Furthermore, there is reason to believe that the nefarious designs of the Company management are still likely at play, at significant cost to unsuspecting investors and to the trust in the SME ecosystem as a whole. Given the above, there is a compelling case warranting interim directions debarring the Company management and PV Manipulators across the securities market.

49. With respect to the Sheths, unlike with the Company management and the PV manipulators, the preliminary examination has not brought out any direct evidence of active manipulative trading or funding of fraudulent trades. They will continue to be the subject of a more comprehensive examination, given the nature of facts and areas of concern highlighted in this order, including around whether the IPO itself was compliant with extant regulations. For now in the interim, considering their *prima facie* role in the manipulative scheme as elaborated in this Order, and given the principal need to limit any damage to investors in V Marc, the balance of convenience lies in favour of passing directions to prevent further offloading of shares by the Sheths on unsuspecting investors. I note that out of the three Sheths, only Madhukar Sheth continues to hold shares of V Marc and therefore interim directions with respect to these shares are necessary to protect the interest of investors.

50. Considering the facts and circumstances of the case and the *prima facie* conclusion that a manipulative scheme has been employed, I am convinced that, pending detailed investigation, the balance of convenience lies in passing interim directions against the Entities, *inter alia* –
    - for preventing off-loading of promoter / promoter connected entities' shares in V Marc;
    - for restraining promoter / management from dealing or accessing securities market; and
    - for impounding wrongful gains made through the *prima facie* fraudulent trades, post listing of the scrip.

DIRECTIONS

51. Under the aforesaid circumstances and *prima facie* findings, I observe that it is a fit case to pass interim directions, pending detailed investigations. Accordingly, I, in exercise of the powers conferred upon me under Sections 11, 11 (4), 11B read with Section 19 of the SEBI Act hereby by way of the present Interim Order issue the following directions, which shall remain in force until further orders:

51.1. All Entities except Mr. Madhukar Sheth, Mr. Pratik Madhukar Sheth and Ms. Jinal Pratik Sheth are hereby restrained from buying, selling or dealing in the securities market or associating themselves with the securities market, either directly or indirectly, in any manner whatsoever until further orders. If the Entities have any open position in any Exchange traded derivative contracts, as on the date of this Order, they can close out /square off such open positions within 3 months from the date of this Order or at the expiry of such contracts, whichever is earlier. The Entities 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.

51.2. Mr. Madhukar Sheth is hereby restrained from selling or transferring his shares in V Marc India Ltd. in any manner or creating third party interests in such shares including through pledge of shares, till further orders.

51.3. An amount of INR 6,38,62,303/- as mentioned in Table No. 16 above, being the total wrongful gains earned from the *prima facie* manipulative scheme is impounded, jointly and severally from the Entities in the manner and to the extent indicated in the said table.

51.4. The Entities mentioned in Table No. 16 above are directed to credit / deposit the aforesaid amount of wrongful gains into an Escrow Account or Savings a/c with a lien marked in favour of SEBI created specifically for the aforesaid purpose in a Scheduled Bank. The Escrow Account(s) or Savings Account(s) shall create a lien in favour of SEBI and the monies kept therein shall not be released without permission from SEBI. The credit / deposit of aforesaid wrongful gains in the Escrow Account(s) or Savings Account(s) shall be made within a period of 15 days from the date of this Order.

51.5. Banks are directed to ensure that no debits shall be made, without SEBI's permission, out of the bank accounts held jointly or severally by the Entities mentioned in Table No. 16, except for the purposes of transfer of funds to the Escrow Account(s) or Savings Account(s), as the case may be created in compliance with the directions at paragraph no. 51.4 above.

51.6. Banks are allowed to debit the accounts for the purpose of complying with this Order. On production of proof of deposit of amounts mentioned in Table No. 16

above, SEBI shall communicate to the Banks to defreeze the accounts corresponding to the Entities mentioned in the said Table.

51.7. The Entities mentioned in Table No. 16, are directed not to dispose of or alienate any of their assets / properties / securities, till such time the amount of wrongful gains is credited to Escrow Account(s) or Savings Account(s) as directed at paragraph no. 51.4 above, except with the prior permission of SEBI.

52. The Entities may file their reply with SEBI within 21 days from the date of receipt of this Order and avail an opportunity of personal hearing in the matter, if they so desire.

53. This Order is without prejudice to the right of SEBI to take any other action against Entities in accordance with law.

54. This Order shall come into force with immediate effect and shall be in force till further Order.

55. A copy of this Order shall be forwarded to the Entities, Stock Exchanges, Depositories, Registrar and Share Transfer Agents and Banks to ensure necessary compliance with the direction in this Order.

-Sd-

Date: February 28, 2024 **ANANTH NARAYAN G.**

Place: Mumbai **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA