

National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/63122	Date: July 29, 2024
Circular Ref. No: 352/2024	

To All NSE Members,

Sub: SEBI Confirmatory Order in the matter of V Marc India Limited

This is with reference to NSE circular no. NSE/INVG/60930 dated February 28, 2024 in respect of SEBI interim 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 otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, in any manner whatsoever until further orders.

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

Further, SEBI vide order no. WTM/AN/ISD/ISD-SEC-7/30591/2024-25 dated July 26, 2024 has confirmed the directions of the Interim Order dated February 28, 2024, subject to the following modification - The total liability for the alleged illegal gains to be impounded stands modified to INR 6,30,79,750 as Jai Kishorr Singhal has deposited the alleged illegal gains made by him.

The detailed order is available on SEBI website (<https://www.sebi.gov.in/enforcement.html>).

National Stock Exchange of India

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 Confirmatory Order in the matter of V Marc India Limited

**SECURITIES AND EXCHANGE BOARD OF INDIA
CONFIRMATORY ORDER**

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

In respect of:

S. 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 hereinafter collectively referred to as “Entities”)

In the matter of V Marc India Limited

A. BACKGROUND:

1. Securities and Exchange Board of India (“**SEBI**”) conducted a preliminary examination in the scrip of V Marc India Limited (“**V Marc/ Company**”), a company

listed on NSE's SME segment for the period April 09, 2021 to April 30, 2021 (hereinafter referred to as "**Examination Period**"), based on a complaint dated September 21, 2022, to look into possible violations of provisions of Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") and SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 ("**PFUTP Regulations**"). The promoter and management of the company along with connected entities *prima facie* devised a scheme prior to listing of the scrip and orchestrated fraudulent activity of manipulation of volume and price of V Marc shares thereby enabling the sale of shares at inflated prices to unsuspecting investors.

B. INTERIM ORDER

2. Pursuant to SEBI's preliminary examination, an *ad-interim ex-parte* order dated February 28, 2024 (hereinafter referred to as "**Interim Order**") was passed by SEBI against 15 entities. One of the entities namely, Vikas Garg filed an appeal against the Interim Order before the Hon'ble Securities Appellate Tribunal ("**SAT**"). SAT *vide* its order dated May 08, 2024 directed SEBI to pass an order within four weeks from the closure of his hearing. Thereafter, *vide* order dated July 15, 2024, SAT granted additional time till July 30, 2024 to pass the order.
3. A brief summary of facts of the case and conclusions arrived at in the Interim Order are given below.
 - 3.1. V Marc 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 scrip was listed for trading on the SME segment of NSE from April 09, 2021.
 - 3.2. A few entities directly/ indirectly connected with Mr. Vikas Garg (Promoter of V Marc) namely, Mr. Sudhir Gupta, Mr. Pratik Madhukar Sheth, Ms. Jinal Pratik Sheth and Ms. Dharini Kurani were allotted 18.42 lakh shares i.e. 30.70% of the shares allotted during the IPO.
 - 3.3. Post listing, Mr. Priyesh Kurani and other entities connected with him and the promoter – Mr. Vikas Garg made gross purchases constituting 85.86% and net

purchases constituting 92.40% of the total market wide purchases during the examination period.

- 3.4. Mr. Prijesh Kurani and other entities connected with him and the promoter – Mr. Vikas Garg contributed to 71.43% of the positive Last Traded Price (“LTP”) as net buyers during the examination period.
- 3.5. The examination was aided by data obtained from the mobile device of Mr. Prijesh Kurani, seized pursuant to the Search and Seizure operation carried out by SEBI at his residence in the month of May 2022, in the context of investigation in the matter of “Front Running of Trades of Axis Mutual Fund”.
- 3.6. Based on the factual matrix, it was *prima facie* noted that the entities collectively engaged in a fraudulent scheme to manipulate volume and price of the scrip of V Marc thereby *prima facie* violated section 12A(a), (b), (c) of the SEBI Act and regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a), (b), (d), (e) and (g) of PFUTP Regulations.
- 3.7. The fraudulent activities of the entities resulted in the generation of *prima facie* wrongful gains, as mentioned in the table below.

Table no. 1

S. 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

- 3.8. The role of the entities in the fraudulent scheme is given in the table below.

Table no. 2

S. No.	Entity Name	Role
1.	Vikas Garg	Promoter, Chairman and MD of V Marc
2.	Sandeep Kumar Srivastava	Erstwhile Whole Time Director of V Marc, facilitated fund transfers and enabled manipulation of the scrip post listing
3.	Sudhir Gupta	Subscriber of V Marc IPO, funded the IPO and the stock manipulation after listing
4.	Prijesh Kurani	Managed IPO subscription of V Marc, created artificial volume and manipulated the price post IPO
5.	Dharini Kurani	Subscriber to the V Marc IPO, created artificial volume and manipulated the price post IPO
6.	Rekha Kurani	Prijesh Kurani's conduit for sale of shares
7.	Surbhi Aggarwal	Created artificial volume and manipulated the price post IPO
8.	Vinod Vilas Sable	
9.	Seema Garg	
10.	Madhu Srivastava	
11.	Jai Kishorr Singhal	Funded the manipulation of V Marc post listing, created artificial volume and manipulated the price post IPO
12.	Seema Agarwal	Funded the manipulation of V Marc
13.	Madhukar Chimanlal Sheth	Subscriber of V Marc through private placement and facilitated IPO subscription
14.	Pratik Madhukar Sheth	Subscriber of V Marc IPO
15.	Jinal Pratik Sheth	

4. Based on the information collected during the preliminary examination and findings as recorded in the *Interim Order*, pending further investigation in the matter, certain directions were issued against the above entities *vide* the aforesaid *interim order* which were *inter alia*, as follows.
 - 4.1. All Entities except Mr. Madhukar Sheth, Mr. Pratik Madhukar Sheth and Ms. Jinal Pratik Sheth were 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.
 - 4.2. Mr. Madhukar Sheth was restrained from selling or transferring his shares in V Marc in any manner or creating third party interests in such shares including through pledge of shares, till further orders.
 - 4.3. The proceeds in the bank accounts of the Entities, to the extent of wrongful gains were impounded. Further, the Entities were directed to open an escrow account or savings account with a scheduled bank and deposit the impounded amount with a lien marked in favour of SEBI, within 15 days from the date of the Order. Further, it was directed that the monies kept therein shall not be released without permission of SEBI.
 - 4.4. Entities were directed not to dispose of or alienate any of their assets/ properties/ securities except with the prior permission of SEBI until the impounded amount is deposited in the escrow or savings account.
5. *Vide* the aforesaid *Interim order*, the entities were also advised to submit their replies, if any, within 21 days from the date of service of the *Interim order* and to indicate whether they desire to avail an opportunity of personal hearing in the matter.

C. SERVICE OF INTERIM ORDER, REPLY AND HEARING

6. The Interim Order was served on all the entities *vide* email dated February 28, 2024 and *vide* SPAD at the addresses available with SEBI. I note that none of the entities, other than Jai Kishorr Singhal, have complied with the direction to deposit the proceeds. I further note that the Entities had sought inspection of documents and the same was provided to the Entities. The list of documents provided to the Entities are given below.

- 6.1. Examination Report
- 6.2. Emails received from Prijesh Kurani and its attachments
- 6.3. Trade log and Order log for the Examination Period
- 6.4. Final Prospectus of V Marc India Limited
- 6.5. Bidding data and list of allottees of V Marc India IPO
- 6.6. Bank account statements of Pratik Sheth, Prijesh Kurani, Dharini Kurani, Surbhi Aggarwal, Seema Agarwal, Shiv Shakti Enterprises, Jai Kishorr Singhal, Madhu Srivastava
- 6.7. Social media profile of Prijesh Kurani
- 6.8. NSE's email regarding market maker
- 6.9. CDR connections of respective entity
- 6.10. WhatsApp chats of respective entity in which they were a part of.

7. The details of date and mode of providing the said documents are given in the Table below: -

Table no. 3

S. No.	Entity Name	Date of inspection of documents/ Email providing documents
1.	Vikas Garg	April 15, 2024, April 22, 2024, May 03, 2024
2.	Sandeep Kumar Srivastava	April 03, 2024, April 04, 2024, May 02, 2024
3.	Madhu Srivastava	
4.	Sudhir Gupta	April 16, 2024, April 22, 2024, June 22, 2024
5.	Seema Garg	April 15, 2024, April 22, 2024
6.	Jai Kishorr Singhal	April 01, 2024, April 03, 2024, May 07, 2024
7.	Seema Agarwal	April 16, 2024, April 22, 2024, May 07, 2024
8.	Madhukar Chimanlal Sheth	May 06, 2024, June 28, 2024
9.	Pratik Madhukar Sheth	
10.	Jinal Pratik Sheth	

8. I note that all the Entities except Dharini Kurani, Rekha Kurani and Vinod Vilas Sable have submitted their written replies to the Interim Order and an opportunity of personal hearing was granted to all the Entities. The date of hearing and date of replies, if any, for all the Entities are given in the Table below: -

Table no. 4

S. No.	Entity Name	Date of hearing	Date of written replies
1.	Vikas Garg	May 21, 2024	May 15, 2024, June 04, 2024, July 05, 2024
2.	Sandeep Kumar Srivastava	May 28, 2024	May 13, 2024, May 31, 2024
3.	Sudhir Gupta	May 28, 2024 and June 18, 2024 – adjournment sought; June 24, 2024	June 22, 2024, July 02, 2024
4.	Prijesh Kurani	May 22, 2024 - did not appear	March 05, 2024
5.	Dharini Kurani		No Reply
6.	Rekha Kurani		
7.	Surbhi Aggarwal		March 15, 2024
8.	Vinod Vilas Sable		No Reply
9.	Seema Garg	May 21, 2024	May 18, 2024, June 04, 2024, July 02, 2024
10.	Madhu Srivastava	May 28, 2024	May 13, 2024, May 31, 2024, July 05, 2024
11.	Jai Kishorr Singhal	May 21, 2024 – adjournment sought; June 12, 2024	June 01, 2024, June 19, 2024
12.	Seema Agarwal	May 21, 2024 – adjournment sought; June 04, 2024	June 03, 2024, June 11, 2024
13.	Madhukar Sheth	May 28, 2024 – adjournment sought; July 22, 2024	April 01, 2024,
14.	Pratik Madhukar Sheth		June 27, 2024,
15.	Jinal Pratik Sheth		July 24, 2024

9. As can be seen in Table no. 4 above, though an opportunity of hearing was granted on May 22, 2024, Priyesh Kurani, Dharini Kurani, Rekha Kurani, Surbhi Aggarwal and Vinod Vilas Sable failed to appear before me on the date of the hearing. I note that the aforesaid entities have been given sufficient opportunity for personal hearing and therefore, principles of natural justice have been duly complied with and I now proceed to consider the matter based on replies and material available on record.
10. As regards the other Entities, on the scheduled date of hearing, the Authorized Representatives of the Entities/ Entities appeared and reiterated the submissions made in their respective written replies. Further, during and after the personal hearing, certain clarifications were sought and the Entities were advised to submit their replies within the specified time.
11. The contentions raised in the Entities' written submissions are summarised below.

Submissions of Vikas Garg

12. The written submissions filed by Vikas Garg *vide* his letters dated March 19, 2024, April 27, 2024, May 05, 2024, May 18, 2024 and June 01, 2024 are summarized hereunder:
- 12.1. The Entity has denied all the allegations made against him in the Interim order.
- 12.2. During inspection of documents, only certain documents and not all documents as requested by the Entity were provided. The following documents were sought and the reasons for the same is also provided.
- 12.2.1. Detailed rationale for selecting the Examination Period i.e. 09.04.2021 to 30.04.2021: In the Interim Order, it is only mentioned that based on the complaint dated 21.09.2022, examination was carried out. The Examination Period is from 09.04.2021 to 30.04.2021. However, no detailed rationale is provided from SEBI. Further, the Interim Order also refers to period beyond the Examination Period, no rationale is provided for the same. As a matter of fact, SEBI has referred to date till 27.02.2024 while passing the Interim Order.

- 12.2.2. Copy of all the records/document/emails/data files/ mobile phones etc. which were seized pursuant to the Search and Seizure operation carried by at Mr. Prijesh Kurani's residence in the month of May 2022 and copy of Panchnama w.r.t. Search and seizure: The Interim Order was aided by the data obtained from the mobile device of Mr. Prijesh Kurani pursuant to search and seizure operation carried out by SEBI in the month of May 2022. Therefore, all the data obtained during the search and seizure operation is vital in the present proceedings. As all data obtained from Mr. Prijesh Kurani's mobile device has been relied upon in the Interim Order, the same cannot be said by SEBI that it may not provide the same to ensure data privacy. Panchnama w.r.t. Search and Seizure operation carried out in May 2022 will also help the Entity understand the documents/data/information obtained from Mr. Prijesh Kurani.
- 12.2.3. Entity's Call Data Record (CDR) with Mr. Sudhir Gupta and Mr. Jai Kishorr Singhal for the period from 09.04.2021 to 30.04.2021: CDR is provided for a period only from 01.09.2021 to 11.11.2022 which is not part of examination period. No CDR w.r.t. Examination period is provided. The CDR for examination period is vital to give my detailed reply on the connection with Mr. Jai Kishorr Singhal.
- 12.2.4. Copy of alleged mutual understanding or agreement between Prijesh Kurani and Vikas Garg: No mutual understanding or agreement is provided in the Interim Order.
- 12.2.5. Communication exchanged with General Directorate of Residency and Foreign Affairs, Dubai w.r.t. Prijesh Kurani: Para 14 of Interim Order, SEBI has mentioned that Prijesh Kurani has a work visa issued by General Directorate of Residency and Foreigners Affairs - Dubai. Based on which documents did SEBI come to a conclusion that Mr. Prijesh Kurani has a work visa issued by General Directorate of Residency and Foreigners Affairs - Dubai, if there is no communication with General Directorate of Residency and Foreigners Affairs - Dubai.
- 12.2.6. Detailed calculation of the Wrongful Gains i.e. Rs. 6,38,62,303/- as arrived by SEBI: No detailed calculation is provided in the Interim Order.

Only a table is mentioned wherein only proceeds of impugned trades are mentioned.

12.2.7. Copy of complete communications exchanged with the Stock Exchange, Stock Brokers and all the persons/entities along with replies to the said communication in the captioned matter: Only relevant portion of communication with Exchange is provided.

12.2.8. Details of persons who have been induced to sell/ purchase the shares of V Marc India Limited as a result of my alleged role as alleged in the Interim Order: No details have been provided in the Interim Order. The Interim Order only mentions the name of the entities who are part of Interim Order.

12.2.9. Documents/statements showing and establishing my intention to (manipulate) price and volume in the scrip of V Marc India Limited: No documents/ statements showing and establishing my intention to 'manipulate' price and volume in the scrip of V Marc India Limited has been provided in the Interim Order. No statements are provided.

12.3. The Entity has relied on the judgment of the Hon'ble Supreme Court dated 10.01.2017 in the matter of SEBI vs PWC (Civil appeal no. 6003-6004 of 2012), Order of the Hon'ble Securities Appellate Tribunal (SAT) dated 12.05.2017 in the matter of B Ramalinga Raju vs. SEBI (appeal no. 286 of 2014) and Order of the Hon'ble SAT dated 30.07.2010 in the matter of Ms. Smitaben N. Shah vs. SEBI and submitted that the rules of natural justice mandates when an action of an authority gravely injures any individual's right and the reasonableness of the said action depends on fact findings, the evidence used to prove the case must be disclosed to the individual/entity so that he/it has an opportunity to show that it is untrue.

12.4. It is incumbent on the part of SEBI to provide complete inspection of all the documents, materials, reports, data etc. relevant for issuing the said SCN. It is pertinent to note that, by not providing the complete documents, materials, reports, data etc., grave prejudice has been caused to the Entity. It is submitted that in view of non-availability of the aforesaid documents, I have been incapacitated to submit an effective reply/ objection in the captioned matter.

- 12.5. Findings against the Entity is based on only surmises, conjectures, assumptions & presumptions and based on only preponderance of probabilities. Further, not all documents supporting the allegations against the Entity are provided along with the Interim Order.
- 12.6. Whilst the Interim Order purports to find fault with the Entity w.r.t. to certain findings during the examination period, no fault is found post examination period. Therefore, to suddenly issue such adverse directions against the Entity and without allowing him to give his justification is most unjust and unfair. Notably adverse observation in the Interim Order is based solely on prima facie findings, and is not conclusive in any manner.
- 12.7. No verification was carried out by SEBI whether the message has been sent from the Entity's phone. Data which is collected from third party is used against the Entity. Further, the complete records/ document/ emails/ data files/mobile phones etc. which were seized pursuant to the Search and Seizure operation carried by SEBI at Mr. Priyesh Kurani's residence in the month of May 2022 is not provided. The procedure required to be followed as per The Indian Evidence Act, 1872 is not followed.
- 12.8. No motive has been attributed for rise in price in the scrip of V Marc. No investor interest has been affected.
- 12.9. Prior to the passing the Interim Order, no information and documents were called for by SEBI on the subject matter of Interim Order. Suddenly, the present Interim Order is issued by which the harsh directions have been passed causing the Entity great harm, loss and prejudice.
- 12.10. The Entity has not carried out any manipulative or fraudulent practices in the scrip of V Marc as alleged in the Interim Order or otherwise. All allegations made against the Entity in the Interim Order are not sustainable on facts and in law.
- 12.11. The Entity knows Mr. Sandeep Srivastava ("Sandeep") since 2015 when Sandeep was posted as a Relationship Manager, State Bank of India ("SBI") Ranipur, Haridwar Branch. At that point in time, his company viz. Asian Galaxy Pvt. Ltd. ("AGPL") had borrowing from the SBI.
- 12.12. In the year 2016, Sandeep expressed his desire to leave his services from SBI to start business of Mushroom Cultivation. Based on the Entity's

Relationship with Sandeep Srivastava, they formed a partnership firm mainly to carry out the Mushroom Cultivation business wherein Sanjay Srivastava (Brother-in-Law of Sandeep) and Sandeep Kumar (Friend of Sandeep) were made partners. Thereafter, Madhu Srivastava (wife of Sandeep) and others were appointed as Partners on 06.03.2018.

12.13. Subsequently on 10.07.2018, they incorporated Asian Ambrosia India Pvt. Ltd. Company wherein the Entity, Sandeep Kumar and Sanjay Kumar Srivastava were Directors.

12.14. In the year 2019, for business expansion, AGPL/V Marc had acquired land to setup building, plant and machinery and working capital and for that purpose additional fund were required.

12.15. Notably on 01.02.2020 Sandeep himself was appointed as a Director of Asian Ambrosia India Pvt. Ltd. and also of the company viz. AGPL/V Marc.

12.16. Incidentally on and around June 2020, Sandeep attended Investor summits wherein funds raising through SME IPO was discussed and deliberated. Thereafter, Sandeep was assigned the responsibility of all activities related to SME IPO. Pursuant thereto on 17.06.2020 CA Rajan Bhatia Managing Director of Unicorn Equicorp Pvt. Ltd. was engaged as a financial advisor for advising, assisting, consulting, guiding and mentoring in preparation towards funds raising through angel funding, private equity or SME IPO or venture capital and guiding, mentoring and advising the company towards SME IPO.

12.17. On an around February 2021, the Entity's Private Limited company was converted into Public Limited Company and Sandeep was appointed as Whole Time Director. Sandeep was responsible for financial Operations of the Company and was specifically given responsibilities of Finance and Banking transaction matters.

12.18. Incidentally Sandeep was introduced to Mr. Mahavir Lunawat, Director of Pantomath Capital Advisors Pvt. Ltd. who have handled more than 100 SME IPO as a Lead Manager and have well-known name as a Trusted financial services conglomerate and had reached out to business at remotest locations across the length and breadth of India. Thereafter, Sandeep arranged

investors meet at our factory located in Haridwar which was attended by Mr. Madhukar Sheth, Mr. Prijesh Kurani and Mr. Mahavir Lunawat.

- 12.19. In the Board of Directors meeting held on 04.02.2021, he was appointed as a Chairman of "Corporate Social Responsibility Committee" and was also appointed as member of "Audit Committee" and "IPO Committee".
- 12.20. The business of Mushroom Cultivation was not successful and was incurring losses. As a result, dispute arose with Sandeep during the beginning of 2022. Ultimately Sandeep resigned as Whole Time Director on 23.02.2022. Thereafter on 16.03.2022 he also resigned as a Director of Asian Ambrosia India Pvt. Ltd. Thereafter he is not associated with V Marc.
- 12.21. On perusal of details on MCA portal, it is understood that Sandeep joined Devout Nord (I) Ltd. ("Devout") as a director on 07.12.2021 without informing us whereas he continued to be Whole-time Director of V Marc and thereafter on 26.06.2022, he holds position as a Managing Director of Devout.
- 12.22. The Entity's relationship with Prijesh Kurani was through Sandeep. In fact, during the Pre IPO meeting at Haridwar, Prijesh insisted that the Entity and Sandeep should explore business opportunities in Dubai and for that purpose the company has to be incorporated at Dubai. Post V Marc IPO, the Entity desired to expand business in Dubai. Therefore, he contacted Jai Kishorr Singhal ("Jai Kishorr") to be associated with him for overseas business. For that purpose, the Entity, Sandeep and Jai Kishorr visited Dubai frequently. Jai Kishorr was looking after Market development of their business. The Entity's focus was always on business operations and was dependent on Sandeep for banking and financial transactions.
- 12.23. During their visit in April 2021, Prijesh introduced them to various High Net Worth Persons (HNIs) and they were assured that the HNIs will make investment in their business. In fact, during Pre IPO, IPO and Post IPO period all financial transactions and dealing with Prijesh was through Sandeep.
- 12.24. On 19.04.2021, they setup a Company Viz. V Marc General Trading LLC wherein the Entity, Sandeep, Jai Kishorr and Ms. Seema Mohamed, UAE National resident of Dubai were Directors.
- 12.25. During their visits to Dubai, they got purchase Order dated 21.12.2021 from JVJ General Trading Co. LLC., leading firm in LED lighting and all type of

electrical accessories. Unfortunately, due to his disassociation with Sandeep Srivastava from around February, 2022, the Entity's relationship with Prijesh got deteriorated.

- 12.26. Madhukar Sheth was introduced to the Entity by Mr. Prijesh Kurani when he visited their company's factory at Haridwar on 27.02.2021. It appears that Madhukar Sheth was very much impressed with their business model and therefore he insisted to acquire Shares Pre IPO. Accordingly, he purchased 8.40 Lakh Shares on private placement basis before IPO and also subscribed in the IPO in the name of his family members. In fact, the Entity has no relation with him except as a Shareholder of V Marc.
- 12.27. The Interim Order is in gross violation of the basic principles of 'audi alteram partem'. It is a settled proposition of law that measures, if any, taken by SEBI, u/ s 11 and 11 (B) of SEBI Act, 1992 ought to be remedial and preventive in nature and not penal and punitive as directed in the Interim Order.
- 12.28. Merely on the basis of conjectures, surmises and hypothesis, SEBI ought not to have passed such drastic and far-reaching order which has gravely affected my fundamental right enshrined under Article 19(1) (g) of the Constitution of India.
- 12.29. Interim Order is completely discriminatory, unfair, unjust and unreasonable and it is untenable for SEBI to issue directions which is in total violation of my most basic and fundamental right enshrined under Article 21 of the Constitution of India.
- 12.30. As per para 44 of the Interim Order, even SEBI at one point was of the view that Interim Order may not be warranted and further investigation was needed in the matter.
- 12.31. The Entity has been wrongfully directed to disgorge alleged wrongful gain of Rs. 6,38,62,303 /- jointly and severally with other entities. The Entity has never sold any shares of V Marc during the examination period or otherwise. Further, from the date of listing of shares of V Marc till present date, the Entity's shareholding in V Marc is same. The Entity has neither bought nor sold any additional shares in V Marc. Additionally, in the entire Interim Order, there is not even a whisper that I have traded in the scrip of V Marc.

- 12.32. in the entire Interim Order, there is no mention of any fund trail from the Entity i.e. there is no allegation that the Entity has funded someone to trade in the scrip of V Marc. Therefore, no direction of disgorgement can be passed against the Entity.
- 12.33. The disgorgement of wrongful gains is only allowed under SEBI Act when profit made or loss is averted by indulging in any transaction or activity in contravention of the provisions of SEBI Act or Regulations made thereunder. However, the Entity has not indulged in any transaction or activity in the shares of V Marc. Further, there is no allegation of any price manipulation against the Entity in the entire SCN. Hence, no direction of any disgorgement can be issued against the Entity.
- 12.34. The basis of investigation in the scrip of V Marc was based on the complaint dated 21.09.2022 received from one Mr. Priyesh Kurani. Along with the said email, there are number of emails enclosed wherein certain vague allegations are alleged against the Entity amongst others. The said complaint only contains certain vague allegations against him without giving any proof or supporting documents in support of the alleged allegations as stated in the Interim Order.
- 12.35. Further, the WhatsApp chat as provided by SEBI along with other documents pertains to a period from 23.09.2021 to 12.01.2022 which is beyond the examination period which is considered by SEBI.
- 12.36. The Entity has submitted that neither the complaint nor the documents referred to in the said complaint be considered by SEBI.
- 12.37. It is a settled law that an Order freezing of Bank Accounts can be passed in case of grave urgency only or where it is found that one may dispose of the property. In absence of any findings that the Entity is alienating his property, the directions to freeze all my Bank Accounts of constitutes malice in law. In this regard, the Entity has relied on the judgements in the matter of Industrial Credit and Investment Corporation of India Limited vs. Grapco Industries Limited decided on 14.05.1999, Sterlite Industries (India) Limited vs. SEBI decided on 22.10.2001, Valerius Industries vs. Union of India decided on 28.08.2019, Cameo Corporate Services Limited vs. SEBI decided on 26.11.2019, Affluence Fincon Services Pvt. Ltd. And Ors. Vs SEBI decided on

07.09.2020, Radha Krishan Industries vs. State of Himachal Pradesh & Ors. Decided on 20.04.2021 and Arshad Hussain Warsi & Ors. Vs SEBI decided on 27.03.2023.

- 12.38. With respect to the allegation of violations of PFUTP Regulations, the Entity has submitted that there is purchase/ sale and/ or dealing of securities nor is there any allegation of fraudulent practice against the Entity. The Entity has placed reliance on SEBI order dated 28.05.2021 in the matter of Tatia Global Venture Limited.
- 12.39. As per the interim order, SEBI has been investigating the matter since September 2022 and as such the situation could not be alleged to be a matter of extreme urgency so as to justify an ex-parte ad-interim Order without any personal appearances/depositions.
- 12.40. At the time of conversion of V Marc to Public Ltd Company, for statutory requirement w.r.t. requirement of 7 members in the Company, the Entity had transferred 1,000 shares to Anuj Garg, Seema Garg, Jai Kishorr Singhal, Sanjeev Kumar Srivastava and Madhu Srivastava.
- 12.41. The alleged nature and extent of the Entity's connection with the other entities named in the Interim Order is without any substantive evidence but mainly based on one sided interpretation of WhatsApp Chats and Call Data Records for which no explanation was sought from the Entity. In this regard, the Entity submits that he has no wrongful collaboration and intent and no connivance can be established for the violation as alleged or otherwise.
- 12.42. If SEBI is relying upon submissions of the co-entities and if any adverse inferences are drawn against the Entity, then the Entity should be provided with the reply filed by the co-entities.
- 12.43. From the explanation provided under section 11B of SEBI Act, 1992, it can be seen that the direction to disgorge an amount can only be made against a person/ entity who has made profit or averted loss by indulging in any transaction or activity in contravention to SEBI Act or Regulations made thereunder.
- 12.44. The Entity has never traded in the scrip of V Marc and there is no question of making any profit or averting any loss. Further, as on date, there are only prima facie findings in the interim order and there is no finality w.r.t.

the said findings. Therefore, there is no conclusion drawn that the Entity has indulged in any activity which is in contravention to SEBI Act or Regulations made thereunder. Therefore, the direction of disgorgement issued against the Entity is not sustainable in facts and in law.

12.45. The Entity has no relation with Surbhi Aggarwal and Rekha Kurani. Further, even Ms. Surbhi Aggarwal by her letter has conveyed to SEBI that she and Ms. Rekha Kurani does not have any connection with Mr. Prijesh Kurani or Dharini Kurani. Further, she has also denied any connection with the Entity and V Marc. Therefore, the Entity cannot be said to be connected to Ms. Surbhi Aggarwal or Ms. Rekha Kurani.

12.46. Further, Mr. Sudhir Gupta had direct fund transfer with Mr. Prijesh. The Interim Order does not mention that Mr. Sudhir Gupta transferred said funds to Mr. Prijesh through the Entity. Further, Mr. Sudhir Gupta traded in the scrip of V Marc independently and the Entity had no role whatsoever in the transaction executed by him. The same is also not alleged in the Interim order.

12.47. The Entity has a personal and professional relation with Mr. Jai Kishorr Singhal. He is a technical consultant to V Marc. Mr. Jai Kishorr Singhal had direct fund transfer with Mr. Prijesh. The Interim Order does not mention that Mr. Jai Kishorr Singhal transferred said funds to Mr. Prijesh through the Entity. Further, Mr. Jai Kishorr Singhal traded in the scrip of V Marc independently and the Entity had no role whatsoever in the transaction executed by him. The same is also not alleged in the Interim order.

12.48. In view of the aforesaid submissions, the Entity cannot be alleged to be jointly and severally liable for the trades carried out by the aforesaid persons.

12.49. The Entity reiterates that Mr. Sandeep was responsible for the IPO of V Marc. In the Board meeting held on 04.02.2021, Mr. Sandeep was a member of "IPO committee". Mr. Sandeep was looking after all the requirements of IPO and the Entity was relying solely on him for IPO purpose.

12.50. SEBI has only considered the Entity's chats in 2021 with Mr. Prijesh which was majorly related to business development in Dubai. Further, SEBI has completely ignored that for the purpose of developing business in Dubai, they had set up a company viz., V Marc General Trading LLC.

- 12.51. Due to Entity's disassociation with Mr. Sandeep, the Entity's relation with Mr. Prijesh was also deteriorated. The complaint dated 21.09.2022 filed by Mr. Prijesh against the Entity was also motivated due to deterioration of their relation.
- 12.52. SEBI has completely ignored the chats mentioned in Figure no. 15 of the Interim Order. In the said WhatsApp chat which happened in April 2022 i.e., one year after the IPO of V Marc, it can be seen that there is a communication between Mr. Madhukar Sheth and Mr. Prijesh w.r.t. their dealings in V Marc. In the said chat, Mr. Prijesh confirms that he had not received a single rupee from the Entity and further states that he has not received any money from V Marc.
- 12.53. Therefore, based on the WhatsApp chat dated 04.04.2022, no adverse inference can be drawn w.r.t. the Entity's chats with Mr. Prijesh in 2021 and the same cannot be considered in the present proceedings. Additionally, the Entity has submitted that he is not privy to any dealings between Mr. Madhukar Sheth and Mr. Prijesh.
- 12.54. Seema Garg was working as an employee of Asian Galaxy Pvt. Ltd. From 01.01.2019 to 31.03.2020. Post that from 01.04.2020 to 31.03.2021, she was working with Asian Galaxy Pvt. Ltd. on commission basis.
- 12.55. Seema Garg specifically instructed the Company to pay salary and commission as and when she requests for the same and not otherwise. It is only on her request that an amount of INR 25 lakhs (INR 13,80,000 – as salary and INR 11,20,000 as commission) was paid to her on 09.04.2021. The Company, Asian Galaxy Pvt. Ltd. has paid TDS on regular basis and also disclose in the TDS returns on the same at an appropriate time.
- 12.56. Due to Seema Garg's association with V Marc and her family relation with the Entity, at the time of conversion of V Marc from a private limited company to public limited company for statutory requirement of having 7 members in the company, the Entity had transferred 1,000 shares of V Marc to Seema Garg.
- 12.57. Therefore, the Entity has submitted that no adverse inference should be drawn against the Entity for the amount of INR 25,00,000/- received by Seema Garg from Asian Galaxy Private Limited. Further, the Entity has submitted that he has no role with respect to the shares of V Marc bought by Seema Garg.

- 12.58. The Entity has submitted that the price of V Marc is determined by the market forces and the Entity is not involved in the same. Mr. Prijesh, due to personal vendetta has filed a complaint against the Entity. No other complaint has been received by SEBI. Further, the alleged communications with Mr. Prijesh had no bearing on the price movements in the scrip of V Marc.
- 12.59. The closing price of V Marc's scrip on 28.02.2024 (date of Interim Order) was around INR 150. Pursuant to passing of the Interim Order, it reached a low of around INR 73 on 15.03.2024. However, due to strong fundamentals and business prospects of the company, the price of the scrip of V Marc as on 21.05.2024 had reached around INR 180. The said price movements are completely determined by the market forces as to how they perceive the company and the fundamentals of the company.
- 12.60. The Entity has submitted that there was no pre-decided or pre-planned scheme prior to the IPO of V Marc. It is pertinent to note that the underwriting agreement for the IPO of V Marc was signed on 04.03.2021 and the issue was 100% underwritten. Therefore, there was no need for any pre-planned scheme w.r.t IPO of V Marc.
- 12.61. The photo mentioned in Figure no. 13 on page no. 27 of the Interim Order was taken prior to signing the underwriting agreement when Mr. Mahavir Lunawat, Mr. Prijesh and Mr. Madhukar Sheth had visited the factory of V Marc on insistence of Mr. Sandeep. Therefore, no adverse inference be drawn in this regard.
- 12.62. There has been no deviation/ variation in use of funds raised through IPO. Further, V Marc has also filed statement of deviation/ variation in utilization of funds raised through IPO wherein no deviation has been reported and till date, no query from NSE or SEBI has been received w.r.t. utilization of proceeds of IPO. Therefore, it cannot be alleged that there is any mis-utilization of funds raised through IPO. A copy of statement of deviation/ variation in utilization of funds raised dated 12.11.2021 filed by V Marc is submitted.
- 12.63. The focus of V Marc and the Entity post IPO was solely on the business carried out by the Company. This is supported by the fact that V Marc has received purchase orders from Dakshinchal Vidyut Vitran Nigam Limited, Paschimanchal Vidyut Vitran Nigan Limite, Haryana Vidyut Prasaran Nigam

Limited. Punjab State Power Corporation, Uttarakhand Power Corporation Limited, Tamilnadu Generation and Distribution Corporation Limited, Madhyanchal Vidyut Vitran Nigam Limited, Purvanchal Vidyut Vitran Nigam Limited and Dakshini Haryana Bijli Vitran Nigam Limited. It is pertinent to note that some of the companies have given multiple purchase orders to V Marc and all the aforesaid companies are Government units.

12.64. The Bankers and Credit Rating agency are worried about the Interim Order. The Credit Rating Agency has sought clarification from V Marc about the Interim Order wherein they are under the impression that the promoter and the management of the company are alleged to have carried out front running and engaging in fraudulent scheme to manipulate the volumes and price of the scrip of V Marc. Therefore, the continuation of directions of Interim Order will have great impact on the public shareholders of the Company, the stakeholders and the large no. of employees working with V Marc.

12.65. It is only on conversion of Private company to public limited company viz. V Marc, the Entity had opened his demat account in the year in 2021. Till date, the Entity has not dealt in shares of any company. The Entity has not sold any shares of V Marc during the examination period or otherwise.

12.66. In response to the query raised regarding the reason for transfer of INR 30 lakh by Asian Ambrosia India Private Limited (director: Vikas Garg) to Madhu Srivastava on 22.02.2022, Vikas Garg has submitted that Madhu Srivastava (shareholders of Asian Ambrosia) had provided a loan to Asian Ambrosia and the same was repaid on the request of her husband, Sandeep Srivastava. As regards the reason for transfer of INR 40 lakh and 20 lakh to Shiv Shakti Enterprises by V Marc Electricals on 25.03.2021, Vikas Garg has submitted that it was advance for a purchase order. In support of the same, he has submitted a copy of the purchase order.

Submissions of Sandeep Srivastava and Madhu Srivastava

13. The written submissions filed by Sandeep Srivastava and Madhu Srivastava *vide* their letters dated May 13, 2024 and May 30, 2024 are summarized hereunder:

13.1. The Noticees have submitted that several vital information has not been shared with them. Incomplete trade logs data have been provided. Further, the

WhatsApp Chats provided is in different format and so it is difficult to understand it.

13.2. The complaint made by Mr. Prijesh Kurani has no allegations against the Noticees.

13.3. SEBI has not given access to the original copy of the alleged signed agreement referred to at para 3 of the interim order. SEBI has not provided the WhatsApp chats exchanged between Mr. Prijesh Kurani and certain entities referred to in the interim order except few WhatsApp chat between Mr. Prijesh Kurani and Noticee no. 2 and WhatsApp chat of a WhatsApp group i.e., "V Marc documents" (in text format only, no photos/ documents mentioned in the WhatsApp chat could be traced).

13.4. Noticee No. 2 has submitted that in the Column Basis of Connection in the Table No. 2, it is explicitly stated that Noticee No. 1, 3, 7 and 11 are the Members of the WhatsApp Group named "V-Marc Documents". Thus, it is abundantly clear that the Noticee No. 2 herein is not a Member of the said WhatsApp Group.

13.5. The WhatsApp chat between Mr. Prijesh Kurani and Mr. Vikas Garg referred to at para 9 of the interim order was not shared with the Noticees.

13.6. At para 12 of the interim order, it has been stated that SEBI had internally carried out signature verification of the parties who had signed the Figure no. 4, however, no such details have been shared with the Noticees.

13.7. Further, if all the 4 parties including Mr. Bindesh Kurani who had signed the Figure No. 4 were part of a manipulative scheme, it is not explained in the ex-parte Order that why Mr. Bindesh Kurani was not made party to the ex-parte Order. Additionally, the Figure No. 4 does not reveal role of the Noticee No. 2. It is also an admitted fact that the Noticee No. 2 was mere Whole Time Director of the Company and the Chairman & Managing Director of the Company was/is Mr. Vikas Garg. Further, complete details regarding findings recorded relating to Richr Business Services has not been shared with the Noticees.

13.8. Noticee No. 2 had not executed a single trade in the scrip of the Company. Thus, the question of artificially manipulating the price of the scrip does not arise at all.

- 13.9. In the para 19 of the ex-parte Order, it is alleged that the Noticee No. 10 was a Price Volume Manipulator. However, no basis has been provided to substantiate the said allegation.
- 13.10. SEBI has failed to provide detail of a single penny that had been funded by the Noticee No. 2 to execute trades in the scrip of the Company.
- 13.11. Noticee No. 10 had contributed 1.39% volume out of total market volume. The buy trades of the Noticee No. 10 were executed at par to the LTP. Admittedly, SEBI found no connection in between the Noticee No. 10 and counterparty / counterparties to buy trades of the Noticee No. 10.
- 13.12. The Noticees herein had no role in subscribing the IPO of the Company and therefore no specific allegation and / or adverse finding has been recorded against the Noticees in the ex-parte Order regarding subscribing the IPO of the Company.
- 13.13. The ex-parte Order has recorded adverse findings qua the Noticee No. 2 which pertains beyond the period of the examination as provided in para 3 of the ex-parte Order and also the events occurred post resignation of the Noticee No. 2 from the post of the Whole Time Director of the Company. Noticee No. 2 had resigned from the post of Whole Time Director on 23-02-2022 and had completely disassociated himself from the affairs of the Company.
- 13.14. SEBI has failed to appreciate the following admitted facts while passing the ex-parte order:
- 13.15. Noticee No. 2 had not executed any trade in the scrip of the Company.
- 13.16. Noticee No. 10 had contributed 0.00% to +ve LTP and further contributed 1.39% to total market volume. Thus, the Noticee No. 10 contribution to +ve LTP was nil and in volume too insignificant contribution.
- 13.17. Noticee No. 10 had not executed any synchronized / circular / reversal / matched / structured trades in the scrip of the Company. Noticee No. 10 had suffered a loss of Rs. 24000/- while executing trades in the scrip of the Company.
- 13.18. Noticee No. 2 was the Whole Time Director of the Company whereas Mr. Vikas Garg is/was the Chairman and Managing Director of the Company. Noticee No. 2 as a Whole Time Director had very limited role in the affairs of

the Company in comparison of the Chairman and Managing Director of the Company.

13.19. On 23-02-2022, Noticee No. 2 had resigned from the post of Whole-Time Director of the Company.

13.20. SEBI could not produce a single document relating to Noticee No. 2's involvement in selling the shares by some of the Noticees/ entities after resignation of the Noticee No. 2 resigned from the post of Whole Time Director of the Company. Indeed, the Noticee No. 2 had no such role while he was in the Company.

13.21. Noticee No. 2 is/was holding nil shares in the Company. Thus, the question of off-loading of the same does not arise at all.

13.22. The Noticees had not made any gain including any alleged unlawful gain in the scrip of the Company.

13.23. Noticee no. 10 was handling accounts & finance related work and administrative activities in V-Marc Electricals Private Limited (Sister concern of V-Marc India Limited). After leaving job, she started her own work. She was allotted 1000 shares of the V-Marc India Company before the IPO pursuant to the Company's conversion to a Public Limited from Private Limited to meet the requirement of having minimum 7 shareholders to form a Public Company. She is still holding those shares in her demat account.

13.24. As per SEBI's own findings, the Noticee No. 2 is at present not a Member of WhatsApp group named VMarc documents. The Noticee No. 2 had invited to join the group on 05-10-2021 and he himself left the group on 22-11-2021.

13.25. The Noticee No. 2 became the Whole Time Director of the Company on 04-02-2021 and resigned on 23-02-2022. The Noticee No. 2 did nothing wrong while the Noticee No. 2 was the Whole Time Director of the Company.

13.26. Merely, the Noticee No. 2 was the Whole Time Director of the Company cannot be an allegation. If this is so the other persons on the key managerial positions of the Company during the relevant period would also have been made parties to the ex-parte Order.

13.27. The ex-parte Order fails to elaborate what wrong Noticee No. 2 had committed while the Noticee No. 2 was the Whole Time Director of the Company. Thus, the allegation of connection with Mr. Vikas Garg as they both

were at key managerial position in the Company is not fruitful allegation of connection in the facts and circumstances of the case.

13.28. Noticee No. 2 further submits that the Noticee No. 2 on the instructions of Noticee No. 1 i.e. Mr. Vikas Garg shared the BENPOS Statement on 12-04-2021 to Mr. Prijesh Kurani and the same can be verified from Mr. Vikas Garg. Further, on the perusal of the WhatsApp Chats held in between Mr. Vikas Garg and Mr. Prijesh Kurani provided in the Figure 5 of the ex-parte Order, it is stated that Mr. Kurani asked for the shareholders list (BENPOS) and in response Mr. Vikas Garg said 'Sent by Sandeep ji'. Apart from one c Chat i.e. sharing BENPOS Statement on 12-04-2021, SEBI could not produce a single Chat in between the Noticee No. 2 and Mr. Prijesh Kurani which cast any doubt on the role of the Noticee No. 2 in the Company. Just because the Noticee No. 2 had shared BENPOS Statement with Mr. Prijesh Kurani, it cannot be alleged that the Noticee No. 2 was part of any manipulative scheme.

13.29. Noticee No. 2 was mere Whole Time Director of the Company and was following instructions / orders of the Chairman and Managing Director of the Company.

13.30. Noticee No. 2 had tendered his resignation from the post of Whole Time Director of the Company as he consistently noticed some unfair transaction practices for siphoning of the Company's funds by the Chairman and Managing Director of the Company. The Chairman and Managing Director of the Company had continued the unethical and illegal transactions despite Noticee No. 2 raising his voice. On same day, the Noticee No. 2 had left the WhatsApp Group i.e. "Vmarc documents". However, on the next day, after assurance from the Management of the Company, the Noticee No. 2 had deferred his decision to resign from the Company and withdraw his Resignation letter. Since, the Management of the Company had not stopped their unfair and unethical activities which were harming the financial position of the Company, the Noticee No. 2 vide its letter dated 01-02-2022 brought the same into the notice of the Board of Directors of the Company.

13.31. Despite sending the aforesaid letter, the illegal and unethical activities of Chairman and Managing Director of the Company had not stopped, the Noticee No. 2 had decided to resign from the post Whole Time Director of the

Company. It is also pertinent to mention that the Management of the Company had stopped salary of the Noticee No. 2 for the Month of December, 2021 to February, 2022.

13.32. SEBI has failed to provide a single documentary evidence which establishes the allegation that the Noticee No. 2 facilitated the alleged fund transfers and/or controlling the funds of the Company. Further, any fund transfers by Mr. Vikas Garg to Prijesh Kurani, the Noticee No. 2 cannot be held liable for that.

13.33. One more ground strengthen the Noticee No. 2's argument that he had no role in facilitating alleged fund transfer is that the Noticee No. 2 had not received his salary from December, 2021 to February, 2022. If the Noticee No. 2 was facilitating fund transfer, in his letter dated 01-02-2022, he would not have warned the Board of Director of the Company to take suitable legal action, if his salary had not been released.

13.34. It is further submitted that the Noticee No. 2 was not in the WhatsApp Group of "VMarc documents" from the day of its creation i.e. 23-09-2021 but the Noticee No. 2 was invited/added in the Group only on 05-10-2021. The Noticee No. 2 was in the said Group till 22-11-2021. The Noticee No. 2 himself left the Group as he was not comfortable with the acts of other Group entities.

13.35. Noticee No. 10 was the employee of V Marc Electricals Private Limited since 2018. On 01-04-2021, the Noticee No. 10 had an opening credit balance of Rs. 14,10,742/- in the account of V Marc Electricals Private Limited. Thereafter, on 09-04-2021, the Noticee No. 10 has received a loan of Rs. 10,00,000/- from V Marc Electricals Private Limited. Further, on 20-07-2021, the Noticee No. 10 had received a loan of Rs. 10,00,000/- from V Marc Electricals Private Limited. On 23-02-2022, the Noticee No. 10 had paid Rs. 27,69,993/- to V Marc Electricals Private Limited. Further, the Noticee No. 10 was regularly receiving salary from V Marc Electricals Private Limited. Thus, the fund received on 09-04-2021 from V Marc Electricals Private Limited by the Noticee No. 10 has nothing to do with the trades of Noticee No. 10 in the scrip of the Company.

13.36. At paragraph no. 20.1.1 of the interim order, it is stated that the Management of the Company had, prior to the listing day, provided trading

account to Mr. Priyesh Kurani for the purpose of executing trades. Further, on the basis of WhatsApp Chats exchanged in between Mr. Vikas Garg and Mr. Priyesh Kurani, SEBI has recorded specific findings that Mr. Vikas Garg had provided trading account to Mr. Priyesh Kurani. As per the findings recorded by SEBI in Para 4.3 of the ex-parte Order, the Management of the Company was not limited up to Mr. Vikas Garg only but several other entities were also a part of the Management of the Company. The Noticees submit that SEBI, in the ex-parte Order, is making such false allegations against the Noticee No. 2 who was part of the Management of the Company though he had no such role as alleged.

13.37. The Examining Authority has completely ignored the good results declared by the Company and the impact of the same on the price of the scrip of the Company.

13.38. SEBI has created its own dictionary in the ex-parte Order wherein the word placement meant sale of shares to innocent investors. On the contrary, the Investors who had purchased shares in IPO of the Company / after listing of the shares of the Company and further remain invested had made substantial profit as the price of the scrip of the Company went high up to Rs. 219.70.

13.39. It is submitted that SEBI is placing heavy reliance on a screenshot of the Minutes of the Meeting purportedly held on 19-04-2021 without endorsing and verifying the authenticity of the document. Thus, no reliance can be placed on a document which authenticity is yet to be ascertained.

13.40. Noticee No. 2 further requests for cross-examination of Noticee No. 4 i.e. Mr. Priyesh Kurani, Noticee No. 1 i.e. Mr. Vikas Garg and Mr. Bindesh Kurani.

13.41. It is further submitted that in the Para 1 of the purported screenshot as provided Figure No. 4, it is stated that “market making of Vmarc Company will be handled by Richrr Business services. Further, as per SEBI’s own findings, Richrr Business services is a business organization owned and operated by Priyesh Kurani and his family from Dubai. Assuming that the said documents is true, as per SEBI’s own findings, the Noticee No. 2 had no role in market making but Richrr Business services.

- 13.42. Noticee No. 2 had not executed a single trade in the scrip of the Company and further did not transfer a single penny into any account to execute trade in the scrip of the Company. Merely, the Noticee No. 2 on the instructions of Noticee No. 1 shared the BENPOS Statement with Noticee No. 4 does not mean that the Noticee No. 2 was part of any manipulative scheme allegedly orchestrated by the other Noticees (except Noticee No. 10) including Noticee Nos. 1 and 4.
- 13.43. Noticee No. 2 further submits that the Noticee No. 2 had not provided any trading account to Noticee No. 4 and / or Noticee No. 1 for executing trades in the scrip of the Company.
- 13.44. Noticee No. 10 had duly declared her transaction through requisite disclosure to be made to the exchange and the Company. Noticee No. 2 further makes it clear that he was never been signatory in the bank account of the Company. The decision and authority for transferring fund from the bank accounts of the Company was only with Mr. Vikas Garg i.e. Chairman and Managing Director of the Company and the same can be verified with the bankers of the Company. The transfer of fund from the Company's bank account was not under the control of the Noticee No. 2. The Noticee No. 2's role in the Company was very limited and was looking only banking and finance as the Noticee No. 2 was the past employee in a public sector bank.
- 13.45. SEBI has failed to produce single evidence on record on the basis of which an allegation has been made in the Para 20.3.5 of the ex-parte Order that "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".
- 13.46. SEBI has not made Chief Financial Officer a party to the present proceeding and on other side, made the Noticee No. 2 liable for the fund transfer made by the Company. The role of a CFO is similar to a treasurer or

controller because CFO is responsible for managing the finance and accounting divisions and for ensuring that the company's financial reports are accurate and completed in a timely manner.

13.47. Noticee No. 2 further submits that the role of Chairman and Managing Director cum Promoter is much larger than the role of a Whole Time Director of the Company. In the present case, Mr. Vikas Garg was the Chairman and Managing Director of the Company who along with Ms. Meenakshi Garg promoted the Company. The Noticee No. 2 role was very limited in the Company whereas Mr. Vikas Garg is / was having full control on the affairs of the Company. It is also pertinent to mention that the Noticee No. 2 was employed with a Public Sector Bank and by looking at the ability of the Noticee No. 2 in banking, Mr. Vikas Garg had engaged the Noticee No. 2 in the Company.

13.48. Due to passing of the ex-parte Order, the Noticees lost their fundamental right to execute trade in the securities market. Interim orders should not be passed on the pretext that it was imminent to pass such order in order to protect the interest of investor or the securities market. The Noticees have relied on the judgement of the Hon'ble Supreme Court in the matter of Liberty Oil Mills & Ors. Vs. Union of India & Ors. [AIR (1984) SC 1271] decided on May 1, 1984.

13.49. The Noticees further submit that the ex-parte Order passed against the Noticees is harsh and unwarranted. The Noticees further submit that the basis of urgency as shown in the ex-parte Order was purely on account of presumption and was not based on any piece of evidence. There should be some shred of evidence to come to a prima-facie conclusion that the Noticees was indulging in unfair trade practices with a manipulative intent to manipulate the price and volume in the scrip of the Company.

13.50. The ex-parte order places reliance on the Hon'ble SAT's order dated 18-08-2023 in the matter of Econo Broking Pvt. Ltd. vs. SEBI, however, the facts and circumstances of the present case is completely different from the facts and circumstances of the Order relied. In the present case, SEBI has not produced single evidence which establishes the fact that Noticee Nos. 3, 6, 7 and 11 had indeed transferred a single penny out of the profit they had made

to the Noticee No. 2. Further, the Noticee No. 2 had not traded in the scrip of the Company. Therefore, the question of making / sharing profit in the present case does not arise at all.

13.51. The Noticees further submit that the ratio laid down by the Hon'ble Tribunal in the matter of Affluence Fincon Services Pvt. Ltd. & Ors. vs. SEBI Appeal No. 269 of 2020 decided on September 7, 2020, Dr. Udayant Malhoutra vs. SEBI Appeal No. 45 of 2020 decided on June 2, 2020, Cameo Corporate Services Limited vs. SEBI Appeal No. 566 of 2019 decided on November 26, 2019, North End Foods Marketing Pvt. Ltd. & Anr. vs. SEBI Appeal No. 80 of 2019 decided on March 12, 2019 and Arshad Hussain Warsi & Ors. v/s SEBI Appeal No. 284 of 2023 decided on 27-03-2023 and a decision of the Hon'ble Supreme Court in Radha Krishan Industries vs. State of Himachal Pradesh & Ors. [(2021) 6 SCC 771] squarely covers the case of the Noticee herein.

13.52. With respect to joint and several liability imposed on Noticee no. 2, he has submitted that there is no such principle of joint and several liability to be found under the SEBI Act and in any case the application of the joint and several liability principles of tort law is a distortion of the remedy of disgorgement which is equitable and in personam.

13.53. The question arises whether disgorgement as a remedy can be properly applied (as it has been in the present case) without any findings made that the Noticee No. 2 had made any wrongful gains. In any situation, the Noticee No. 2 herein could only be liable jointly to the extent of any wrongful gains that were found (on the basis of materials) to have been actually distributed to the Noticee No. 2. However, no such finding has been made in the ex-parte Order that the Noticee No. 3, 6, 7 and 11 had distributed their profit or had passed on the profit to the Noticee No. 2. Thus, the question of joint liability does not arise at all.

13.54. Further, the Noticee has placed reliance on SEBI order dated 05-03-2019 in the matter of Supreme Tex Mart Limited and submitted that unlawful gain can be impounded from the entity / entities who had actually made the profit(s). In the present case, since the Noticee No. 2 had not made any profit including unlawful gain, the question of impounding of unlawful gain from the Noticee No. 2 does not arise at all.

13.55. Since, the Noticee No. 2 had resigned from the post of Whole Time Director of the Company in February, 2022 and had dis-associated himself from the Company, the question of the Noticee's involvement in selling the shares of the Company at elevated price does not arise at all. Thus, the liability of disgorgement impudent on the Noticee No. 2 is illegal and therefore contrary to the law.

13.56. The Company had following three main objects for utilisation of the net proceeds of the Issue: Funding capital expenditure of proposed new manufacturing facility, funding the working capital requirements and general corporate purposes. The Chairman and Managing Director of the Company i.e. Mr. Vikas Garg was misutilising the net proceeds of the Issue and was delaying utilising in accordance with the main objects of the Issue. When it came into the notice of the Noticee No. 2 that Mr. Vikas Garg had illegally transferred Rs. 2.5 Crore (Approx.) to Shiv Shakti Enterprises (Mr. Sudhir Gupta) & others instead of starting the new project for which funds have been raised through IPO, the Noticee No. 2 raised his voice before Mr. Vikas Garg. The Noticee No. 2 had discussed with Mr. Vikas Garg that the aforesaid transfer of funds out of net proceeds of the Issue is not in accordance to the main objects of the Issue. The Noticee No.2 time and again raised his voice towards misutilisation of the net proceeds of the Issue before Mr. Vikas Garg. The Noticee No. 2 insisted Mr. Vikas Garg to stop the misutilisation. In November, 2021 when the Noticee No.2 had realized that he was being ignored, he decided to resign from the Company. However, on the assurance given by Mr. Vikas Garg that he will further not misuse the net proceeds of the Issue, bring back the funds Shiv Shakti Enterprises (Mr. Sudhir Gupta) & Others and further he will immediately start the working on new project, the Noticee No. 2 decided to withdraw his resignation. Since, no efforts have been made by the Mr. Vikas Garg to bring back the money paid to Shiv Shakti Enterprises (Mr. Sudhir Gupta) & Others and further Mr. Vikas Garg did not stop misutilising the funds of the Company, the Noticee No. 2 had finally resigned from the Company. The Noticee No. 2 was never associated with the affairs of the Company after he had resigned.

13.57. The Noticees have already submitted that the Noticee No. 2 was not signatory in any of the bank accounts of the Company. The Chairman and

Managing Director of the Company i.e. Mr. Vikas Garg was handling all the bank accounts of the Company.

13.58. On 22-11-2021, the Noticee No. 2 left the WhatsApp Group also as the Noticee No. 2 was not comfortable with the misutilisation of the funds of the Company. One more reason behind the Noticee No. 2 leaving the WhatsApp Group is, that Mr. Vikas Garg and Jai Kishore Singhal incorporated a Company / Firm namely “V-Marc General Trading Company LLC” in UAE wherein they made the Noticee No. 2 as one of the partners. By knowing that Mr. Priyesh Kurani and Mr. Vikas Garg want to avail finance by providing post-dated cheques to some parties, the Noticee No. 2 had immediately resigned from the said Company / Firm. The Noticee No. 2 has not allowed any transaction in the said Firm till he was in the said Firm.

13.59. The Noticee No. 2 further submits that the letter dated 01-02-2022 is not an afterthought and the Noticee no. 2 was indeed not aware in 2022 that in future, SEBI will initiate proceeding against the Noticees. The said letter was duly sent to Mr. Vikas Garg via Email and the Noticees have already provided proof of the same.

13.60. In response to the query raised regarding the reason for receipt of INR 30 lakh from Asian Ambrosia Private Limited on 22.02.2022, Madhu Srivastava has submitted that it was a repayment of a loan provided by her to Asian Ambrosia Private Limited. In support of her submission, she had submitted the auditor’s report for the F.Y. 2021-22 and F.Y. 2022-23.

13.61. As regards the query regarding details of investment in capital markets and the value of her investment in V Marc India in relation to her total wealth, Madhu Srivastava has submitted her trading details in the F.Y. 2021-22 and also stated that her investment in V Marc India was worth 10% of her networth.

13.62. The AR of the Noticees have placed reliance on certain Judgements and Orders. The Noticees in below table provide the relevant paragraphs of some of the Judgments / Orders:

Table no. 5

S. No.	Name	Grounds
1.	North End Foods Marketing Pvt. Ltd. & Anr. v/s SEBI (Appeal No. 80 of 2019, Order date 12-03-2019, passed by Hon'ble SAT)	SEBI has misused its power by passing the ex-parte Order qua the Noticees though no such case has been made out against the Noticees herein in the ex-parte Order. <i>"14. However, it does not mean that in every case, an ex-parte interim order should be passed on the pretext that it was imminent to pass such interim order in order to protect the interest of the investor or the securities market. An interim order, however, temporary it may be, restraining an entity/person from pursuing his profession/trade may have substantial and serious consequences which cannot be compensated in terms of money."</i> Relevant Paragraphs are 13 to 18
2.	Cameo Corporate Services Limited vs SEBI (Appeal No. 566 of 2019, Order Dt 26-11-2019, passed by Hon'ble SAT)	There was no urgency in passing the ex-parte Order qua the Noticees herein as SEBI did nothing for at least 18 months from the date of its knowledge and further the Noticees herein had admittedly made no gain in the scrip of the Company. Indeed, the Noticee No. 2 has resigned from the Company way back in February, 2022 and he had not executed a single trade in the scrip of the Company <i>"17. In our opinion, the respondent is empowered to pass an ex-parte interim order only in extreme urgent cases and that such power should be exercised sparingly. In the instant case, we do not find that any extreme urgent situation existed which warranted the respondent to pass an ex-parte interim order. We are of the opinion that the impugned order is not sustainable in the eyes of law as it has been passed in gross violation of the principles of natural justice as embodied in Article 14 of the Constitution of India. The restraint order is in our opinion unjustified."</i>
3.	Arshad Hussain Warsi & Ors. v/s SEBI (Appeal No. 284 of 2023, Order Dt 27-03-2023, passed by Hon'ble SAT)	On Joint and several liability and passing of Ex-Parte Order: <i>"29. From the aforesaid, it is clear that ad-interim orders can be passed in case of urgency or where it is found that the Noticee is about to dispose of the property. In the absence of any finding that the appellants will defalcate the unlawful gains, the</i>

S. No.	Name	Grounds
		<i>impounding order constitutes malice in law. Further, the power must be exercised with extreme care and caution and should be resorted to only as a last resort or measure. Merely by stating that the appellants may divert the unlawful gains is not based on any cogent evidence rather on surmises and conjectures and formation of unguided subjected satisfaction which is not permissible."</i> The Ld. WTM in the ex-parte Order himself held that "39. 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." Despite the fact that the Noticee No. 2 had not received a single penny out of the gain made by the other Noticees and further Noticees either not traded or suffered losses while trading, SEBI illegally held the Noticee No. 2 liable for disgorgement of unlawful gain made by the other Noticees. Relevant paragraph Nos. 16 to 29
4.	Mahavir Singh Chauhan vs. SEBI & other connected Appeals (Appeal No. 393 of 2018, Order dt 18-10-2019, passed by the Hon'ble SAT) 2019 SCC Online SAT 218	On Joint and several liability: The direction issued in the ex-parte Order qua the Noticee No. 2 for disgorgement of the unlawful gain made by the other Noticees is contrary to the settled law. <i>"21. From the aforesaid, it is clear that a person can be directed to disgorge amount equivalent to the wrongful gain made by him. By such contravention, the liability to disgorge the amount is individual and not collective. Thus, we are of the opinion that the direction of the WTM directing the appellants to pay the amount jointly or severally is against the provisions of Section 11B and to that extent, it cannot be sustained. The order of the WTM is consequently, modified to the extent that the liability of the appellants in question except Rajesh Ranka to disgorge the amount is to the extent of the profit earned by them as calculated by the WTM under Table 9. In the event of failure by these appellants to pay the amount, it would be open to SEBI to recover the amounts in the order of hierarchy stipulated in paragraph 145(e) of the impugned order. We are of the view that in view of the role played by Rajesh Ranka, the disgorgement is jointly and severally for which we do not find any fault with the order of the WTM."</i>

S. No.	Name	Grounds
5.	SRSR Holdings Pvt Ltd vs SEBI (Appeal No. 1 of 2019, Order Dt 02-02-2023, passed by the Hon'ble SAT)	On Joint and several liability: <i>"95. Considering the aforesaid principle, we find that the show cause notice alleged B. Ramalinga Raju and B. Rama Raju to be persons acting in concert under the PIT Regulations and, therefore, the violation committed by them is joint and several. But where the unlawful gains have been computed against each of the noticees the damage caused is no longer indivisible and is divisible, then in terms of Section 11B of the SEBI Act, the unlawful gain has to be disgorged by that noticee individually to the extent of the unlawful gain computed against its name. That is to say, each of the noticee is liable only for the unlawful gains attributable to his own act."</i> Relevant Paragraph Nos. 89, 91-96 and 100

Submissions of Sudhir Gupta

14. The written submissions filed by Sudhir Gupta vide his letters dated March 14, 2024, June 22, 2024 and July 02 2024 are summarized hereunder:

14.1. The entity has submitted that not all documents requested have been provided to him. The following documents were not provided to him.

14.1.1. CDR with Vikas Garg (CDR provided is for only March 2022 and mobile no. of Vikas Garg mentioned in the Order and Examination Report is not a part of CDR).

14.1.2. Documentary evidence for communication with Prijesh Kurani and Madhukar Sheth

14.1.3. Documentary evidence for flow of information of UTR shared with Vikas Garg Detailed calculation of wrongful gains

14.1.4. Trade log and order log (file provided does not include buy and sell transaction from May 2021 to Feb 2024)

14.1.5. Statements of all persons recorded

14.1.6. Attachments to the complaint dated 21.09.2022.

14.2. Sudhir Gupta is a business man and has a trading company which deals in Electrical products.

14.3. Due to close acquaintance with Vikas Garg, he invited Sudhir Gupta for investor meet in Haridwar where he met Prijesh Kurani. Prijesh Kurani gave an

oral presentation promising high return on amount which he would invest in capital markets. Therefore, Sudhir Gupta decided to transfer funds to Prijesh Kurani for investment purpose. Pursuant to meeting Prijesh in March 2021, Sudhir Gupta had no communication with him. In April 2021, the amounts were transferred to Prijesh Kurani and to the bank accounts shared by him.

14.4. The fund transferred to Pratik Sheth was a loan. Sudhir Gupta had met Madhukar Sheth during the aforesaid investor meet. Madhukar Sheth asked Sudhir Gupta if he could provide loan to his son i.e., Pratik Sheth. Considering the background of Madhukar Sheth, Sudhir Gupta decided to give loan to Pratik Sheth.

14.5. As per the interim order, Pratik Sheth subscribed to the IPO of V Marc on 25.03.2021 at 13:56:02 and Sudhir Gupta had transferred the said amount between 3:49:58 pm to 4:39:02 pm. Therefore, there is no correlation between Pratik subscribing to the IPO and transfer of funds by Sudhir Gupta.

14.6. Sudhir Gupta's transactions in V Marc are independent from transaction of other entities.

14.7. Sudhir Gupta was aware of the growth potential of V Marc India and therefore he subscribed to the IPO. Further, the purchase of 66,000 shares by him was not during the examination period. The entity dealt in shares of V Marc within his financial and risk bearing capacity.

14.8. The price of V Marc had reached a reasonable level and he decided to sell his shares based on financial requirements.

14.9. The percentage of sell trades of Sudhir Gupta is so insignificant that it can hardly disturb the market. He had no idea who purchased his shares.

14.10. On plain reading of the Interim Order, he understands that as gullible and lay investors, he was misled and deluded by alleged modus operandi allegedly carried out by certain entities mentioned in the Interim Order. The entity is not a party to the alleged 'game plan' or any kind of wrong doing.

14.11. The entity was not a part of the alleged meeting recorded in figure no. 4.

14.12. The entity's name is not mentioned in the complaint dated 21.09.2022 filed by Prijesh Kurani.

14.13. The entity's name is not mentioned in the tables providing details of Top Net Buyers, Trading Analysis of PV Manipulators, LTP contribution by PV

Manipulators and LTP contribution by PV manipulators by trading among themselves.

- 14.14. Reliance has been placed on the judgements in the matter of R.K. Global v/s SEBI (appeal no. 158 of 2008 decided on 16.09.2010, SAT), Narendra Ganatra v/s SEBI (appeal no. 47 of 2011 decided on 29.07.2011, SAT), Sterlite Industries (India) Ltd. v/s SEBI (2001) 34 SCL 485 (SAT) and Parsoli Corporation v/s SEBI (appeal no. 146/2011 decided on 12.08.2011, SAT) to submit that it is untenable to arrive at a finding of 'fraud' solely on the basis that the entity dealt in the scrip of V Marc India.
- 14.15. Vikas Garg is an acquaintance of the entity and he invited the entity to the investor meet in Haridwar. During the investor meet, Vikas Garg introduced him to Priyesh Kurani and Madhukar Sheth. As the entity had transferred funds to Priyesh Kurani, whom he had met due to Vikas Garg, he had forwarded messages as received from the bank with respect to fund transfers to Priyesh Kurani and other to Vikas Garg, so that he could send the same to Mr. Priyesh Kurani and confirm the fund transfer. The said messages as referred to in the ex parte order are messages received from Banks. The entity had transferred funds to Priyesh Kurani for investment purpose only. Further, he is not aware of the other messages as exchanges between Vikas Garg and Priyesh Kurani.
- 14.16. With respect to the fund transaction with Pratik Sheth, the entity submits that during the aforesaid investor meet, Dr. Madhukar Sheth was introduced to him as an investor of V Marc India. During their interaction, Dr. Madhukar Sheth told him that his son requires loan for his new businesses. Pursuant to giving loan, the entity used to constantly follow up with him with respect to his business ventures. However, over a period of time as he did not get a proper feedback from him with respect to his business activities present and future, the entity requested him to return the loan with interest vide email dated 10.06.2024. Vide email dated 11.06.2024, Pratik Sheth noted his email and requested time to arrange the funds.
- 14.17. The entity is not a frequent investor in capital markets. For the same reason, the entity had relied upon Priyesh Kurani as he was experienced in the field of capital markets. The investment in IPO and the shares of V Marc India

was based on the growth potential of the company and his awareness of the sector in which they operated.

14.18. Prijesh Kurani promised the entity higher returns on investments made through him in capital markets. Swayed by his confidence, he transferred funds to him. However, Prijesh always used to convey that he is waiting for right opportunity for disinvesting. As a lot of time had elapsed and there was no response from Prijesh Kurani with respect to funds transferred to him for investment purpose, he researched about him and found that a lot of people have grievance against him and he was absconding. Further, SEBI has passed orders against him. Pursuant thereto, the entity lost all hope of recovering the amount. Further, the entity decided to focus his time and energy on his business rather than chasing Prijesh Kurani for the funds transferred to him, as the same appeared to be futile.

14.19. With respect to the clarification sought by SEBI in respect of funds of INR 40 lakhs and 20 lakhs received by Shiv Shakthi Enterprises on 25.03.2021 from V Marc Electricals, the entity has submitted that Shiv Shakthi Enterprises received the aforesaid amount as an advance for the purchase order of aluminum wire rods placed on 23.03.2021 by V Marc Electricals.

Submissions of Surbhi Aggarwal

15. The written submissions filed by Surbhi Aggarwal *vide* her letter dated March 15, 2024 are summarized hereunder:

15.1. The entity does not have any connection with V Marc or its promoter/director or Madhukar Sheth and his family or Prijesh Kurani and his wife, Dharini Kurani. The entity has been framed because she is the sister-in-law of Prijesh Kurani. Prijesh is residing in Bur Dubai and she is staying 45 km away at her residence. She does not have any business, social or any personal relation with Prijesh Kurani and his wife, Dharini Kurani.

15.2. Prijesh and Bindesh are brothers but they are not doing business together.

15.3. As per the interim order, Prijesh and Vikas Garg are sharing profit 50:50 ratios. Figure no. 4 shows photocopy of some minutes of the meeting in which it is stated that Richr Business services is the market maker. Richr Business

services has three partners: Bindesh, Surbhi and Rekha and without their consent how could Prijesh represent Richr. Further, the said meeting minutes state that Richr would purchase shares which will be funded by V Marc but Richr does not have any trading account.

15.4. In point 14 at page 11, Prijesh Kurani claims that he is the CEO of Richr Business services. Richr belongs to the entity's husband Bindesh Kurani as he is a partner and manager and so Prijesh had nothing to do with the company.

15.5. Prijesh's wife Dharini Kurani had a fight with the entity's husband Bindesh Kurani in May 2020 and thereafter, they have severed ties with both of them.

15.6. The Interim order shows that the entity had purchased 1,98,000 V Marc shares and earned wrongful gain of 3,53,51,500. The entity had also purchased 20 lakh shares of Rcom which she is still holding and made a loss of approximately 1 crore 60 lakh. It cannot be said that she is connected with Anil Ambai because of big quantity purchase.

15.7. The entity does not have any relation with Prijesh Kurani and his wife Dharini Kurani. In UAE, Vikas Garg has filed a case against the entity and his mother, Rekha Kurani along with Bindesh Kurani. The entity has made the same submissions in a Court of Law that they do not have personal relation with Vikas Garg and his company and they won the case.

Submissions of Seema Garg

16. The written submissions filed by Seema Garg *vide* her letters dated March 11, 2024, March 16, 2024, April 26, 2024, May 15, 2024 and June 01, 2024 are summarized hereunder:

16.1. The Noticee has denied all the allegations made against her in the Interim order.

16.2. The Noticee's buy transactions were carried out in total compliance of all Securities Market laws as applicable to her as an investor of capital market. Further, at the relevant time and till receipt of the communication from SEBI, she had not received any query or inquiry from any entity/person connected to my buy transaction such as broker through whom I bought shares of V Marc, Exchange on whose trading terminal shares of V Marc were bought etc. Hence,

the Noticee fails to understand factors considered by SEBI for making bald and sweeping allegation against the Noticee since as she understands, Stock Brokers and Stock Exchanges are first level regulators who are duty bound to guide her and also prevent her from getting associated in any wrong doing, if any, happening in the transaction carried out through them.

16.3. The Noticee has carried out buy transactions in V Marc bonafidely and had no knowledge, information or awareness of any wrongdoing happening in the scrip of V Marc at the relevant time.

16.4. The Noticee's buy transactions in V Marc are independent and totally in isolation to the transactions carried out by other entities/person in the scrip of V Marc. All the allegations made against the Noticee in the Order are not sustainable on facts and in law.

16.5. Mr. Vikas Garg is the Noticee's Brother in law (Brother of my husband) and Mr. Vikas Garg is also Chairman and Managing Director of V Marc. During April 2019 to March 2021, the Noticee was working with V Marc.

16.6. At the time of conversion of V Marc from Private Limited Company to Public Limited Company, for statutory requirement of having 7 members in the Company, Mr. Vikas Garg had transferred 1,000 shares to the Noticee as she was a family member.

16.7. As stated above, the Noticee was working with Asian Galaxy Pvt Ltd (now known as V Marc India Ltd) from April 2019 to March 2021. Being associated with the company, she knew the existing growth as well as future growth potential of the Company. That is why she decided to buy shares of V Marc on the date of IPO itself.

16.8. It is pertinent to note that the said 57,000 shares of V Marc bought by the Noticee on 09.04.2021 were from 19 trades and not from a single trade. On perusal of the Trade log file as provided by SEBI, it can be seen that for majority of my buy trades, it is the counter party seller who had first punched in the sell trade and the Noticee had punched by buy trades much after the sell trades were punched by seller. Therefore, the Noticee has submitted that she had placed her buy orders in the scrip of V Marc at a price which already existed on the exchange platform.

- 16.9. The volume of shares traded in the scrip of V Marc on 09.04.2021 was 7,14,000 and no. of trades was 220. Further, during examination period i.e. from 09.04.2021 to 30.04.2021 was as huge as 15,81,000 shares and no. of trades were 494. Further, the no. of trading days during examination was 14 days.
- 16.10. From the aforesaid, it can be seen that percentage of the Noticee's buy trades i.e. 57,000 and no. days when the Noticee entered into buy transaction in scrip of V Marc i.e. 1 day was very negligible so as to have any impact on the market equilibrium.
- 16.11. It can be clearly observed that the percentage of the Noticee's buy trades to total shares traded during the examination period is so insignificant that it can hardly be capable of disturbing the market so as to create artificial volume or misleading appearance of trading in said scrip.
- 16.12. The Noticee's total no. of buy trades in the scrip of V Marc is 19 vis-a-vis the total market trades (494 trades) during the investigation period and on 09.04.2021 (220 trades) was very insignificant/diminutive so as to have any impact on the price/volume of the scrip. The buy transactions in V Marc were at the then prevailing market price.
- 16.13. The Noticee had no idea from whom she purchased the shares of V Marc since all the transactions were executed through normal screen based trading system of Stock Exchange. Further, there is no allegation of any synchronization against me.
- 16.14. It is pertinent to mention that when the said scrip was traded on market, no alert was generated by any regulatory authority including SEBI and NSE and it is only in hindsight that SEBI has established on 'prima facie' findings that some entities may have been involved in alleged manipulation in the scrip of V Marc.
- 16.15. The Noticee had bought shares of V Marc considering the future growth and prospects of V Marc. Therefore, till date the Noticee has not sold even a single share of V Marc and I continue to hold the same no. shares bought on 09.04.2021.
- 16.16. As per the table no. 10 of the Interim Order, Noticee's contribution to price rise is zero. None of the Noticee's buy trades have contributed to positive

LTP. The Noticee's percentage of positive LTP to market positive LTP is 0.00%. Therefore, it cannot be alleged that the Noticee buy trades in V Marc have contributed to price rise as stated in the Order or otherwise.

16.17. Further, it is pertinent to note that the Noticee's name is not mentioned in Table No. 11 which contains details of "LTP contribution by PV Manipulators by trading among themselves". Therefore, no allegation of trading with only specific entities or amongst alleged PV Manipulators can be alleged against the Noticee.

16.18. It is pertinent to note that majority of the persons mentioned in Table No. 9, Table No. 10 and Table No. 11 have bought as well as sold shares of V Marc. However, as stated aforesaid, the Noticee had only bought 57,000 shares of V Marc on 09.04.2021 and till date she holds the same amount of shares and she has not sold any shares bought by her. Therefore, the Noticee cannot be clubbed with entities whose trading pattern and rationale is totally different from hers.

16.19. On 09.04.2021, the Noticee received Rs. 25,00,000/- from Asian Galaxy Pvt Ltd (former name of V Marc). The said amount was in nature of salary and commission for the work done by her for V Marc. (Rs. 13,80,000/- was in nature of Salary and Rs. 11,20,000 was in nature of commission).

16.20. It is pertinent to note that on the commission amount, appropriate TDS was deducted and the entire amount (salary + commission) was appropriately disclosed in the Income Tax return filed by her.

16.21. The Noticee's decision to buy shares of V Marc was solely for the purpose of investment and not trading. It can be seen from the fact she has not sold a single share bought by me in the scrip of V Marc. Therefore, no adverse inference be drawn against the Noticee w.r.t. the amount received from Asian Galaxy Pvt Ltd and purchase of shares of V Marc.

16.22. It is pertinent to note that the Order is based on the complaint dated 21.09.2022. However, on perusal of the complaint dated 21.09.2022, it can be seen that the Noticee's name is nowhere mentioned in the said complaint. No allegation of any nature is made against the Noticee.

16.23. The Noticee has relied on the judgements in the matter of R.K. Global v/s SEBI (appeal no. 158/2008 decided on 16.09.2010), Narendra Ganatra v/s

SEBI (appeal no. 47 of 2011 decided on 29.07.2011), Videocon International v/s SEBI (2002) 4CLJ 402 (SAT) and Parsoli Corporation v/s SEBI (appeal no. 146/2011 decided on 12.08.2011) in support of her submission that strict proof is required for a serious charge of “fraud”.

- 16.24. It is well-settled law that the taint of ‘fraud’ cannot be attached or charged on preponderance of probability. In fact, compelling evidence should be brought on record for a person/entity to be held liable for ‘fraud’. The Noticee has relied on the judgment in the matter of Ram Sharan Yadav vs. Thakur Muneshwar Nath Singh [(1984) 4 SCC 649 (AIR 1985 SC 24)].
- 16.25. The Noticee bought shares of V Marc on the date of IPO considering the growth and futures prospects. Till date, she has not sold shares of V Marc bought by her. She has carried out delivery based transactions on the market and met with all her obligation of funds and securities with my broker & Exchanges.
- 16.26. The Noticee bought shares of V Marc within her financial and risk bearing capacity. All the buy trades and post trade activities were all carried out on the trading cum clearing & settlement mechanism of the Exchange. I state, declare and assert that I was not party to any alleged ‘wrongdoing’ or ‘game plan’ or ‘modus operandi’ as alleged or otherwise. She submits that while executing buy trades in the scrip of V Marc, she had followed and complied with all the procedure and requirements as statutorily required. To the best of her knowledge there is no investors’ complaint w.r.t. to her buy transactions in shares of V Marc. The Noticee carried out fair and genuine buy trades in the scrip of V Marc within the Rules and Regulations which govern the securities market.
- 16.27. Mr. Vikas Garg is the Noticee’s Husband’s brother. Mr. Vikas Garg is also the Chairman and Managing Director of V Marc. The Noticee was earlier working with Asian Galaxy Pvt. Ltd. (now known as V Marc). From Jan 2019 to March 2020, she worked on salary basis and from April 2020 to March 2021, she worked on commission basis.
- 16.28. Due to the Noticee’s association with V Marc and her family relation with Mr. Vikas Garg, at the time of conversion of V Marc from Private Limited Company to Public Limited Company, for statutory requirement of having 7

members in the company, Mr. Vikas Garg transferred 1,000 shares to the Noticee. Therefore, no adverse inference be drawn w.r.t. Noticee's connection with Mr. Vikas Garg or the Noticee's association with V Marc.

16.29. During the Noticee's tenure with Asian Galaxy, the Noticee had specifically requested Mr. Vikas Garg to pay her salary and commission as and when the Noticee asks the Company to remit the same and not otherwise. It was the Noticee's request not to pay her on monthly basis.

16.30. During 1st week of April 2021, the Noticee requested Mr. Vikas Garg to remit her salary for January 2019 to March 2020 and her commission for April 2020 to March 2021. W.r.t. her aforesaid request, on 09.04.2021, the Noticee received Rs. 25,00,000/- from Asian Galaxy. The said amount was in nature of salary and commission for the work done by her for Asian Galaxy and V Marc. (Rs. 13,80,000/- was in nature of Salary and Rs. 11,20,000 was in nature of commission).

16.31. W.r.t. salary of Rs. 13,80,000/- received from Asian Galaxy, the Noticee has submitted that the same was properly disclosed in the Income Tax return filed by her. W.r.t. commission of Rs. 11,20,000/- received from Asian Galaxy, the Noticee has submitted that the same was for commission for Financial Year 2020-21. The said amount of Rs. 11,20,000/- was received after deduction of TDS {11,63,636/ (Commission Amount) - 43,636/- (TDS@ 3.75%) = 11,20,000/-}.

16.32. In support of the Noticee's aforesaid submissions, she had requested V Marc (earlier known as Asian Galaxy) to provide documentary proof of her employment and supporting documents thereof. Copies of salary slip from Jan 2019 to Mar 2020, Form no. 16 Part A w.r.t. TDS amount deducted (INR 1,20,000/-) and Form 16 Part B w.r.t. Gross salary received (INR 12,00,000) filed by Asian Galaxy from April 2019 to March 2020 (for salary), Form 16A filed by Asian Galaxy from January 2021 to March 2021 (for commission) are submitted.

16.33. Therefore, no adverse inference should be drawn against the Noticee for the amount received from Asian Galaxy as the same is in the form of salary and commission for the services rendered by her to Asian Galaxy.

- 16.34. Due to the Noticee's association with V Marc, the Noticee knew the existing growth as well as future growth potential of the Company. That is why the Noticee decided to buy shares of V Marc on market on the date of IPO itself. The Noticee has submitted that she had bought shares of V Marc in compliance with all the relevant provisions of securities law as applicable to her. The shares of V Marc bought by the Noticee were never under influence of someone else. It was solely the Noticee's decision to buy shares of V Marc. It is pertinent to note that the said 57,000 shares of V Marc bought by the Noticee on 09.04.2021 were from 19 trades and not from a single trade.
- 16.35. On perusal of the Trade log file as provided by SEBI, it can be seen that for majority of the Noticee's buy trades, it is the counter party seller who had first punched in the sell trade and the Noticee had punched her buy trades much after the sell trades were punched by seller. Therefore, the Noticee had placed her buy orders in the scrip of V Marc at a price which already existed on the Exchange platform.
- 16.36. The volume of shares traded in the scrip of V Marc on 09.04.2021 was 7,14,000 and no. of trades was 220. Further, during examination period i.e. from 09.04.2021 to 30.04.2021, the total volume of shares was as huge as 15,81,000 shares and no. of trades were 494. Further, the no. of trading days during examination was 14 days.
- 16.37. From the aforesaid, it can be seen that percentage of the Noticee's buy trades i.e. 57,000 and no. days when I entered into buy transaction in scrip of V Marc i.e. 1 day was very negligible so as to have any impact on the market equilibrium.
- 16.38. It can be clearly observed that the percentage of the Noticee's buy trades to total shares traded during the examination period is so insignificant that it can hardly be capable of disturbing the market so as to create artificial volume or misleading appearance of trading in said scrip.
- 16.39. The Noticee's total no. of buy trades in the scrip of V Marc is 19 vis-a-vis the total market trades (494 trades) during the examination period and on 09.04.2021 (220 trades) was very insignificant/diminutive so as to have any impact on the price/volume of the scrip.

- 16.40. From the aforesaid submissions, the allegation of any creation of artificial volume or price manipulation in the scrip of V Marc is irrelevant, illogical and misdirected towards the Noticee.
- 16.41. The Noticee's buy transactions in V Marc were at the then prevailing market price and the Noticee fails to understand as to how her transactions were termed to be 'fraudulent' in nature. The volume and price of V Marc was not affected due to the Noticee's dealings in the said scrip and therefore the allegation of any manipulation in V Marc is not applicable in her case at all. Further, there is no allegation of any synchronization against the Noticee.
- 16.42. All the Noticee's buy transactions in the scrip of V Marc were delivery based and the Noticee met all her obligations towards the market. The Noticee has dealt in scrip of V Marc through SEBI registered intermediary and all transactions were as per the Rules and Regulation as laid out by SEBI from time to time.
- 16.43. The Noticee had bought shares of V Marc considering the future growth and prospects of V Marc. Therefore, till date, the Noticee has not sold even a single share of V Marc and the Noticee continues to hold the same no. shares bought on 09.04.2021.
- 16.44. The order itself states that the Noticee's contribution to price rise is zero. Therefore, it cannot be alleged that the Noticee's buy trades in V Marc contributed to price rise as stated in the interim order or otherwise.
- 16.45. The Noticee's name is not mentioned in Table no. 11 which contains details of "LTP contribution by PV manipulators by trading among themselves". Therefore, no allegation of trading with only specific entities amongst PV manipulators can be alleged against the Noticee.
- 16.46. It is pertinent to note that majority of the persons mentioned in Table nos. 9, 10 and 11 bought and sold shares of V Marc. However, the Noticee only bought 57,000 shares of V Marc on 09.04.2021 and till date she holds the same number of shares and the Noticee has not sold any shares of V Marc bought by her. Therefore, the Noticee cannot be clubbed with entities whose trading pattern and rationale is totally different from hers.
- 16.47. The Noticee's buy trades in V Marc had been executed "on market" through SEBI registered Broker. The Noticee's buy transactions were carried

out in total compliance of all Securities Market laws as applicable to the Noticee as an investor of capital market. The Noticee has not received any query or inquiry from any entity/ person connected to her transaction such as broker through whom she bought the shares of V Marc, Exchange on whose trading terminal shares of V Marc were bought etc.

16.48. The Noticee's buy transactions in V Marc are independent and totally in isolation to the transactions carried out by other entities/ person in the scrip of V Marc.

16.49. There is no allegation in the Order w.r.t. any fund transfer with any of the Noticees mentioned in the Order. Apart from Mr. Vikas Garg, the Noticee has no connection with any of the co-noticees mentioned in the Order or otherwise. The Noticee has not sold shares of V Marc bought by the Noticee. The Noticee bought shares of V Marc within my financial and risk bearing capacity. To the best of the Noticee's knowledge there is no investors' complaint w.r.t. her buy transaction in shares of V Marc.

Submissions of Jai Kishorr Singhal

17. The written submissions filed by Jai Kishorr Singhal *vide* his letters dated March 18, 2024, April 06, 2024, June 01, 2024 and June 19, 2024 are summarized hereunder:

17.1. The entity had requested for documents vide his letter dated 18.03.2024 and 06.04.2024, however, the said documents were not provided to him. In view of non-availability of the aforesaid documents, he has been incapacitated to submit an effective reply/ objection in the matter.

17.1.1. Complete back up of data obtained from the mobile device of Prijesh

17.1.2. Documentary evidence of the entity's connection with Prijesh (only 3 chats were shared) and other entities

17.1.3. Complete Trade log and order log (certain data was masked)

17.1.4. Excel file of entity's trades positively impacting LTP

17.1.5. Statement of all persons recorded during the examination

17.1.6. Details of complaints received by SEBI and Stock Exchange w.r.t. his dealings in the scrip of V Marc

- 17.1.7. Documents/ statements showing and establishing his intention to create false or misleading appearance of trading and manipulating the price and volume in the scrip of V Marc
- 17.1.8. Alerts/ triggers generated by SEBI/ Stock Exchange w.r.t. his dealings in V Marc
- 17.2. The entity has denied that he had funded the manipulation of V Marc India post listing and he has not created artificial volume and manipulated the price of V Marc India post IPO as alleged in the Interim Order. The adverse findings against him are based on only surmises, conjectures, assumptions and presumptions and based on only preponderance of probabilities. Hence, great prejudice is cause to him resulting in unbearable harm, loss and damage to his clean and unblemished record.
- 17.3. The Noticee's dealings in the scrip of V Marc India are totally independent and in isolation to the trades carried out by other entities. The adverse observations in the Interim Order are based solely on prima facie findings and is not conclusive in any manner.
- 17.4. The entity's buy and sell transaction in V Marc India had been executed "on market" through SEBI registered broker with whom he was maintaining share trading account for carrying out investment activity in capital market.
- 17.5. The entity's buy and sell transactions have been carried out in total compliance of all Securities market laws as applicable to him as an investor of capital market. Stock Brokers and Stock Exchanges are first level regulators who are duty bound to guide the entity and also prevent the entity from getting associated in any wrong doing, if any, happening in the transaction carried out through them.
- 17.6. The trade log file as provided by SEBI only contains details of trades from 09.04.2021 to 30.04.2021. Therefore, only details of the Noticees buy transaction are provided.
- 17.7. The entity knows Vikas Garg since 2012-13. Since 2013, the entity and Vikas Garg were members of different manufacturing associations of SIIDCUL industrial area. Due to the aforesaid platform, they regularly meet each other. The entity is an engineering graduate from mechanical side and had been associated with BHEL and NTPC since 1992-93. In 2015-16, a machinery of

Asian Galaxy Pvt. Ltd. had a break down and Mr. Vikas Garg had approached the entity for his technical inputs. Thereafter, the said machinery was repaired under the entity's guidance. Because of the said incident, the entity's professional relationship started with Asian Galaxy Pvt. Ltd.

17.8. As the Noticee has known Mr. Vikas Garg for almost 8-9 years and the Noticee was professionally associated with his company, Mr. Vikas Garg offered 1000 shares of V Marc as he was converting his private company to public limited company as the same is essential to comply with relevant provisions of law. The entity accepted his offer and he was given 1000 shares of V Marc for a consideration of INR 41,200 via proper banking channel. Thereafter, the Noticee was hired as a technical consultant for V Marc India for their new upcoming project and new product development in India.

17.9. During March 2021, Mr. Prijesh Kurani along with Dr. Madhukar Sheth (renowned investor) and Mr. Mahavir Lunawat (Merchant Banker), visited the factory of V Marc India and Mr. Vikas Garg invited the entity for dinner with the aforesaid people. The entity was attracted towards various opportunities discussed by Mr. Prijesh Kurani and lucrative returns assured by him. Hence, on insistence of Mr. Prijesh Kurani, the entity decided to give him certain amount to invest in capital markets.

17.10. During April 2021, the entity had transferred around 1.5 crores to the bank account of Mr. Prijesh Kurani for investment purpose. Copy of email dated 02.12.2021 along with payment receipt letter dated 02.12.2021 received from Prijesh Kurani is attached.

17.11. Prior to April 2021, the entity did not have a demat account and he had opened his demat account only in early April 2021. During 2nd / 3rd week of April 2021, Mr. Vikas Garg informed the entity that Mr. Prijesh Kurani had invited the team of V Marc India to Dubai for exploring business opportunities in Dubai. As the entity was appointed as a technical consultant of V Marc India for their upcoming project and new product development, Mr. Vikas Garg asked the entity to accompany him to Dubai.

17.12. During their visit to Dubai, Mr. Vikas Garg and the entity decided to incorporate a company in Dubai and asked Mr. Prijesh Kurani to go ahead with all the paper formalities for setting up a new company for trading activities of

different products in Dubai and returned to India. After we reached India, all International flights got cancelled due to second wave of Covid 19 pandemic and the company formation process in Dubai was delayed.

17.13. Once the flights resumed in September 2021, they visited Dubai for next 4-5 months for getting the medical tests, resident visa and UAE ID. After completing all formalities of opening a company in Dubai and getting a resident visa, we again visited Dubai every alternate month thereafter for exploring various business opportunities. Due to certain hurdles faced by us such as the company bank account could not be opened due to complex formalities for opening a company bank account in Dubai and a very long credit period for the supplies, we could not kick start our business in Dubai.

17.14. During all this period, the entity's relation with Mr. Prijesh Kurani was very cordial. However, the scenario of our relation changed as soon as the entity asked for his investment amount transferred to him in April 2021 for investment purpose. Even after many follow ups with Mr. Prijesh Kurani, the entity did not receive account of his investment. Thereafter, he started ignoring the entity's messages.

17.15. As the entity was no hopeful of receiving the account of his investment or the amount transferred to him for investment purpose, the entity approached his area police station in Haridwar for registering a complaint against him. During the course of time, Mr. Prijesh Kurani had shifted to Dubai along with his family, the complaint could not be registered. Therefore, on legal advice received, the entity decided to engage a local recovery agent in Dubai to assist him in recovering his investment amount which he had transferred to Mr. Prijesh Kurani.

17.16. With the help of aforesaid Recovery agency, the entity was able to lodge a police complaint against Mr. Prijesh Kurani at Riffa Police Station, Dubai on 07.11.2022. A copy of police complaint filed in Dubai and the translated English copy is enclosed.

17.17. Pursuant to filing of Police complaint, the entity visited Dubai multiple times to follow up on the complaint filed by him. However, there was no material progress in his complaint. Hence, after evaluating the time and financial implication of his every visit to Dubai and also the fact that he could

not make the new company operational in Dubai, the entity decided not to pursue the complaint anymore.

17.18. The subject matter of the aforesaid complaint was also reported to the local police station at Haridwar on 26.12.2023. A copy of the entity's complaint dated 26.12.2023 is enclosed.

17.19. After filing of his complaint and repeated followed up with the police, finally an FIR was registered against Mr. Prijesh Kurani under section 406 and 420 of the Indian Penal Code. A copy of the FIR is enclosed.

17.20. Therefore, the entity's association with Mr. Prijesh Kurani was nowhere related to his dealings in the scrip of V Marc India. Therefore, no adverse inferences be drawn against him and the entity cannot be alleged to be a part of some scheme.

17.21. The entity deals in stock market in compliance with all the relevant provisions of securities law as applicable to him from time to time. The entity's buy trades were never based in any alleged scheme or on communication from someone or otherwise.

17.22. The entity's buy transaction in V Marc India was not concentrated but was spread over a period of 7 days. The said shares were of V Marc India were purchased out of his own funds. The volume of shares traded in the scrip of V Marc India during the Examination period was as huge as 17,19,000 shares on NSE. Further, the no. of trades executed during Examination Period is 494 trades.

17.23. The percentage of buy trades of the entity i.e., 1,83,000 shares and no. of days when he entered in buy transaction in the scrip of V Marc India i.e., 7 days was very negligible so as to have any impact on the market equilibrium.

17.24. It can be clearly observed that the percentage of the entity's buy trades of total shares traded during the Examination Period is so insignificant that it can hardly be capable of disturbing the market so as to create artificial volume or misleading appearance of trading in said scrip.

17.25. The entity's total no. of trades in the scrip of V Marc India i.e., 37 vis-à-vis the total market trades (494 trades) during the Examination Period was very insignificant/ diminutive so as to have any impact on the price/ volume of the scrip.

- 17.26. The entity's buy transactions in V Marc India were at the then prevailing market price. The volume and price of V Marc India were not affected due to his dealings in the said scrip and therefore the allegation of any manipulation in V Marc India is not applicable in his case at all.
- 17.27. The entity had no idea who was the counterparty to his buy trades since all transactions were executed through normal screen based trading system of Stock Exchange. The entity understands that matching in stock market is extremely advanced computer software driven algorithm process and buy/ sell orders in scrip is done by on-line trading module.
- 17.28. In case of screen based trading, the automated system itself matches orders on a price-time priority basis and hence it is not possible for anybody to have access over the identity of counter party dealing in any transaction. Since the counterparty is not displaced, one can never have any choice with whom it wants to deal or not to deal.
- 17.29. The entity had no prior meeting of minds with the counter parties or any contemporaneous knowledge about any alleged wrongdoing. The entity is not guilty of conduct which is contumacious or dishonest or acted in conscious disregard of law.
- 17.30. There is a time gap between his buy orders and counterparties sell orders. Hence, it can be concluded that as the scrip was illiquid, other traders had an opportunity to enter into trades in V Marc India. So it cannot be said that the entity trades in the scrip of V Marc India with particular set of entities.
- 17.31. When the said scrip was traded on market, no alert was generated by any regulatory authority including SEBI and NSE and it is only in hindsight that SEBI has established on 'prima facie' findings that some entities may have been involved in alleged manipulation in the scrip of V Marc India.
- 17.32. All the entity's buy transactions in the shares of V Marc India were delivery based and the entity has met with all his obligations towards the market. The entity has dealt in the scrip of V Marc India through SEBI registered intermediary and all transactions were as per the Rules and Regulations as laid out by SEBI from time to time.
- 17.33. Even post examination period, the entity had bought shares of V Marc India. As on date, he continues to hold 1,42,000 shares of V Marc India. If the

entity was part of any scheme, he would have sold all the shares of V Marc India and exited the scrip.

17.34. The trade log files provided by SEBI pursuant to inspection of documents does not contain any details of any LTP. Therefore, the entity is unable to analyse his buy trades which allegedly contributed to positive/ negative LTP. Hence, it is not possible for the entity to make submissions on the allegation of his trades contributing to positive/ negative LTP.

17.35. In the Interim Order, it is alleged that out of the entity's total buy of 1,83,000 shares of V Marc India during the Examination Period, 84,000 shares are alleged to have contributed positively to LTP and 6,000 shares have contributed negatively to LTP. That is to say that majority of his shares i.e., 93,000 shares were brought at a price which had zero contribution to LTP.

17.36. Out of total no. of buy trades of the entity in V Marc India i.e., 37, only 9 trades are alleged to have contributed positively to LTP and only 2 trades have contributed negatively to LTP. Majority of the entity's trades i.e., 26 trades have had zero contribution to LTP.

17.37. None of the entity's trades which are alleged to have contributed to positive or negative LTP, have contributed to New High Price (NHP) or otherwise. Therefore, no adverse inference be drawn against the entity in this regard.

17.38. The entity's buy trades in V Marc India are independent and were not based on trades carried out by other entities in V Marc India during the Examination Period or otherwise.

17.39. SEBI has not provided details of trades which are alleged to have contributed to LTP by the alleged PV manipulators by trading among themselves.

17.40. The entity has no nexus, connivance or collusion with any of the persons mentioned in Table no. 11 as alleged or otherwise. In view of the aforesaid submissions, no allegations of LTP contribution by the alleged PV manipulators by trading among themselves can be alleged against the entity.

17.41. No data with respect to the entity's sell trades were provided in the Interim order or during the inspection of documents. The trade log file provided

by SEBI only contains trade details from 09.04.2021 to 30.04.2021 (Examination Period).

17.42. The entity had sold 60,000 shares of V Marc India in December 2022 i.e., long after the Examination Period. He still holds 1,42,000 shares of V Marc India which shows that he has not traded in the scrip of V Marc India with any sinister motive or otherwise and he is a genuine investor in the scrip of V Marc India.

17.43. W.r.t. disgorgement of alleged wrongful gains made by the entity, he submits that he had not made profit or averted loss by indulging in any transaction or activity in contravention of the provisions of SEBI Act or Regulations made thereunder. The disgorgement of wrongful gains is only allowed under SEBI Act when profit or loss is averted by indulging in any transaction or activity in contravention to the provisions of SEBI Act or Regulations made thereunder. Hence, no direction of any disgorgement can be issued against the entity.

17.44. However, in order to comply with the directions of the Interim Order and to defreeze his bank account, the entity had by his letter dated 18.03.2024 informed SEBI that he had marked a lien of INR 7,82,553/- in favour of SEBI in his savings bank account no.342XXXXXXXXXX90 at Union Bank of India, UMFB Haridwar branch. A copy of letter dated 06.03.2024 received from the Branch Manager of Union Bank of India was also attached to his said letter dated 18.03.2024.

17.45. The entity has submitted that it is wholly untenable for any authority to arrive at a finding of 'fraud' solely on the basis that he dealt in the scrip of V Marc India. The entity has placed reliance on the judgements in the matter of R.K. Global v/s SEBI (appeal no. 158/2008 decided on 16.09.2010, Hon'ble SAT), Narendra Ganatra v/s SEBI (appeal no. 47 of 2011 decided on 29.07.2011, Hon'ble SAT), Videocon International v/s SEBI (2002) 4 CLJ 402 (SAT) and Parsoli Corporation v/s SEBI (appeal no. 146/2011 decided on 12.08.2011, Hon'ble SAT).

17.46. It is well-settled law that the taint of 'fraud' cannot be attached or charged on preponderance of probability. In fact, compelling evidence should be brought on record for a person/ entity to be held liable for 'fraud'. In this regard,

reliance is placed on the case of Ram Sharan Yadav v/s Thakur Muneshwar Nath Singh [(1984) 4 SCC 649 (AIR 1985 SC 24)].

17.47. It is no more res integra that SEBI has power to pass an ex-parte Interim Orders, pending investigation under section 11 and section 11B of the SEBI Act. However, the Interim order is extreme and is totally unwarranted in his circumstances. In support thereof, he has placed reliance on the order/ judgment passed by the Hon'ble SAT in the matter of Cameo Corporate Services Limited v/s SEBI (appeal no. 566 of 2019), North End Foods Marketing Pvt. Ltd. And Anr. Vs. SEBI (appeal no. 80 of 2019) and Pancard clubs Limited v/s SEBI decided on 17.09.2014.

17.48. The Interim Order is in gross violation of the basic principles of 'audi alteram partem'. In this regard, the entity has placed reliance on the judgments in the matter of Painter vs. Liverpool Oil Gas Light Co. [(1836) 3A&E 433], A.R. Antulay v. R.S. Nayak [(1988) 2SCC 602] and Canara Bank and Ors. Vs. Shri Debasis Das and Ors. [appeal (civil) 7539 of 1999] decided on 12.03.2003.

17.49. The entity had dealt in shares of V Marc India within his financial and risk bearing capacity. While executing trades in the scrip of V Marc India, the entity had followed and complied with all the procedure and requirements as statutorily required.

17.50. To the best of the entity's knowledge, there is no investors' complaint w.r.t. his trades in the scrip of V Marc India.

Submissions on the entity's association with Prijesh Kurani and details of fund transfer with him

17.51. During March 2021, Mr. Prijesh Kurani along with Dr. Madhukar Sheth (Renowned Investor) and Mr. Mahavir Lunawat (Merchant Banker), visited the factory of V Marc India. Mr. Vikas Garg invited JK Singhal for dinner with the aforesaid people for discussing the upcoming project and new products of V Marc India. During discussion of upcoming project and new products of V Marc India, there were various discussions about present and future potential of capital markets.

17.52. As the area of capital markets was new to the entity and beyond his expertise, he was attracted towards various opportunities discussed by Mr. Prijesh Kurani and lucrative returns assured by him. Hence, on insistence of

Mr. Prijesh Kurani, the entity decided to give him certain amount to invest in capital markets.

- 17.53. However, as the entity met Mr. Prijesh Kurani in the month of March which is the closing month of financial year, he told Mr. Prijesh Kurani that he would transfer the amount for investment purpose in the next financial year. During April 2021, he had transferred Rs.1.54 Crores to the bank account of Mr. Prijesh Kurani for investment purpose.

Submissions on the entity's correspondence with Prijesh Kurani and the complaints filed by him against Prijesh Kurani

- 17.54. During 2nd/3rd week of April 2021, Mr. Vikas Garg informed the entity that Mr. Prijesh Kurani has invited the team of V Marc India to Dubai for exploring business opportunities in Dubai. As he was appointed as a technical consultant of V Marc India for their upcoming project and new product development, Mr. Vikas Garg asked the entity to accompany him to Dubai. During their visit to Dubai, Mr. Prijesh Kurani had arranged for 3-4 business meetings. Pursuant to their aforesaid visit to Dubai, after few months they again visited Dubai on multiple occasions to complete the formalities w.r.t. incorporation of company in Dubai and exploring business opportunities.

- 17.55. The entity's correspondences with Mr. Prijesh Kurani during the said period were related to the aforesaid agenda. Also, during his visit to Dubai, he used to ask him about the status of the amount transferred by the entity to him for investment purposes. However, Prijesh always gave him assurance that his amount is safe and he is exploring opportunities to invest. The entity had no option but to believe him. All this time the entity's relation with Mr. Prijesh Kurani was friendly.

- 17.56. From the WhatsApp chats provided by SEBI it can be seen that his conversation with Mr. Prijesh Kurani during the said period is w.r.t. their travels itinerary, medical tests, UAE ID, resident visa etc.

- 17.57. Further, on 01.12.2021, the entity had requested a letter from Mr. Prijesh Kurani w.r.t. confirmation of amount transferred to him for investment purpose. Thereafter, the entity had on multiple times requested Mr. Prijesh Kurani for the letter. Thereafter, vide email dated 02.12.2021, Mr. Prijesh Kurani sent confirmation letter dated 02.12.2021 w.r.t. amount of Rs. 1.54 Crores as funds

received for purpose of investment. A copy of email dated 02.12.2021 along with payment receipt letter dated 02.12.2021 received from Mr. Prijesh Kurani is submitted. An extract of WhatsApp from the data provided by SEBI for the period from 01.12.2021 and 02.12.2021 is submitted.

17.58. As the entity had received confirmation from him w.r.t. amount transferred by him to Prijesh, he was hopeful that his amount was in safe hands. As soon as the entity asked for account of his investment amount transferred to him in April 2021 for investment purpose their relation changed. Earlier Mr. Prijesh Kurani used to reply instantly to the entity's messages; however, from January 2022 he started ignoring the entity's messages. The same can be seen from the WhatsApp chats relied upon by SEBI.

17.59. As the entity was not hopeful of receiving the account of his investment or the amount transferred to Prijesh for investment purpose, he approached his area police station in Haridwar for registering a complaint against him. As during the course of time, Mr. Prijesh Kurani had shifted to Dubai along with his family, the complaint could not be registered. Therefore, on legal advice received, he decided, to engage a local Recovery Agency in Dubai to assist in recovering his investment amount which he had transferred to Mr. Prijesh Kurani. A copy of Agreement dated 20.05.2022 with Al Taj Al Malaki (Recovery Agency) is submitted.

17.60. With the help of the aforesaid Recovery Agency, he was able to lodge a police complaint against Mr. Prijesh Kurani at Riffa Police Station, Dubai on 07.11.2022. Pursuant to filing of Police complaint, he visited Dubai multiple times to follow up on the complaint filed by him. However, there was no material progress in his complaint. Hence, after evaluating the time and financial implication of his every visit to Dubai, and also the fact that they could not make their new company operational in Dubai, he decided not to pursue the complaint anymore. The subject matter of the aforesaid complaint was also reported to the local police station at Haridwar on 26.12.2023.

17.61. After filing of his complaint and repeated follow up with the police, finally an FIR has been registered against Mr. Prijesh Kurani under Section 406 and 420 of Indian Penal Code. The aforesaid shows that the amount transferred to Mr. Prijesh Kurani in April 2021 was for investment purpose. Further, he had

taken all steps to recover my amount transferred to him. The aforesaid shows genuineness of his financial transaction with Mr. Prijesh Kurani.

17.62. W.r.t. Figure No. 5 of the Interim Order, the entity submits that Mr. Prijesh Kurani was not picking up his call, so he asked Mr. Vikas Garg to send his number to Mr. Prijesh Kurani, so that Prijesh saves his number and answers his call. Therefore, no adverse inference be drawn against the entity in this regard.

17.63. W.r.t. Figure No. 10 of the Interim Order, the entity submits that he just informed Mr. Prijesh Kurani about transfer of Rs. 90,00,000/- to his account for investment purpose. It is pertinent to note that, the entity had forwarded the exact message as received by the Bank to Mr. Prijesh Kurani. Further, his other message to Mr. Prijesh Kurani was in nature to obtain confirmation from him about receipt of the said funds. Therefore, no adverse inference be drawn against the entity in this regard.

17.64. W.r.t. Figure No. 11 of the Interim Order, the entity submits that the message has been sent from Mr. Vikas Garg to Mr. Prijesh Kurani. The said message is privy to those two persons. The entity is unaware in what context did Mr. Vikas Garg sent the said message to Mr. Prijesh Kurani. Therefore, no adverse inference be drawn against the entity.

17.65. The entity had dealt in shares of V Marc India within his financial and risk bearing capacity. Even as on date, he still holds 1,42,000 shares of V Marc India. This shows that he is a genuine investor in the scrip of V Marc India.

Submissions of Seema Agarwal

18. The written submissions filed by Seema Agarwal *vide* her letters dated June 03, 2024 and June 11, 2024 are summarized hereunder:

18.1. The following requested documents have not been provided.

18.1.1. Copy of attachments mentioned in the complaint dated 21.09.2022 received by SEBI. (already provided to the entity vide email dated 07.05.2024)

18.1.2. Complete data and documents obtained during search and seizure operation carried out by SEBI at the residence of Prijesh Kurani.

- 18.1.3. Copy of proof of flow of information Unique Transaction Records (UTRs) shared with Mr. Vikas Garg.
- 18.1.4. Documentary evidence of any connection with the other persons who are part of the Interim Order.
- 18.1.5. Copy of statement of any person recorded by SEBI in course of examination conducted by SEBI.
- 18.1.6. Details of complaint(s) received by SEBI with respect to the Noticee's alleged transfer of funds with Prijesh Kurani, Dharini Kurani and Surbhi Agarwal.
- 18.1.7. Any other and additional documents referred to and relied upon by SEBI on subject matter of present proceedings.
- 18.2. The Noticee is neither a subscriber to the IPO nor has ever traded in the scrip of V Marc. Hence the allegation that the Noticee indulged in unfair trade practice while dealing in the scrip of V Marc is highly unfair and misconstrued.
- 18.3. In the Noticee's case, there is no purchase/ sale and/ or dealing of securities nor is there any allegation of fraudulent practice against the Noticee. In this regard, the Noticee has placed reliance on SEBI order in the matter of Tatia Global Venture Limited.
- 18.4. The Noticee carried out financial transactions within applicable laws and had no knowledge, information or awareness of any wrongdoing happening the shares of V Marc at the relevant time. It is only on receipt of the Interim Order from SEBI, the Noticee came to know about the alleged wrong doings of other entities/ persons in shares of V Marc. The Noticee's transactions are totally independent and in isolation to the transactions carried out by other entities in the scrip of V Marc.
- 18.5. Vikas Garg is a family friend of the Noticee since 2003. Mr. Vikas Garg invited the Noticee to Haridwar for a road show relating to IPO of V Marc. During the road show, the Noticee met Mr. Prijesh Kurani. He told the Noticee that if she invests in capital market through him at an appropriate opportunity then he could provide very good returns. Swayed by his confidence and oral presentation, the Noticee decided to give him funds for investment purpose.
- 18.6. Based on instruction received, the Noticee transferred funds in the bank accounts as conveyed to the Noticee. The funds transferred to Mr. Prijesh

Kurani and others were only for the purpose of investment in capital markets and not otherwise.

- 18.7. The Noticee did not receive back the amount transferred to Mr. Prijesh Kurani and others, in spite of repeatedly requesting him and the Noticee has lodged a police complaint with local police station in Vivek Vihar, Delhi on 24.01.2024. Copy enclosed.
- 18.8. The Noticee was not aware that the Noticee's alleged fund transfer is being used by the said entities to enter into fraudulent trades in the scrip of V Marc. Therefore, it cannot be alleged that the Noticee funded the manipulation in the scrip of V Marc.
- 18.9. As per para 44, the interim order is passed based on the alleged conspiracy recorded in Figure no. 4 and the Noticee was not a part of the alleged meeting mentioned therein. Apart from the financial transaction with Mr. Prijesh Kurani and his related entities, no other connection has been alleged in the interim order.
- 18.10. The Noticee's name is not mentioned in the complaint dated 21.09.2022 filed by Mr. Prijesh Kurani.
- 18.11. It is wholly untenable for any authority to arrive at a finding of 'fraud' solely on the basis of fund transfers with certain entities who allegedly traded in the scrip of V Marc in fraudulent manner. In this regard, the Noticee has relied on the judgments in the matter of R.K. Global v/s. SEBI (appeal no. 158 of 2008 decided 16.09.2010, Hon'ble SAT), Narendra Ganatra v/s SEBI (appeal no. 47 of 2011 decided on 29.07.2011, Hon'ble SAT), Videocon International v/s SEBI (2002) 4 CLJ 402 (SAT) and Parsoli Corporation v/s SEBI (appeal no. 146/2011 decided on 12.08.2011, Hon'ble SAT).
- 18.12. The entity was neither a subscriber to the IPO nor traded in the scrip of V Marc. Hence, the allegation against her that she indulged in unfair trade practice while dealing in the scrip of V Marc is highly unfair and misconstrued against her.
- 18.13. Prior to passing of interim order, no clarification, data, documents etc. was sought from the entity w.r.t the allegations in the interim order.
- 18.14. The entity's submissions on the financial transaction with Prijesh Kurani, Dharini Kurani and Surbhi Aggarwal are as below.

- 18.15. Vikas Garg is a family friend since 2003. Due to the aforesaid relation, Vikas Garg invited her to Haridwar for a roadshow relating to IPO of V Marc. During the said roadshow, she met Prijesh Kurani. He told her that he was in the business of making investment in capital markets. He further told her that if she invests in capital market through him at an appropriate opportunity then he could provide very good returns. He also told her that a lot of people avail his services for investment in capital markets and have earned fantastic returns over the years. Swayed by his confidence and oral presentation and the fact that she did not possess expertise of investing in capital market, she decided to give him funds for investment purpose.
- 18.16. Based on the instructions received, she transferred the funds only for investment purpose from her HDFC Bank Account.
- 18.17. From the aforesaid, it could be seen that her financial transaction with Prijesh Kurani, Dharini Kurani and Surbhi Aggarwal had nothing to do with their trades in the scrip of V Marc or was not related to the allegations against her in the interim order. She was not aware that her alleged fund transfer was being used by the said entities to enter into fraudulent trades in the scrip of V Marc. Therefore, no adverse inferences be drawn against her w.r.t. her fund transfer with Prijesh and his related entities.
- 18.18. The main basis of passing interim order is w.r.t. figure no. 4 on page no. 10 of the interim order and it can be seen that the entity's name is not mentioned and she is not a signatory to the said document.
- 18.19. The Interim Order is based on the complaint dated 21.09.2022 filed by Prijesh Kurani and there is no mention or reference of her name in the said complaint dated 21.09.2022. The complaint also does not make any reference or mention her fund transfer with Prijesh Kurani. Therefore, no linkage can be drawn w.r.t. fund transfer with Prijesh Kurani and the alleged trades that were executed in the scrip of V Marc.
- 18.20. The entity reiterates that she met Prijesh during a roadshow w.r.t. IPO of V Marc in Haridwar. Since she had met Prijesh Kurani in an even organized by Vikas Garg, she decided to convey about the fund transfer to Prijesh Kurani through Vikas Garg. It can be seen from Figure no. 8 (Page no. 16 of the interim order) that the message sent by Vikas Garg to Prijesh Kurani is a message

received from bank and the same can only be received by an account holder i.e., the entity. Therefore, it can be seen that she forwarded the message as received from the Bank to Vikas Garg, who in turn forwarded the message to Prijesh Kurani. Due to the aforesaid reasons, Vikas Garg was aware of the fund transaction between her and Prijesh Kurani.

18.21. The entity is not a regular investor in capital market nor does she possess expertise to deal in capital market. Due to the said reasons, she decided to avail services of Prijesh Kurani, who portrayed himself as an expert in investing in capital markets. Further, as she had met him at a roadshow of IPO of V Marc, it increased her trust and confidence in Prijesh Kurani.

18.22. The amount transferred to Prijesh Kurani and his related entities i.e., 1.20 crores was very negligible as compared to her networth. Even after transfer of INR 1.2 crores to Prijesh Kurani and his related entities in April 2021, her net worth as on 31.03.2024 is around 14.93 crores. A copy of her net worth report dated 12.04.2024 as given by S N K S & Associates to HDFC Bank is attached.

18.23. After transferring the amounts to Prijesh Kurani and his related entities, she was hopeful that the said amount would be used for investment purpose and that he would get very good returns on the same. Pursuant thereto, after a certain period of time, on many occasions, she enquired with Prijesh Kurani about the status of her investment to which he cleverly replied that he is waiting for appropriate opportunity to make investments. He also conveyed to her that he is also exploring opportunities in Dubai also for making investments.

18.24. It is pertinent to note that in the year 2022, she started Gauri Fabrics Industries, which is into manufacturing of T-shirts. For the next year and half her sole attention was only on her new venture. She was not focusing on any other thing during the said time.

18.25. Thereafter, as a lot of time had elapsed and there was no update from Prijesh Kurani w.r.t amount transferred to him for investment, he researched about him. She found that there are many cases against Prijesh Kurani and that he has cheated many people. Therefore, she came to a conclusion that her amount given to Prijesh Kurani for investment was not safe. Hence, she asked him to return her amount which was given to him for investment.

Agitated by her request, Prijesh told her that he would neither pay any returns nor pay back the amount transferred to him.

18.26. Based on the advice received, on 24.01.2024, she filed a police complaint with Vivek Vihar Police Station and the said complaint was sent via speed post.

18.27. After a month of filing complaint, the present interim order was passed by SEBI and she got involved in preparing her submission to the allegations against her in the interim order. Therefore, she could not follow up on the complaint filed by her. Presently, she is in the process of taking next course of action on the complaint filed by her against Prijesh Kurani.

18.28. The entity was neither a subscriber to the IPO nor traded in the scrip of V Marc. Hence, the allegation against her that she indulged in unfair trade practice while dealing in the scrip of V Marc is highly unfair and misconstrued against her.

18.29. Prior to passing of interim order, no clarification, data, documents etc. was sought from the entity w.r.t the allegations in the interim order.

18.30. The entity's submissions on the financial transaction with Prijesh Kurani, Dharini Kurani and Surbhi Aggarwal are as below.

18.31. Vikas Garg is a family friend since 2003. Due to the aforesaid relation, Vikas Garg invited her to Haridwar for a roadshow relating to IPO of V Marc. During the said roadshow, she met Prijesh Kurani. He told her that he was in the business of making investment in capital markets. He further told her that if she invests in capital market through him at an appropriate opportunity the he could provide very good returns. He also told her that a lot of people avail his services for investment in capital markets and have earned fantastic returns over the years. Swayed by his confidence and oral presentation and the fact that she did not possess expertize of investing in capital market, she decided to give him funds for investment purpose.

18.32. Based on the instructions received, she transferred the funds only for investment purpose from her HDFC Bank Account.

18.33. From the aforesaid, it could be seen that her financial transaction with Prijesh Kurani, Dharini Kurani and Surbhi Aggarwal had nothing to do with their trades in the scrip of V Marc or was not related to the allegations against her

in the interim order. She was not aware that her alleged fund transfer was being used by the said entities to enter into fraudulent trades in the scrip of V Marc. Therefore, no adverse inferences be drawn against her w.r.t. her fund transfer with Prijesh and his related entities.

18.34. The main basis of passing interim order is w.r.t. figure no. 4 on page no. 10 of the interim order and it can be seen that the entity's name is not mentioned and she is not a signatory to the said document.

18.35. The Interim Order is based on the complaint dated 21.09.2022 filed by Prijesh Kurani and there is no mention or reference of her name in the said complaint dated 21.09.2022. The complaint also does not make any reference or mention her fund transfer with Prijesh Kurani. Therefore, no linkage can be drawn w.r.t. fund transfer with Prijesh Kurani and the alleged trades that were executed in the scrip of V Marc.

18.36. The entity reiterates that she met Prijesh during a roadshow w.r.t. IPO of V Marc in Haridwar. Since she had met Prijesh Kurani in an event organized by Vikas Garg, she decided to convey about the fund transfer to Prijesh Kurani through Vikas Garg. It can be seen from Figure no. 8 (Page no. 16 of the interim order) that the message sent by Vikas Garg to Prijesh Kurani is a message received from bank and the same can only be received by an account holder i.e., the entity. Therefore, it can be seen that she forwarded the message as received from the Bank to Vikas Garg, who in turn forwarded the message to Prijesh Kurani. Due to the aforesaid reasons, Vikas Garg was aware of the fund transaction between her and Prijesh Kurani.

18.37. The entity is not a regular investor in capital market nor does she possess expertise to deal in capital market. Due to the said reasons, she decided to avail services of Prijesh Kurani, who portrayed himself as an expert in investing in capital markets. Further, as she had met him at a roadshow of IPO of V Marc, it increased her trust and confidence in Prijesh Kurani.

18.38. The amount transferred to Prijesh Kurani and his related entities i.e., 1.20 crores was very negligible as compared to her networth. Even after transfer of INR 1.2 crores to Prijesh Kurani and his related entities in April 2021, her net worth as on 31.03.2024 is around 14.93 crores. A copy of her net worth

report dated 12.04.2024 as given by S N K S & Associates to HDFC Bank is attached.

- 18.39. After transferring the amounts to Prijesh Kurani and his related entities, she was hopeful that the said amount would be used for investment purpose and that he would get very good returns on the same. Pursuant thereto, after a certain period of time, on many occasions, she enquired with Prijesh Kurani about the status of her investment to which he cleverly replied that he is waiting for appropriate opportunity to make investments. He also conveyed to her that he is also exploring opportunities in Dubai also for making investments.
- 18.40. Thereafter, as a lot of time had elapsed and there was no update from Prijesh Kurani w.r.t amount transferred to him for investment, he researched about him. She found that there are many cases against Prijesh Kurani and that he has cheated many people. Therefore, she came to a conclusion that her amount given to Prijesh Kurani for investment was not safe. Hence, she asked him to return her amount which was given to him for investment. Agitated by her request, Prijesh told her that he would neither pay any returns nor pay back the amount transferred to him.
- 18.41. Based on the advice received, on 24.01.2024, she filed a police complaint with Vivek Vihar Police Station and the said complaint was sent via speed post.
- 18.42. After a month of filing complaint, the present interim order was passed by SEBI and she got involved in preparing her submission to the allegations against her in the interim order. Therefore, she could not follow up on the complaint filed by her. Presently, she is in the process of taking next course of action on the complaint filed by her against Prijesh Kurani.

Submissions of Madhukar Sheth, Pratik Sheth and Jinal Sheth

19. The written submissions filed by Madhukar Sheth, Pratik Sheth and Jinal Sheth *vide* their common letters/emails dated April 01, 2024 and June 27, 2024 are summarized hereunder:
- 19.1. The entities made investment in the share of V Marc India considering prospects of the company. On the suggestion of Madhukar, Jinal and Pratik had bought VMIL shares. The entities have submitted that they were purely

investors and are unaware of any market manipulation in any scrip and had no role or knowledge in respect of manipulation in the scrip of V Marc India, if any.

19.2. They stated that they had no relation with V Marc India and/ or its promoters except that Madhukar had visited the company plant to confirm its prospects. However, the said relation does not have anything to do with the purchase of shares of V Marc India. In fact, the same cannot be said to be the basis of making them a part of the Interim Order.

19.3. The entities role as mentioned in the interim order is different from those of the other entities. Except some casual connections, they are not even connected to the other company – entities. The shares brought by them were investments made as investors and as per their independent decision. The Interim Order does not record any wrongful gain made by them. Hence, keeping in view of the entire interim order along with their role in the same, the entities have requested to segregate their matter from the said interim order since they are not a part or party to the wrongful scheme.

19.4. The entities also contended that the following documents were not provided to them.

19.4.1. Annexures 6, 9 and 10 of the Examination Report

19.4.2. Unmasked trade and order log

19.4.3. Data obtained from Prijesh Kurani's mobile

19.4.4. Bank account statement of Shiv Shakti Enterprise

19.4.5. Copies of all the correspondences with all the entities

20. The written submissions filed by Madhukar Sheth *vide* his letter dated July 24, 2024 are summarised hereunder:

20.1. The entity has denied all the allegations made against him in the interim order.

20.2. The entity started his career in stock market in 1977. The Entity, as an expert in many fields, was a visiting expert on CNBC, Zee Business, NDTV and many other business channels between 1995 to 2008.

20.3. Subscribing to the shares of V Marc in pre-IPO private placement cannot be a ground to allege any wrongdoing on his part. The alleged connections, if any, had nothing to do with his transactions in the scrip of V Marc in his

individual and independent capacity after doing all the analysis and as per the fundamentals of the company.

- 20.4. The transactions in the scrip of V Marc were in total compliance of all securities market laws as applicable to the entity as an investor of capital market.
- 20.5. Pratik is the entity's son and Jinal is his daughter-in-law and hence the entity shares family relations with them. The entity submits that INR 4 crores was given by him to Pratik on March 25, 2021 as a loan. In fact, nothing adverse ought to be alleged against the entity with respect to the amount as provided by him to his son for his business purpose.
- 20.6. The entity knew Prijesh as he was also associated with the Stock Market and he was working with one of the entity's friend who is in the broking industry - M/s. J H Patel.
- 20.7. The entity was approached by Prijesh and he indicated to the entity that he was working for an IPO of a company called V Marc which had good prospects and insisted that the entity at least meet the management of the company. On his request, the entity agreed to meet the management of the company.
- 20.8. Mr. Vikas and Mr. Sandeep (Directors of V Marc) visited the entity at this residence and impressed upon him to invest in V Marc. After going through the financial and technical papers provided by them, the entity thought the company had good prospects and agreed to visit the plant and office of V Marc at Haridwar.
- 20.9. Pursuant to the plant visit, Mr. Vikas took the entity to Ganga River Front for Darshan and a photograph was clicked. Hence the visit to Haridwar was for seeing the plant, machinery and offices of V Marc.
- 20.10. The entity reasoned to invest in an upcoming company like V Marc based on the company's product and electricity demand. The entity applied for shares of V Marc in private placement in order to be assured of allotment. The entity was allotted 8,40,000 shares of V Marc in private placement on March 15, 2021 which was prior to the IPO at INR 39 which was the same as the IPO price. The entity had no undue advantage in respect of his purchase of shares of V Marc.

- 20.11. The entity has placed reliance on Order dated June 08, 2021 passed by Hon'ble SAT in the matter of Umang Shanuka & Ors. Vs SEBI (appeal no. 102 of 2020) and other connected matters. The entity had merely purchased the shares of the company in its IPO as he thought that it had a good future.
- 20.12. The entity sold certain shares of V Marc once the price reached a considerable level. The sale of shares of V Marc were not concentrated in some days but were spread across various months in FY 2023-24. The Examination period in the matter is from April 09, 2021 to April 30, 2021, and hence, the entity's purchase and sale were outside the purview of the Examination Period.
- 20.13. The sell transactions of the entity in V Marc India were at the then prevailing market price and had no impact on market equilibrium. Since volume and price of V Marc were not affected due to his dealing in the said scrip, the allegation of any manipulation in V Marc India is not sustainable on facts and in law hence the same is erroneously made applicable in the entity's case.
- 20.14. The Entity had no idea who purchased his shares of V Marc India since all the transactions were executed through normal screen-based trading system of Stock Exchange.
- 20.15. The Entity has submitted that his transaction in the scrip of V Marc was not unusual and that he used to execute transactions in the market on regular basis. In fact, the entity has dealt in hundreds of scrips in the Equity segment.
- 20.16. The WhatsApp chats, Emails and correspondences as referred to in the interim order which related to the entity do not pertain to the Examination Period and therefore is untenable and unsustainable.
- 20.17. None of the following points pertain to the Examination period: allotment of shares in private placement, sale of shares and WhatsApp chats, emails and correspondences referred to in the interim order relating to the entity. The entity has submitted that SEBI has travelled beyond the Examination Period while alleging adverse inference against him.
- 20.18. The entity has requested to confirm whether due approvals were taken for travelling beyond the scope of the Examination Period. The Entity has also requested to provide copies of internal correspondence for extending the examination period in the matter. Further, the entity had requested to provide

clarification on what basis the examination period was extended and what was the due process of law which was followed before passing the interim order against him.

20.19. The complaint dated September 21, 2022 from Prijesh is unsubstantiated even as on date. Even though the complaint was not backed by evidence and unproven, SEBI chose to inquire and investigate into wide and grave allegation against V Marc and its shareholders. The entity has submitted that SEBI has relied on an unsubstantiated letter from a known offender, Mr. Prijesh and misused the powers to issue interim order.

20.20. With respect to figure no. 4 of the interim order, the entity has submitted he was not a part of the alleged scheme, if any. The shares allotted in the private placement to him were not a part of their alleged agreement.

20.21. The company had good prospects and therefore the price of the shares of the company might have risen due to market demand. The rise in the price of the scrip was not unusual and was in line with the growth in the shares of other power sectors and in line with overall market rise. The entity further submits that he had not indulged in any price rigging and that the purchase of shares was on market and delivery based and were for investment purpose.

20.22. There is no allegation of price manipulation, synchronized trades, top buyer, LTP contributor or PV Manipulator in the interim order.

20.23. With respect to the allegations against him based on correspondences of Prijesh, the entity has submitted the following:

20.23.1. The entity had no access to Beneficiary Position ("Benpos") as alleged. The entity had never seen Benpos of the company.

20.23.2. The entity has never received any cash from anyone w.r.t. IPO application of V Marc.

20.23.3. The statements made by Prijesh are without any proof or evidence on his part. The entity requests permission to demand proof of wrongdoing, a statement on oath and his cross-examination to prove himself right.

20.24. The entity denies that he had any involvement about or was controlling the shares of V Marc. The said statement is incorrect as he was nowhere involved in the alleged scheme, if any. The entity requests for cross

examination of Vikas Garg in the matter since the alleged claim of Vikas Garg is incorrect.

20.25. As regards para no. 27 of the interim order, the entity submits as under:

20.25.1. The entity had applied for any shares through private placement after understating the fundamentals of the company.

20.25.2. The complaints made by Prijesh and statements/ communication of Mr. Vikas wherein adverse inferences are alleged against him are totally baseless.

20.25.3. The entity still holds 2.06 lakh shares of V Marc. The entity's sales were at lower average price than the price when the interim order was released or his sales average was lower than current market price. Those who bought from the entity's sale can still sell those shares in the market at profit.

20.26. The interim order itself states that the preliminary examination had not brought out any direct evidence of active manipulative trading or funding of fraudulent trades in respect to the entity and his family members. Even after the said observation, interim order is passed against the entity in the subject matter.

20.27. The entity has requested for weekly Benpos of the company during the entire period of allegations to prove his innocence.

20.28. The entity has also placed reliance on the judgement of the Hon'ble Supreme Court in the matter of Gorkha Security Services v. Government (NCT of Delhi) and ors. (decided on August 04, 2014) wherein it was held that it would be incumbent for a show cause notice to contain the exact nature of the measure that it proposes to take, failing which the order passed would be violative of the principles of natural justice and would be liable to be set aside. Further, the entity placed reliance on the judgment of the Hon'ble Supreme Court dated October 29, 2010 in the case of Orxy Fisheries Pvt. Ltd. Vs. Union of India.

20.29. It is well-settled law that the taint of fraud cannot be attached or charged on preponderance of probability. The entity has relied on the case of Ram Sharan Yadav v/s Thakur Muneshwar Nath Singh [(1984) 4 SCC 649 (AIR 1985 SC 24)].

20.30. The shares purchased by the entity were within his risk bearing capacity. There is no investors' complaint with respect to his transactions in shares of V Marc.

21. The written submissions filed by Pratik Sheth *vide* his letter dated July 24, 2024 are summarised hereunder:

21.1. The entity denied all the allegations made in the interim order.

21.2. The entity worked as an equity analyst at Religare Securities Limited from 2006-08 and he had been associated with the stock markets since around 20 years.

21.3. The entity subscribing to the shares of V Marc cannot be a ground to allege any wrong doing on his part.

21.4. The entity has submitted that the alleged connections, if any, has nothing to do with his transactions in the scrip of V Marc. The entity had applied in the IPO of V Marc in his individual and independent capacity.

21.5. The sell trades in the shares of V Marc were executed "on market" through SEBI registered Broker and therefore, there was nothing adverse in respect of the same. The transactions in the scrip of V Marc were in total compliance of all securities market laws as applicable to him as an investor of capital market.

21.6. Madhukar Sheth is the entity's father and Jinal is the entity's wife. The entity submits that INR 4 crore received by him from his father was a family loan and nothing adverse ought to be alleged against the entity with respect to the amount received from his father.

21.7. Although it is mentioned that he is allegedly connected with Prijesh on the basis of WhatsApp chats, it is not mentioned as to how the said chat is relevant to the present subject matter.

21.8. The alleged WhatsApp chats did not pertain to any conversation in the scrip of V Marc or the present matter pertaining to V Marc. The chats were merely general share-market related updates.

21.9. The amount received by the entity from Shiv Shakti Enterprises was merely a business loan and the same has been paid off. The said funds were received on March 25, 2021 between 03:49:58 PM to 04:39:02 PM and in the

interim order itself, it is *inter alia* mentioned that the IPO application was made by the entity on March 25, 2021 at 13:56:02 PM. Hence the entity submits that the funds were received from Shiv Shakti Enterprises after the applications was made in the IPO of V Marc.

- 21.10. Sudhir Gupta is allegedly connected with Vikas, Prijesh, Dharini Kurani and Surbhi Aggarwal. It can be in no way construed that the entity has any relation with the aforesaid entities.
- 21.11. Except the connection with Madhukar and Jinal and except some casual relation as alleged with Prijesh and fund transaction with Shiv Shakti Enterprises, the entity does not have any other relation with any of the other entities. In fact, none of the allegation connections/ relation has anything to do with alleged fraudulent scheme, if any in the scrip of V Marc.
- 21.12. The entity has placed reliance on the order dated June 07, 2023 passed by Hon'ble Securities Appellate Tribunal in the matter of Abhinandan Jain vs. SEBI (appeal no. 129 of 2023) and other connected matters.
- 21.13. Keeping in view the fundamentals of the company and the industry in totality, the entity decided to subscribe to the IPO of V Marc.
- 21.14. The entity applied for 12.81 lakh shares of V Marc and was allotted 12.39 lakh shares of V Marc amounting to INR 4.83 crores. The said application was within the entity's risk and financial bearing capacity.
- 21.15. The entity sold the shares of V Marc on multiple days from April 2021 to June 2023 after the price of V Marc shares reached a reasonable level. The Examination period in the matter is April 09, 2021 to April 30, 2021, however, the majority of the entity's sale transactions are outside the purview of the Examination Period.
- 21.16. The entity had sold the shares of V Marc around the price range of around INR 27.75 to INR 70.55 which was the price pertaining at the relevant point of time. The price increased from INR 40.50 (opening price on April 05, 2023) to around INR 185.60 (closing price on January 31, 2024). In case the entity was aware of the alleged scheme, if any, the entity would have sold the shares at a later date at a higher price.

- 21.17. The investors who bought shares from him at an average price of INR 60/- have more than doubled their money in less than 2 years. Even today they can still sell their purchases at a profit.
- 21.18. The transactions were never carried out under anyone's influence and the transactions were solely his decision in the scrip.
- 21.19. The sell transactions of the entity in V Marc India were at the then prevailing market price and had no impact on market equilibrium. Since volume and price of V Marc were not affected due to his dealing in the said scrip, the allegation of any manipulation in V Marc India is not sustainable on facts and in law hence the same is erroneously made applicable in the entity's case.
- 21.20. The Entity has no idea who purchased his shares of V Marc India since all the transactions were executed through normal screen-based trading system of Stock Exchange.
- 21.21. The Entity has submitted that his transaction in the scrip of V Marc was usual and that he executed the transaction in the market on a regular basis. In fact, the entity has dealt in hundreds of scrips in the Equity segment.
- 21.22. The allegation that the entity had subscribed solely for the purpose of ensuring 90% subscription and successful listing is highly untenable since he had no ulterior motive or no incentive to ensure success of an IPO by a power sector company in a small state like Uttarakhand.
- 21.23. The entity has no connection with Vikas Garg and the alleged connection with Priyesh has no relevance to the present subject matter.
- 21.24. There is no allegation of price manipulation, synchronized trades, top buyer, LTP contributor or PV Manipulator in the interim order.
- 21.25. As regards para no. 27 of the interim order, the entity submits as under:
- 21.25.1. The entity had not applied for any shares through private placement and the subscription to the IPO was not with any ulterior motive.
- 21.25.2. None of the alleged connections indicate that the entity was a part of the alleged scheme, if any.
- 21.25.3. There are no emails and / or WhatsApp chats or any other material available on record that indicates his name in any manner. The alleged connection with Priyesh by way of WhatsApp chat cannot be linked to him being a part of the alleged scheme.

- 21.26. The sale of shares does not pertain to the Examination Period and was beyond the Examination Period. The WhatsApp chats, emails and correspondence as referred to in the interim order does not pertain to the Examination Period and therefore is untenable and unsustainable.
- 21.27. None of the following points pertain to the Examination Period: Sale of shares, certain WhatsApp chats, Emails and correspondences as referred to in the Interim Order.
- 21.28. SEBI has travelled beyond the Examination Period while alleging adverse inference against the entity. The Examination Period as determined for the investigation is binding while alleging charges against the entity and in the present matter charges have been levied beyond the Examination Period.
- 21.29. The entity has requested to confirm whether due approvals were taken for travelling beyond the scope of the Examination Period. The Entity has also requested to provide copies of internal correspondence for extending the examination period in the matter. Further, the entity had requested to provide clarification regarding the basis of extension of the examination period and what was the due process of law which was followed before passing the interim order against him.
- 21.30. The interim order itself states that the preliminary examination had not brought out any direct evidence of active manipulative trading or funding of fraudulent trades in respect to the entity and his family members. Even after the said observation, interim order is passed against the entity without considering the facts of the case in totality.
- 21.31. The entity has also placed reliance on the judgement of the Hon'ble Supreme Court in the matter of Gorkha Security Services v. Government (NCT of Delhi) and ors. (decided on August 04, 2014) wherein it was held that it would be incumbent for a show cause notice to contain the exact nature of the measure that it proposes to take failing which the order passed would be violative of the principles of natural justice and would be liable to be set aside. Further, the entity had placed reliance on the judgment of the Hon'ble Supreme Court dated October 29, 2010 in the case of Orxy Fisheries Pvt. Ltd. Vs. Union of India.

21.32. It is well-settled law that the taint of fraud cannot be attached or charged on preponderance of probability. The entity has relied on the case of Ram Sharan Yadav v/s Thakur Muneshwar Nath Singh [(1984) 4 SCC 649 (AIR 1985 SC 24)].

21.33. The shares purchased by the entity were within his risk bearing capacity. There is no investors' complaint with respect to his transactions in shares of V Marc.

22. The written submissions filed by Jinal Sheth *vide* her letter dated July 24, 2024 are summarised hereunder:

22.1. Madhukar Sheth is the entity's father-in-law and Pratik is her husband. The entity has denied all the allegations made against her in the interim order.

22.2. The entity could not find a single shred of evidence in the interim order to rope the entity in the present proceedings. The only reason the order is passed against the entity is since she is connected to Madhukar and Pratik which cannot be a ground to make her a part of the order since they are her family members.

22.3. The sell trades in the shares of V marc were executed "on market" through SEBI registered broker and therefore there was nothing adverse in respect of the same. The transactions were in total compliance of all securities market laws as applicable to her as an investor of capital market.

22.4. The Entity does not have any connection with anyone other than her family members in the interim order. She does not have any fund trail/ fund transaction or any sort of relation with entity nos. 1 to 12.

22.5. The Entity has placed reliance on order dated August 28, 2023 passed by Hon'ble SAT in the matter of Shivdarshan Sales Private Limited and Ors. Vs. SEBI (appeal no. 603 of 2021) and other connected matters, order dated November 06, 2023 passed by SAT in the matter of Manjulaben Bhaveshkumar Rangee vs SEBI (appeal no. 1030 of 2022) to submit that on the grounds of no connection itself, the allegations against her should be dropped and the proceedings should be disposed of without any adverse inferences.

- 22.6. After going through the documents of IPO, the entity felt that the company had good prospects and applied for 15,000 shares in IPO amounting to INR 5.85 lakh and got allotment of the same. The total issue size was of 60 lakh shares and she had applied for and was allotted merely 15,000 shares i.e., around 0.25% of the total issue size. The entity had purchased around 21,000 share after V Marc got listed. The said amount was within her risk bearing capacity and at par with her normal investments in the securities market.
- 22.7. The entity sold all her shares on multiple days. The examination period in the matter is April 09, 2021 to April 30, 2021, however the entity's sale is outside the purview of the examination period. The aforesaid indicate that she had no ulterior motive while executing transactions in the scrip of V Marc. The price of V Marc increased from INR 40.50 (closing price on April 05, 2023) to around INR 185.60 (closing price on January 31, 2024). In case the entity was aware of the alleged scheme, if any, she would have sold the shares at a later date and at a higher price.
- 22.8. The transactions were never carried out under anyone's influence and the transactions were solely her decision.
- 22.9. The sell transactions of the entity in V Marc India were at the then prevailing market price and had no impact on market equilibrium. Since volume and price of V Marc were not affected due to her dealing in the said scrip, the allegation of any manipulation in V Marc India is not sustainable on facts and in law. Hence the same is erroneously made applicable in the entity's case.
- 22.10. The Entity has no idea who purchased her shares of V Marc India since all the transactions were executed through normal screen-based trading system of the Stock Exchange.
- 22.11. The entity's transaction in the scrip of V Marc was not in isolation and she executed the transaction in the market on regular basis. The volume of transactions executed by her for the period from April 01, 2021 to July 09, 2024 in the equity segment is 13.87 crore. The volume of the alleged subscription in IPO of V Marc (INR 5.85 lakh) is merely 0.42% of her volume in equity segment.

- 22.12. There is no allegation of price manipulation, synchronized trades, top buyer, LTP contributor or PV Manipulator in the interim order.
- 22.13. The entity's name has not been mentioned in the complaint dated September 21, 2022.
- 22.14. As regards para no. 27 of the interim order, the entity submits as under:
- 22.14.1. The entity had not applied for any shares through private placement and the subscription to the IPO was not sizeable in any manner.
- 22.14.2. The entity does not have any connection with Vikas, Sandeep and Priyesh.
- 22.14.3. There are no emails and or WhatsApp chats or any other material available on record that indicates her name in any manner.
- 22.15. The interim order itself states that the preliminary examination had not brought out any direct evidence of active manipulative trading or funding of fraudulent trades in respect to the entity and her family members. Even after the said observation, interim order is passed against the entity in the subject matter.

D. CONSIDERATION

23. The *prima facie* findings of the Interim Order are that the management of the company, V Marc India Limited provided funds and trading accounts through connected entities and enabled the manipulation of price and volume of the V Marc India's scrip by connected entities. The said findings were *inter alia* based on the data obtained from the mobile device of Mr. Priyesh Kurani, seized in the search and seizure operation carried out by SEBI at his residence in the month of May 2022. The Interim order was passed to protect the integrity of the market as the connected entities offloaded their holdings in V Marc India at elevated prices.
24. I have considered the allegations levelled in the Interim Order, the written submissions of the Entities and other material available on record. I note that in the instant case, the directions issued against the Entities are interim in nature and have been issued based on *prima facie* findings. The present proceedings before me are in the nature of confirmatory or revocation proceedings which allow me the very limited remit of assessing whether the directions issued against the Entities

based on the *prima facie* findings arrived at in the Interim Order need to be confirmed, revoked or modified in any manner in light of the submissions made by them. The outcome of detailed investigation into the matter will decide the further course of action and initiation of further proceedings in the matter as per law. I now proceed to consider the aforesaid issue in light of the specific contentions raised by the Entities.

25. The submissions made by all the Entities have been examined in detail and the issues raised therein have been addressed in the following paragraphs. The 'figures' referred to in this Order correspond to those figure numbers mentioned in the Interim Order.

A. Submissions on preliminary matters and compliance with principles of natural justice:

25.1. Documents not provided

25.1.1. The Entities have contended that they have not been provided with certain documents or that the documents provided were incomplete. The Entities have relied on judgments in the matter of SEBI vs PWC (supra), B Ramalinga Raju (supra), Smitaben N Shah (supra) and T. Takano (supra) in support of their contentions. The submissions of the entities regarding the same are dealt with in the following paragraphs.

25.1.2. Detailed rationale for selecting the Examination Period – Vikas Garg has contended that no detailed rationale was provided for selecting the Examination Period or for referring to a period beyond the Examination Period. It is pertinent to note that the Examination Period started on the date when the scrip of V Marc was listed and the same extended till the date until which concentrated activity by entities directly or indirectly connected with Vikas Garg was observed in the scrip of V Marc India i.e., April 30, 2021. Further, wherever it was deemed necessary, references were made to events/ transactions that took place outside the Examination Period also. For example, the sell off by entities directly or indirectly connected with Vikas Garg i.e., Sudhir Gupta, Pratik Madhukar Sheth, Jinal Pratik Sheth, Ms. Surbhi Aggarwal, Dharini Kurani and Rekha Kurani

was after the Examination Period i.e., started during the second half of 2023 and continued till the time of passing of interim order.

25.1.3. Copy of all the records/document/emails/data files/ mobile phones etc. which were seized pursuant to the Search and Seizure operation carried by SEBI at Mr. Prijesh Kurani's residence in the month of May 2022 and copy of Panchnama w.r.t. Search and seizure – Vikas Garg, Seema Agarwal, Jai Kishorr Singhal, Madhukar Sheth, Pratik Sheth and Jinal Sheth have requested for all the data obtained during search and seizure operation as all data obtained from Prijesh Kurani's mobile device have been relied upon in the Interim Order. In this regard, I note that only certain parts of data obtained from Prijesh Kurani's device were relied upon for the purpose of the Interim order and as per available records, the Authorised Representatives of these entities were shown all the relevant documents which are in possession of SEBI during inspection of documents. Further, I note that the request of these entities to provide all the data obtained from Prijesh Kurani's mobile device may affect third-party rights to privacy and data protection. Moreover, Panchnama contains confidential information, including various details of the electronic data of the entity, details of Panchas, etc., the disclosure of which may adversely affect the pending investigation.

25.1.4. Vikas Garg's Call Data Record (CDR) with Sudhir Gupta and Jai Kishorr Singhal for the period from 09.04.2021 to 30.04.2021 – Vikas Garg has requested for his CDR details with Sudhir Gupta and Jai Kishorr Singhal. In this regard, I note that Vikas Garg has not disputed his connection with Sudhir Gupta and Jai Kishorr Singhal which was established through CDR (from 01.09.2021 to 11.11.2022) and WhatsApp chats. Therefore, the entity's request for CDR of his own calls with other entities with whom he admittedly is connected can only be viewed as mischievous and intended to delay the quasi-judicial process. Further, the entity has already been informed that CDR for the period requested is not available.

- 25.1.5. Copy of alleged mutual understanding or agreement between Vikas Garg and Prijesh Kurani/ Documents showing and establishing intention to 'manipulate' price and volume in V Marc – Vikas Garg has sought for a copy of alleged agreement between him and Mr. Prijesh Kurani stating that no such agreement or understanding is provided in the Interim Order. I note that Vikas Garg and Prijesh Kurani were signatories to the document provided at Figure no. 4 in the Interim Order. The said document along with the trading pattern of connected entities in the scrip of V Marc India during the Examination Period, which was largely funded through connected entities, corroborate the *prima facie* existence of a conspiracy to manipulate price and volumes of V Marc India.
- 25.1.6. Communication exchanged with General Directorate of Residency and Foreign Affairs, Dubai w.r.t. Prijesh Kurani – Vikas Garg has requested for communication exchanged by SEBI with General Directorate of Residency and Foreign Affairs, Dubai assuming that to be the basis for the statement in the interim order that Prijesh Kurani had a work visa in Dubai. The records show that *vide* email dated May 03, 2024 Vikas Garg was already informed that no such communication was made by SEBI. I am informed that the WhatsApp chat of Prijesh Kurani itself evidences the fact that he had a work visa in Dubai. Further, the entity has not provided any reason for requesting the source of this information and how it was relevant for his case. Since no such communication exists, the question of providing the same does not arise.
- 25.1.7. Detailed calculation of the Wrongful Gains arrived at by SEBI – Vikas Garg and Sudhir Gupta have requested for detailed calculation of the total wrongful gains mentioned in the Interim Order stating that only a table mentioning the proceeds of impugned trades was provided in the Interim Order. I note that the squared off profit made by the entities namely, Jai Kishorr Singhal, Sudhir Gupta, Surbhi Agarwal and Rekha Kurani as calculated in Table no. 15 was held to be the *prima facie* wrongful gains generated from the fraudulent activities of the entities in this case. Therefore, I find the instant request to be frivolous.

- 25.1.8. Details of persons who have been induced to sell/ purchase the shares of V Marc India Limited as a result of the Noticee's alleged role as alleged in the Interim Order – Vikas Garg and Jai Kishorr Singhal have requested for details of persons who were induced to buy/ sell the Shares of V Marc as a result of their role/ dealing. I note that the Interim Order already records that the number of public shareholders in V Marc India increased by 125.41% (from 677 public shareholders to 1,526 public shareholders) since the date of listing i.e., April 09, 2021 till December 31, 2023.
- 25.1.9. Copy of complete communications exchanged with the Stock Exchange, Stock Brokers and all the persons/entities along with replies to the said communication in the captioned matter – Vikas Garg has requested for all the communication exchanged by SEBI with Stock Exchanges, stock brokers and all persons/ entities stating that only relevant portion of communication with the Exchange is provided. I note that the judgment of the Hon'ble Supreme Court in the case of T. Takano mandates disclosure of only relevant documents. By the entity's own admission, relevant documents have already been provided to him. Therefore, I do not find any merit in this request.
- 25.1.10. Incomplete trade/ order log - Sandeep Srivastava, Madhu Srivastava, Jai Kishorr Singhal, Madhukar Sheth, Pratik Sheth and Jinal Sheth have contended that the trade/ order log provided to them was incomplete. I have perused the trade/ order logs provided to these entities and I note that the details of counterparties/ trading members other than the entities named in the interim order have been masked in order to ensure data privacy and protect third party rights. Further, I find that relevant details have been provided in the trade/ order log in support of the allegations made in the interim order. Therefore, I find that no prejudice is caused to these entities due to withholding of this information.
- 25.1.11. Trade log and order log for the period from May 2021 to February 2024: Sudhir Gupta has requested for trade log and order log for the period from May 2021 to February 2024 during which he bought 66,000 shares and then completely sold off all his holdings in V Marc India. Further, Jai

Kishorr Singhal has also requested for trade log for his sell trades. In this regard, I note that the Interim Order does not make allegations against Sudhir Gupta based on his trading pattern and no allegation has been made against Jai Kishorr Singhal's sell trade pattern. Therefore, I find that the instant document request is not relevant for adjudication of the allegations levelled against these entities.

25.1.12. Trade details for LTP contribution: Jai Kishorr Singhal has contended that the trade details in respect of his contribution to LTP and his contribution to LTP by trading amongst PV manipulators have not been provided. I note that the LTP contribution of each trade is the price difference between an entity's last trade and the penultimate trade of the entity's trade. As noted earlier, the trade log for the entire examination period has already been provided to him which contains details of trade price and counterparties to his trade, who are a part of the interim order. Therefore, I do not find any merit in this contention.

25.1.13. Original copy of the alleged signed agreement at figure no. 4: Sandeep Srivastava and Madhu Srivastava have contended that they were not given access to the original copy of the signed agreement. I note that the interim order records that a digital copy of referred document was obtained from the mobile device of Prijesh Kurani. Since SEBI does not have the original copy of the said document, the question of providing access to original copy of the said document does not arise.

25.1.14. WhatsApp chat between Prijesh Kurani and certain entities referred to in the interim order: Sandeep Srivastava has submitted that the WhatsApp chat exchanges between Prijesh Kurani and certain entities referred to in the Interim order have not been provided to him. I am informed that the WhatsApp chats in which the entity was a part of has already been shared with him *vide* email dated May 02, 2024. Therefore, I find that the documents relevant for adjudication of the charges levelled against the entity has been provided to him.

- 25.1.15. Documentary evidence for connection with other entities: Jai Kishorr Singhal has contended that documentary evidence for his connection with Prijesh Kurani and other entities were not provided. The Interim Order records that Jai Kishorr Singhal was connected with Vikas Garg on the basis of CDR and with Prijesh Kurani on the basis of WhatsApp chat. I am informed that the CDR with Vikas Garg and WhatsApp chats of Prijesh Kurani in which he was part of have already been shared with him *vide* email dated April 03, 2024. Therefore, I find that the relevant documents have been provided to him.
- 25.1.16. Details of signature verification: Sandeep Srivastava has stated that the details of signature verification carried out by SEBI in respect of figure no. 4 has not been provided. I note that Sandeep Srivastava has not raised any dispute with respect to the authenticity of his signature in figure no. 4. In fact, he has made submissions on interpretation of the words used in the said figure. Therefore, this query can only be viewed as being roving in nature.
- 25.1.17. KYC details of other entities and marriage certificate of Surbhi Aggarwal: Sandeep Srivastava, Madhu Srivastava, Madhukar Sheth, Pratik Sheth and Jinal Sheth have sought the KYC documents of other entities and marriage certificate of Surbhi Aggarwal referred to in the Interim Order. I note that none of these Entities have disputed their connections with other Entities which was established through *inter alia* KYC documents. In fact, these Entities have confirmed in their replies that they were connected with other Entities. Therefore, this query can only be viewed as being roving in nature. Further, the KYC documents sought in respect of other Entities whom they were connected with contains personal information of those Entities and therefore, has been withheld to protect third party rights and data privacy. In any case, the KYC documents were used to establish connection with other entities and no dispute has been raised regarding the same.
- 25.1.18. Bank account statements of other Entities: Sandeep Srivastava, Madhu Srivastava, Madhukar Sheth, Pratik Sheth and Jinal Sheth have submitted that the detailed bank account statements mentioned as

annexures to the Examination Report have not been provided to them. I am informed that the relevant extract from the bank account statements have been provided to the entities *vide* email dated May 02, 2024. Therefore, I find that relevant documents have been made available to these entities.

25.1.19. Copy of proof for flow of information – Unique Transaction Reference (UTR) numbers shared with Vikas Garg: Seema Agarwal and Sudhir Gupta have contended that proof for flow of information (UTR) shared with Vikas Garg was not provided to them. As detailed in the interim order, the extracts of WhatsApp chats obtained from Prijesh Kurani's mobile show that Vikas Garg shared the details of fund transfers made by Seema Agarwal and Sudhir Gupta to Prijesh Kurani. Therefore, the onus of explaining how the details of fund transfers was made available to Vikas Garg is on these entities. Instead, these entities have requested for documentary proof for the same from SEBI. Therefore, this request is without any merit.

25.1.20. Copies of statement recorded by SEBI in the course of examination: Seema Agarwal, Jai Kishorr Singhal and Sudhir Gupta have submitted that copies of statements recorded by SEBI have not been provided to them. In this regard, I note that no statements were recorded by SEBI and therefore, the question of providing copies of statements do not arise.

25.1.21. Documentary evidence of any connection with other persons who are part of the Interim Order: Seema Agarwal has contended that documentary evidence in respect of connection with other entities have not been provided to her. The Interim Order records that she transferred funds to Prijesh Kurani, Dharini Kurani and Surbhi Aggarwal. I note that relevant details of the fund transfers from the bank account statement of Seema Agarwal have already been provided to her during the inspection of documents.

- 25.1.22. Details of complaint(s) received by SEBI: Seema Agarwal has requested for details of complaints received by SEBI in respect of her fund transfers to other entities in this Order. In this regard, I note that no such complaint has been received by SEBI and therefore, there is no question of not providing the same to her. Similarly, Jai Kishorr Singhal has requested for complaints/ alerts received by SEBI/ Stock Exchange with respect to his dealings in V Marc India. The complaint dated September 21, 2022 received by SEBI in the matter has already been shared with him during inspection of documents.
- 25.1.23. Documentary evidence for Sudhir Gupta's communication with Priyesh Kurani and Madhukar Sheth: Sudhir Gupta has requested for documentary proof for communication with Priyesh Kurani and Madhukar Sheth. I note that the Interim order does not allege any direct communication by Sudhir Gupta with Priyesh Kurani and Madhukar Sheth. Therefore, I find that this is not a valid request. Moreover, Sudhir Gupta in his reply has already admitted his connection with Priyesh Kurani and Madhukar Sheth.
- 25.1.24. Documents/ statements showing and establishing intention to create false or misleading appearance of trading and manipulating the price and volume in the scrip of V Marc: Jai Kishorr Singhal has argued that documents showing his intention to manipulate the scrip of V Marc India was not provided to him. As noted earlier, all the relevant documents in support of the allegations levelled against him were provided through inspection of documents. Consequently, I do not find any merit in this request.
- 25.1.25. Request for reply of other entities: Vikas Garg has requested for reply of other entities in case SEBI is relying on the same. I note that all the material relevant for issuance of Interim Order have already been provided to the entity through inspection of documents. Further, no adverse inference has been made based on the statement/ reply of any other entity. Therefore, the need to provide reply of other entities does not arise.

- 25.1.26. Copy of correspondences with all the entities: Madhukar Sheth, Pratik Sheth and Jinal Sheth have requested for copies of correspondences with all the entities in the matter. I note that all the material relevant for issuance of Interim Order have already been provided to these entities through inspection of documents. Further, each entity is supposed to bring out its own defence against the allegations made in the interim order and correspondence with other entities cannot be procured by way of inspection as the same is specific and personal to each entity.
- 25.1.27. Weekly Benpos of V Marc India: Madhukar Sheth has requested for weekly Benpos statement of V Marc India during the entire period to prove his innocence. I am informed that SEBI does not have the weekly Benpos statement of V Marc India for the requested period and therefore, the question of providing the same does not arise.
- 25.2. In view of the above, I conclude that all the relevant documents have been provided to the entities and no prejudice can be said to have been caused to their ability to make written and oral submissions.
- 25.3. **Request for cross-examination**
- 25.3.1. Sandeep Srivastava has requested for cross-examination of Prijesh Kurani, Vikas Garg and Bindesh Kurani. Similarly, Madhukar Sheth had requested for cross examination of Vikas Garg and Prijesh Kurani. As stated earlier, no statements were recorded by SEBI before passing of the Interim order in the matter and there are no oral statements that have been relied upon as evidence for the purpose of the Interim order. Therefore, the need for cross-examination does not arise.
- 25.4. **Need for Interim Order:**
- 25.4.1. The entities have argued that the interim order is based only on preponderance of probability, *prima facie* findings and are not conclusive. It has been submitted that the interim order is penal, punitive and in gross violation of basic principles of 'audi alteram partem' and has affected their fundamental rights enshrined under Article 19(1) (g) and Article 21 of the

Constitution of India. It has also been submitted that SEBI has been investigating the matter since September 2022 and as such the situation could not be alleged to be a matter of extreme urgency so as to justify an ex-parte ad-interim Order without any personal appearances/depositions. Reliance has been placed on the judgements in the matter of North End Foods Marketing Pvt. Ltd. (supra), Canara Bank (supra), A.R. Antulay (supra), Cameo Corporate Services Limited (supra), Pancard clubs Limited (supra) and Liberty Oil Mills (supra).

25.4.2. I note that the Sections 11 and 11B of the SEBI Act empower SEBI to pass *ex-parte* interim order, pending investigation, in order to prevent further contraventions of securities law and to protect the interest of investors in securities market. While passing such directions, it is not necessary for SEBI to provide the entity with an opportunity of pre-decisional hearing. In any case, post-decisional opportunity of hearing has been granted and availed by the entity thereby ensuring that the principles of natural justice are complied with.

25.4.3. The preliminary examination concluded that the company's management (Vikas Garg and Sandeep Srivastava) and Priyesh Kurani conspired and executed an alleged fraudulent scheme by manipulating the price and volume of the scrip of V Marc India during the Examination Period. The number of public shareholders also increased by 125.41% between April 2021 and December 2023.

25.4.4. As recorded in the Interim Order, at least six entities directly or indirectly connected with Vikas Garg have completely exited the scrip of V Marc India booking profits at elevated prices recently. Considering the continuing nature of the manipulative scheme, Interim Order was required to be passed to ensure that the entities would not continue to engage in offloading their holdings at elevated prices to unsuspecting investors, and to ensure that if post investigation findings warrants a direction of disgorgement at a later stage, the implementation of such a direction would not get defeated. The balance of convenience favoured passing orders against the entities and to protect unsuspecting investors, as failure to do

so would have caused irreparable damage to the integrity of the securities market.

25.4.5. With respect to the argument that the interim order was only based on *prima facie* case, preponderance of probability and not conclusive, I note that a *prima facie* case was made out and the balance of convenience favoured interim directions to stop the continuing nature of the fraudulent scheme, the absence of which would have resulted in irreparable injury to the interest of investors. Further, unless the *prima facie* conclusion arrived at the interim order is altered, given the conduct of the entities, allowing them to access the securities market poses a serious threat to the integrity of the securities market.

25.4.6. Vikas Garg has also contended that no fault was found post the examination period. I note that the investigation is ongoing and therefore, there remains the possibility that the investigation period may be subject to change, depending on the facts that emanate therefrom. The extent of the fraudulent scheme and the detailed role of each entity requires detailed investigation.

25.5. **Evidence:**

25.5.1. Vikas Garg has contended that no verification was carried out by SEBI as to whether the messages were sent from his phone - the procedure as per the Indian Evidence Act, 1872 has not been followed. In this regard, I note that Vikas Garg has neither disputed any of the WhatsApp chats provided to him nor made submissions w.r.t. his chats provided in the Interim Order. With respect to the contention regarding the applicability of Evidence Act, I note that the present proceedings have been initiated under Sections 11(1), 11(4) and 11B(1) of SEBI Act and hence are quasi-judicial in nature as held by the Hon'ble Supreme Court in the matter of NSDL vs. SEBI and other connected appeals, Civil appeal no. 5173 of 2006 decided on March 07, 2017. Here it would be appropriate to refer to the order of the Hon'ble Supreme Court of India in the matter of *Tata Consultancy Services Limited vs. Cyrus Investments Pvt. Ltd.* dated March 26, 2021 wherein it was held as follows: "*It is true that rigors of CPC*

and the Evidence Act are not applicable to Tribunals/ Quasi-Judicial Authorities...". Quasi-Judicial proceedings are guided by the principles of natural justice. They are not strictly subject to the provisions of Indian Evidence Act. In any case, Vikas Garg has been given ample opportunities to make his submissions in respect of WhatsApp chats used as evidence in respect of the allegations levelled against him, however, he has failed to make any submissions on the same.

25.5.2. Further, Sandeep Srivastava has argued that the minutes dated April 19, 2021 cannot be relied on without verifying the authenticity of the same. In this regard, I note that none of the signatories to the minutes/ agreement dated April 19, 2021 who were named in the Interim Order including Sandeep Srivastava have raised any dispute regarding the veracity of the said agreement. Therefore, I do not find any merit in this contention.

B. Submissions on prima facie conclusion:

25.6. Conspiracy:

25.6.1. The Interim Order's foundation is built on the various images of WhatsApp chats obtained from Prijesh Kurani's seized phone. Key among these is the image of the written agreement between Vikas Garg, Sandeep Srivastava, Prijesh Kurani and Bindesh Kurani. This agreement, to 'market-make' (create volume) the scrip and 'place' (sell) shares and share profits from the same, between V-Marc management and the Kuranis is the clearest evidence of the existence of a conspiracy to execute a fraudulent scheme. When viewed along with the chats both preceding and on the date of V-Marc's listing, abnormal fund transactions between persons closely connected with Vikas Garg and acquisition of shares by them, the evidence of a conspiracy becomes strengthened. Neither Vikas Garg nor Prijesh Kurani have disputed the contents of the said agreement. Sandeep Srivastava however has attempted to explain the reference to certain words in the said agreement such as "placement" to mean sale of shares to innocent investors.

25.7. **Role of Key Management of V Marc India (Vikas Garg and Sandeep Srivastava):**

25.7.1. Vikas Garg has submitted that his visits to Dubai was to set up a business under the company – V Marc General Trading Co. LLC. According to him, SEBI has only considered the Noticee's chats in 2021 with Mr. Prijesh which was majorly related to business development in Dubai. Vikas Garg has also contended that his connection with other entities were based on one sided interpretation of WhatsApp chats and CDRs. In this regard, on perusal of the WhatsApp chats provided in the Interim Order, I find that those chats in no way suggest that it could be related to his other company, V Marc General Trading co. LLC as the chats adequately correlate to the fund transfers and acquisition of shares of V Marc India. Further, Vikas Garg has also not made any submissions in respect of the extracts of WhatsApp chats provided in the Interim Order based on which allegations were levelled against him.

25.7.2. Vikas Garg has contended that no motive has been attributed for rise in price in the scrip of V Marc and no investor interest has been affected. Vikas Garg and Madhukar Sheth have submitted that due to strong fundamentals and business prospects of the company, the price of the scrip of V Marc as on 21.05.2024 had reached around INR 180 after reaching a low of INR 73 on 15.03.2024. The said price movements are completely determined by the market forces as to how they perceive the company and the fundamentals of the company.

25.7.3. I note that the Interim Order is based on the examination of the activities of Vikas Garg and his connected entities only during the examination period which led to the complete sell off by at least six connected entities. The Interim Order has explained how the movement of price and volume in the scrip of V Marc India during the Examination Period was not reflective of market forces of supply and demand and instead was due to the coordinated activity of the PV manipulators enabled by Vikas Garg through arranging funds and trading accounts. The role of Vikas Garg and other connected entities in the price rise after the examination period, if any, are matters requiring detailed investigation. Given the increase in

the number of shareholders by 125.41% from 677 public shareholders in April 2021 to 1,526 shareholders in December 2023 and the complete sell off by six entities directly or indirectly connected with Vikas Garg at elevated prices, it cannot be said that investors' interest was not affected.

25.7.4. Vikas Garg has contended that as per figure no. 15 of the Interim Order, it can be seen that Mr. Prijesh confirms that he had not received a single rupee from him / V Marc. Further, Vikas Garg has submitted that he is not privy to any dealings between Mr. Madhukar Sheth and Mr. Prijesh.

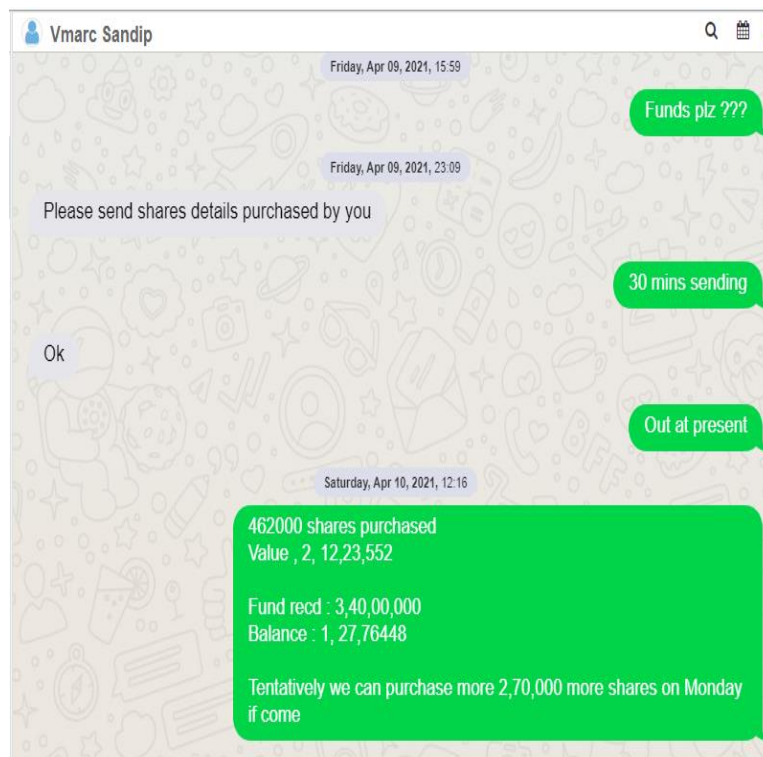
25.7.5. I note that although Prijesh Kurani has claimed that he has not received any money from Vikas Garg, the said conversation has to be seen in the context of the email dated June 02, 2021 (at figure no. 16) sent by Prijesh Kurani to Vikas Garg which suggests that there was an understanding that Prijesh Kurani would be paid an illegal commission in return for raising funds for the IPO. This shows that Prijesh Kurani did not receive the commission as per his understanding with Vikas Garg. Further, the said chat also suggests that Madhukar Sheth had received commission for arranging funds for the IPO of V Marc India. It would appear that Vikas Garg is using a narrow interpretation of the cited WhatsApp chat to distance himself from Prijesh Kurani. I find this contention to be weak and without merit.

25.7.6. Sandeep Srivastava has argued that he did not execute any trade in the scrip of V Marc and therefore, he cannot be alleged to have manipulated the price of the scrip. He has also submitted that he did not fund the execution of trades in the scrip of V Marc India. Sandeep Srivastava has also argued that figure no. 4 of the interim order does not bring out his role and the word "placement" used in the said agreement means sale of shares to innocent investors. Further, he has stated that the BENPOS statement shared with Prijesh Kurani on April 12, 2021 was on the instructions of Vikas Garg. He claims that he had observed misutilisation of funds of V Marc India and had submitted a copy of the letter dated February 1, 2022 sent by him to the Board of Directors of V Marc India regarding the same. Further, he has stated that when the issues raised by him were not resolved, he had resigned from the company

on February 23, 2022. Additionally, he has stated that he had exited the “V Marc Documents” WhatsApp group in November 2021 and also that he did not receive his salary from the month of December 2021 to February 2022.

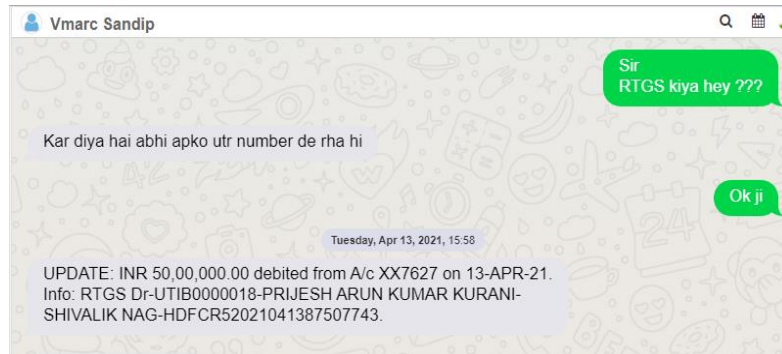
25.7.7. I note that the WhatsApp chats between Sandeep Srivastava and Prijesh Kurani taken from the mobile device of Prijesh Kurani have been provided to Sandeep Srivastava during inspection of documents in the context of Sandeep Srivastava’s submissions, I have further examined these whatsapp chats that were shared with him. I note that in a WhatsApp chat exchanged between Sandeep Srivastava and Prijesh Kurani on April 09, 2021, Sandeep Srivastava enquires about the shares purchased by Prijesh Kurani and in response, Prijesh Kurani provides the details of funds received, utilized and balance available and the shares purchased by him. Further, Prijesh Kurani also proposes to buy more shares. The total funds transferred by Seema Agarwal, Shiv Shakti Enterprises and Jai Kishorr Singhal on April 09, 2021, as recorded in the interim order, is 3.40 crores. The extract of the said WhatsApp chat is reproduced below:

Image no. 1



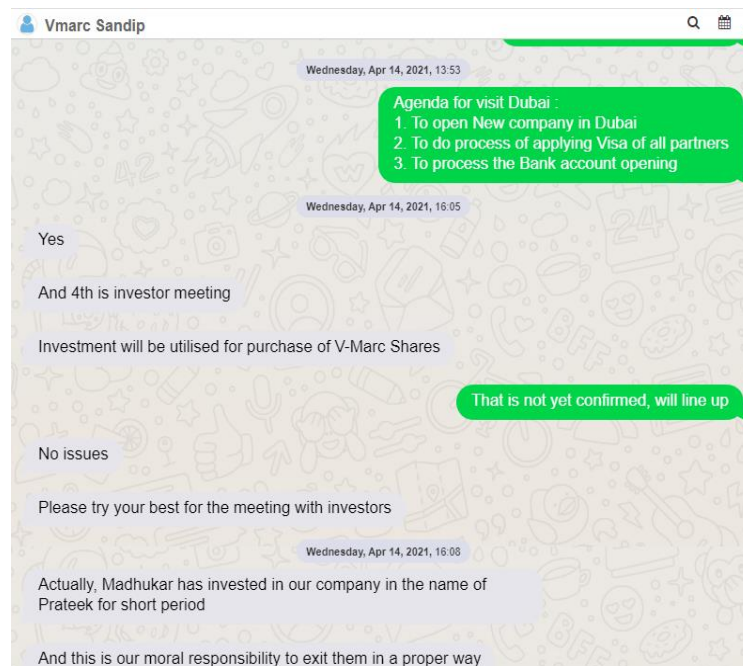
25.7.8. On April 13, 2021, Prijesh Kurani asks Sandeep Srivastava whether he had transferred funds through RTGS and Sandeep Srivastava responds that funds were transferred and also forwards the details of fund transfer of INR 50 lakh to Prijesh Kurani's bank account. As per the interim order, Jai Kishorr Singhal had transferred these funds to Prijesh Kurani. The extract of the said WhatsApp chat is reproduced below.

Image no. 2



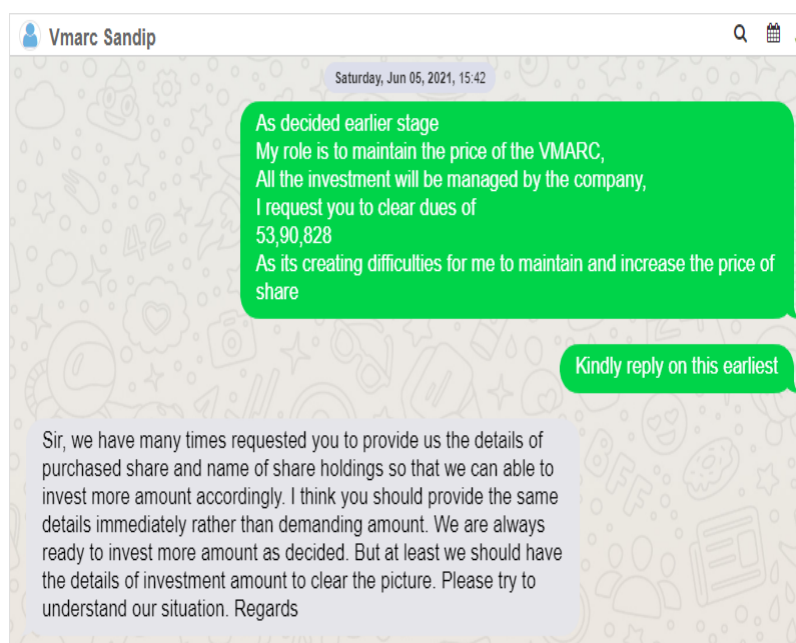
25.7.9. In another WhatsApp chat between Prijesh Kurani and Sandeep Srivastava on April 14, 2021, Sandeep Srivastava proposes to utilize “investment” for purchase of V Marc’s shares. Further, he informs Prijesh Kurani that it was their moral responsibility to provide an exit to Madhukar Sheth who had invested in V Marc India in Pratik Sheth’s name. The extract of the said WhatsApp chat is reproduced below.

Image no. 3



25.7.10. In a WhatsApp chat between Sandeep Srivastava and Prijesh Kurani, Sandeep Srivastava acknowledges the conspiracy devised (figure no. 4 of the interim order). On June 05, 2021, Prijesh Kurani demands funds from Sandeep Srivastava which he had utilized to “*maintain the price of V Marc*”. In response, Sandeep Srivastava asks Prijesh Kurani to provide the details of shares purchase and also states that they are “*always ready to invest more amount as decided*”. The extract of the said WhatsApp chat is reproduced below:

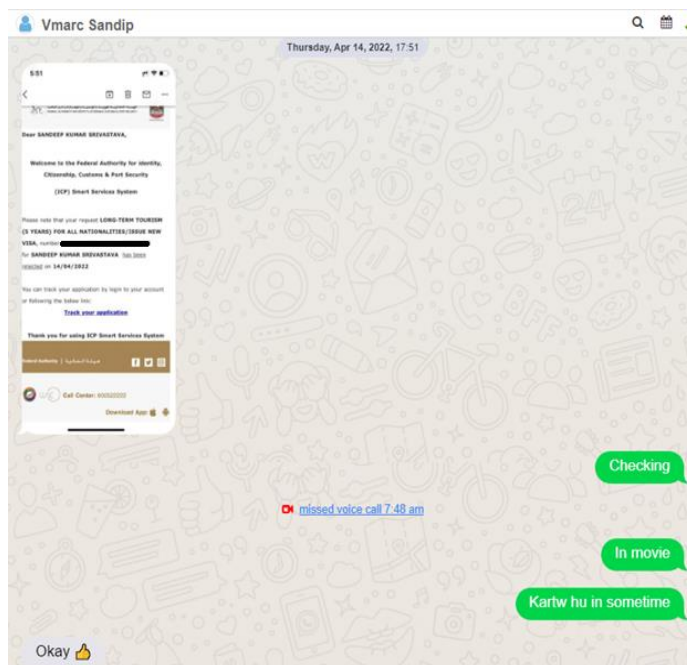
Image no. 4



25.7.11. As explained in the interim order, *prima facie*, a fraudulent and manipulative scheme has been executed in the scrip of V Marc India and the aforesaid agreement provided at figure no. 4 had laid down a step-by-step process for execution of such a scheme. Sandeep Srivastava’s involvement in the conspiracy to execute a fraudulent scheme, along with the email from Prijesh Kurani on June 2, 2021 requesting commission for raising funds, indicates that he acted as representative of the company in connivance with Vikas Garg. Even Sandeep Srivastava’s wife has been observed to have created artificial volume which was aided by the funds received from V Marc Electricals Limited, a company associated with Vikas Garg. Although the interim order has not stated that Sandeep Srivastava has directly funded or traded in the script of V Marc, it is amply clear that

he participated in formulating this conspiracy and aided in its execution at least through providing BENPOS statement to Prijesh Kurani and as a co-ordinator (as per figure no. 16). It cannot be lost sight of that Sandeep Srivastava was a Whole Time Director during the time. His claims of subsequent conflict with Vikas Garg, whether factually true or not, do not necessarily contradict his alleged role in the fraudulent scheme. As per the WhatsApp chat between Sandeep Srivastava and Prijesh Kurani, it can be seen that they were in touch with each other even after Sandeep Srivastava's resignation from V Marc India. The extract of the said WhatsApp chat is given below:

Image no. 5



25.7.12. Sandeep Srivastava's relationship with the Kuranis or other persons who participated in the fraudulent scheme or who were direct recipients of illegal gains are all matters that require detailed investigation. Nonetheless, his role in formulating the conspiracy, actively engaging in discussions with the Kuranis, his wife's role in volume creation using funds received from Vikas Garg's company and transfer of funds to Seema Garg by Asian Galaxy Pvt. Ltd. *(the former name of V-Marc India Ltd. of which Sandeep Srivastava was Whole Time Director)* for the purpose of creating artificial volumes, has not been dispelled by his submissions. The images

provided above shows that Sandeep Srivastava not only participated in devising a conspiracy to manipulate the scrip of V Marc India Limited but also aided in execution of the fraudulent scheme as envisaged in their agreement provided at figure no. 4 of the interim order. These are facts that are too important to be ignored merely basis the claims of his subsequent conflict with Vikas Garg and his exit from the company's management.

25.7.13. Therefore, at this stage, pending detailed investigation, I find the Interim Order's *prima facie* conclusions regarding Vikas Garg's and Sandeep Srivastava's liability, to be correct and do not require to be reviewed.

25.8. **Connections:**

25.8.1. Vikas Garg has contended that he has no relation with Surbhi Aggarwal and Rekha Kurani. He has also submitted that Surbhi Aggarwal by her letter has conveyed to SEBI that she and Rekha Kurani do not have any connection with Prijesh Kurani, Dharini Kurani, Vikas Garg or V Marc India.

25.8.2. While Vikas Garg has contended that he has no "relationship" with Surbhi Aggarwal or Rekha Kurani, I note that even the Interim Order does not allege any direct relationship. The Interim Order records that Ms. Surbhi Aggarwal is the sister-in-law of Prijesh Kurani and thereby related to Dharini Kurani (*wife of Prijesh Kurani*) and Rekha Kurani (*Mother of Prijesh Kurani*). As per figure nos. 8 and 9, I note that the details of funds transferred by Seema Agarwal and Shiv Shakti Enterprises to Surbhi Aggarwal was shared by Vikas Garg with Prijesh Kurani through WhatsApp. In the absence of any explanation regarding these messages, I do not find any merit in the submissions made by Vikas Garg in this regard. Why the details of transactions between Seema Agarwal, Shiv Shakti Enterprises and Surbhi Aggarwal were shared with Vikas Garg is also an unexplained mystery which only supports the *prima facie* conclusion that these entities were connected with each other and worked together to execute the fraudulent scheme.

25.8.3. Vikas Garg has argued that the Interim Order does not mention that Sudhir Gupta or Jai Kishorr Singhal transferred funds to Mr. Prijesh through him. Further, he has submitted that Sudhir Gupta and Jai Kishorr Singhal traded in the scrip of V Marc independently. He has also stated that Sandeep Kumar Srivastava and Jai Kishorr Singhal were associated with him for setting up a business in Dubai.

25.8.4. I note that although Sudhir Gupta and Jai Kishorr Singhal did not transfer funds to Prijesh Kurani through Vikas Garg, figure nos. 9 and 10 of the Interim Order clearly show that Vikas Garg was communicating the details of funds transferred by Sudhir Gupta and Jai Kishorr Singhal to Prijesh Kurani and his connected entities. Further, the Interim Order also records that these funds were utilized by Prijesh Kurani and his connected entities to manipulate the scrip of V Marc India during the Examination period. In the context of the conspiracy to manipulate the scrip of V Marc India hatched by Vikas Garg and Prijesh Kurani as per the figure no. 4 of the Interim Order, these messages can only be seen as supporting the premise that Vikas Garg actively coordinated in arranging funds for the manipulation of the scrip of V Marc India. With respect to the submissions that the trades executed by Sudhir Gupta was done independently, I note that the Interim Order does not allege that Sudhir Gupta had executed any fraudulent trades in the scrip of V Marc India. As regards the submission made in respect of Vikas Garg's connection with Jai Kishorr Singhal, I note that from figure no. 11 of the interim order, Vikas Garg was seen to have informed Prijesh Kurani regarding the amount of funds available in the trading account of Jai Kishorr Singhal and that he could utilize the same for purchasing the shares of V Marc India. On the subsequent day, 21,000 shares worth INR 9,40,800/- was purchased from the trading account of Jai Kishorr Singhal. Vikas Garg has made a bland assertion that the trades executed by Jai Kishorr Singhal were done independently without providing any explanation for the allegations levelled against him based on figure no. 11 of the Interim Order. There is no rational explanation for why the transactions by Sudhir Gupta and Jai Kishorr Singhal, if done by them independently (as claimed by them) would be made known to Vikas Garg.

In view of the reasons stated herein, I am not inclined to accept the contentions of Vikas Garg.

25.8.5. Vikas Garg has submitted that Sandeep Kumar Srivastava was responsible for the IPO of V Marc India and he was a member of the “IPO committee”. I note that despite Vikas Garg being the promoter, Chairman and Managing Director of V Marc India has submitted that a Whole Time Director of his company was responsible for the IPO when the evidence available on record clearly shows that he was also party to the conspiracy to manipulate the scrip of V Marc India. Further, several extracts of WhatsApp chats between Vikas Garg and Prijesh Kurani show that he was actively involved in enabling the manipulation by providing funds and trading accounts.

25.8.6. Surbhi Aggarwal has stated that she does not have any connection with V Marc, its promoter/ director, Madhukar Sheth and Prijesh Kurani. Further, she has submitted that she and her husband, Bindesh are estranged from Prijesh Kurani and his wife since May 2020. In this regard, I note that as per the interim order, Surbhi Aggarwal is the sister-in-law of Prijesh Kurani. Further, the interim order records that the details of funds transferred by Shiv Shakti Enterprises (Partner: Sudhir Gupta) and Seema Agarwal to Surbhi Aggarwal was shared by Vikas Garg with Prijesh Kurani. Although Sudhir Gupta and Seema Agarwal have claimed that they transferred these funds to Prijesh Kurani and his connected entities for investment purpose, Surbhi Aggarwal has failed to make any submissions on the reasons for receipt of these funds and why the details of fund transfers made to her were shared with Prijesh Kurani. In the absence of any supporting document to substantiate Surbhi Aggarwal’s claim, I do not accept the submission that she was estranged from Prijesh Kurani.

25.8.7. Seema Garg and Madhu Srivastava have not disputed the connections mentioned in the interim order. Further, it has been submitted that Seema Garg was an employee of V Marc India Limited and Madhu Srivastava was an employee of V Marc Electricals Limited (director: Vikas Garg), during the examination period.

25.8.8. Madhukar Sheth, Pratik Sheth and Jinal Sheth have contended that they have no relation with V Marc India or its promoters and Madhukar had visited the company only to confirm its prospects. Further, they have submitted that their connections were casual. I note that the interim order records that Madhukar Sheth was connected with Vikas Garg and Prijesh Kurani on the basis of WhatsApp chat with Prijesh Kurani and the picture (figure no. 13) of Madhukar Sheth with Vikas Garg and Prijesh Kurani. Further, Pratik Sheth was connected with Prijesh Kurani through WhatsApp chat and with Sudhir Gupta through fund transfers. While these entities have claimed that their connections were casual, the extracts of WhatsApp chats (figure nos. 14 to 19) and fund transfers with other entities in this order suggest otherwise.

25.9. **IPO manipulation:**

25.9.1. The entities that are alleged to have been a part of a fraudulent scheme by manipulating the IPO of V-Marc India are Vikas Garg, Sandeep Srivastava, Prijesh Kurani, Dharini Kurani, Sudhir Gupta, Madhukar Sheth, Pratik Sheth and Jinal Sheth. The Interim Order records that 4 entities namely, Pratik Sheth, Jinal Sheth, Sudhir Gupta and Dharini Kurani were allotted 30.70% of the issue size of V Marc India's IPO.

25.9.2. Vikas Garg has submitted that the underwriting agreement for the IPO of V Marc was signed on 04.03.2021 and the issue was 100% underwritten. Therefore, according to him there was no need for any pre-planned scheme w.r.t IPO of V Marc India. Further, he has stated that he has no relation with Madhukar Sheth except as a Shareholder of V Marc.

25.9.3. I note that an email dated June 2, 2021 (figure no. 16) was sent by Prijesh Kurani to Vikas Garg *prima facie* suggesting that there was an understanding that Prijesh Kurani would be paid a commission of 5% in return for raising funds for the IPO. From figure no. 15, I note that Prijesh Kurani had claimed that Madhukar Sheth had received commission for arranging funds for the IPO. Further, as per the WhatsApp chats provided at figure nos. 5 & 18 of the interim order, Vikas Garg claims that the control of 90% of shares of V Marc India was held between him, Prijesh Kurani

and Madhukar Sheth. I note that Vikas Garg has not made any submissions with respect to these observations made in the interim order. Therefore, I do not find any merit in the submissions made, as noted above.

25.9.4. Vikas Garg has submitted that the photo mentioned in Figure no. 13 on page no. 27 of the Interim Order was taken prior to signing the underwriting agreement when Mr. Mahavir Lunawat, Mr. Priyesh and Mr. Madhukar Sheth had visited the factory of V Marc on insistence of Mr. Sandeep. Madhukar Sheth has also submitted that the said picture was taken when he visited the office of V Marc India before deciding to invest in V Marc India. I note that the said image was only relied on to prove that Vikas Garg, Priyesh Kurani and Madhukar Sheth knew each other before the IPO.

25.9.5. Sudhir Gupta has stated that the funds transferred to Pratik Sheth was a loan provided on the request of Madhukar Sheth. During the hearing, Sudhir Gupta was advised to provide details regarding the loan provided such as the purpose, due diligence carried out by him etc. In response, Sudhir Gupta has stated that it was a business loan and that he had asked Pratik Sheth to return the loaned amount along with interest on June 10, 2024, which Pratik Sheth has acknowledged. In this regard, I note that after transfer of INR 1 crore in April 2021 till 2024, Sudhir Gupta has not been able to submit a single documentary evidence to support his claim. After a query was raised regarding the same during his hearing, he has sent an email dated June 10, 2024 to Pratik Sheth. Therefore, this submission can only be seen as a post-facto construct made up to avoid liability and I am not inclined to accept the same.

25.9.6. Sudhir Gupta and Pratik Sheth have argued that Pratik Sheth had already subscribed to the IPO before receipt of funds transferred by him and therefore, there is no correlation between Pratik Sheth subscribing to the IPO and his fund transfer. Also, Pratik Sheth has stated that a business loan was availed from Shiv Shakti Enterprises (of which Sudhir Gupta is a partner) and that the funds were received in 3 tranches in March 2021. Pratik Sheth has not elaborated on his previous business relationship with

Shiv Shakti Enterprises. In fact, Sudhir Gupta himself has argued that monies were transferred to Pratik Sheth at the request of Madhukar Sheth. Madhukar Sheth and Pratik Sheth have contended that the funds transferred between them (INR 4 crore) was a business loan. On perusal of the bank account statement of Pratik Sheth, based on the end of the day balance on March 25, 2021, I note that Pratik Sheth did not have sufficient funds to submit his application to the IPO (12,81,000 shares applied for INR 4.99 crores) without the funds transferred by Sudhir Gupta and Madhukar Sheth. The large quantum of the funds transferred to Pratik Sheth and the peculiarity of the timing thereof only adds to the suspicion surrounding the bonafides of these transactions. Additionally, it was also observed that Shiv Shakti Enterprises received INR 60 lakhs from V Marc Electricals Private Limited (Director: Vikas Garg) on March 25, 2021. While Sudhir Gupta and Vikas Garg have claimed that this was an advance for a purchase order placed by V Marc Electricals Private Limited, I note that without the receipt of these funds from V Marc Electricals Private Limited, Sudhir Gupta did not have sufficient funds to transfer INR 1 crore to Pratik Sheth.

25.9.7. Madhukar Sheth, Pratik Sheth (son of Madhukar Sheth) and Jinal Sheth (daughter-in-law of Madhukar Sheth) have contended that they were just investors in the scrip of V Marc India. They have also stated that their dealings in V Marc India was one among 100 scrips they dealt in during the relevant period. Further, Madhukar Sheth has argued that he neither had access to the Benpos of V Marc nor controlled the shares of V Marc, as stated by Vikas Garg and Prijesh Kurani. Apart from the references made to Madhukar Sheth in the correspondences between other entities, I note that figure no. 14 (extract of WhatsApp chat between Prijesh Kurani and Madhukar Sheth) shows Madhukar Sheth himself discussing about prospective “*handling*” of V Marc shares and his meeting with management of V Marc India set up by Prijesh Kurani. As noted above, figure no. 15 shows Madhukar Sheth claiming Prijesh Kurani had received commission for arranging funds for IPO. Further, figure no. 17 shows Madhukar Sheth had prepared the draft of the email dated June 02, 2021 sent by Prijesh

Kurani to Vikas Garg and Sandeep Srivastava requesting for commission for raising funds for IPO of V Marc India. Madhukar Sheth was also found to have shown interest at the prospect of taking V Marc India's price to INR 100 and had enquired the cost involved, time to reach this level and his exit, based on figure no. 19. Madhukar Sheth has not made any submissions with respect to these observations in the Interim Order. Instead Madhukar Sheth and Pratik Sheth have contended that their allotment and sale of V Marc India shares and the correspondences referred to in the interim order are beyond the Examination Period and therefore, reliance on these is untenable. They have also submitted that the Examination Period is binding while making allegations. I note that the Interim order clearly records that wherever it was deemed necessary, references were made to events outside the examination period also. The aforesaid correspondences *prima facie* indicate that Madhukar Sheth and his family were a part of the fraudulent scheme particularly in the context of the IPO of V Marc India. Therefore, their contention regarding reliance on events outside the examination period is not tenable.

25.9.8. Madhukar Sheth, Pratik Sheth and Jinal Seth ("Sheths") have stated that their trades had no impact on the market and there are no allegations of price/ volume manipulation against them. Further, they stated that they had no idea who were the counterparties to their trades. In this regard, I note that no allegation has been made with respect to these entities' trading pattern. Therefore, I find that these submissions to be irrelevant to the allegations levelled against these entities.

25.9.9. Madhukar Sheth has contended that he still holds 2.06 lakh shares. I note that Madhukar Sheth has already offloaded 77% of his holdings in V Marc India and his son, Pratik Sheth and his daughter-in-law, Jinal Sheth have completely sold their holdings in V Marc India. Further, Madhukar Sheth, Pratik Sheth and Jinal Sheth have argued that the price of V Marc Shares rose even after they had sold their shares and in case they were aware of the fraudulent scheme, they would have sold at a higher price. I find that such an argument to be fallacious. No person could have had the foresight to predict the level to which the price of a scrip

would rise, even in a fraudulent scheme. The continued increase in the price of the scrip post the Sheths exit by itself does not absolve their *prima facie* involvement in the alleged fraudulent scheme, when other evidences infact support such allegations.

25.9.10. Pratik Sheth has submitted that his WhatsApp chats with Prijesh Kurani are not relevant for the instant case. I note that the said WhatsApp chats were relied on only to establish a connection between Pratik Sheth and Prijesh Kurani. Further, I note that no allegations have been made based on the same.

25.9.11. Pratik Sheth has placed reliance on the judgment in the case of Abhinandan Jain (*supra*) to submit that his alleged connections do not have anything to do with the alleged fraudulent scheme. Further, he has contended that he had no motive to make IPO of V Marc India successful and none of the emails or WhatsApp chats referred to in the Interim Order names him. Jinal Sheth has relied on judgments in the cases of Shivdarshan Sales Private Limited (*supra*) and Manjulaben Bhaveshkumar Rangee (*supra*) and submitted that she has no connection with any of the entities in the interim order other than her husband and father-in-law. She has also contended that she was allotted only 0.25% of the issue size in the IPO. As recorded in the Interim Order, a sizeable percentage of shares of V Marc were with Madhukar Sheth, Pratik Sheth and Jinal Sheth (20.90% of the IPO issue size + 8,40,000 shares pre-IPO). Further, Pratik Sheth had received funds for subscription to the IPO from his father, Madhukar Sheth and Sudhir Gupta (through Shiv Shakti Enterprises). The aforesaid facts, WhatsApp chats of Madhukar Sheth and actions of PV Manipulators led to the *prima facie* conclusion that the investment by Madhukar Sheth, Pratik Sheth and Jinal Sheth were motivated by the knowledge that the scrip of V Marc India would be manipulated and that profits could be made out of this manipulation.

25.9.12. Madhukar Sheth, Pratik Sheth and Jinal Sheth have contended that the Interim Order itself records that there is no direct evidence against them. I note that the *prima facie* case made out in the interim order is regarding their role in the IPO manipulation. Detailed investigation will

need to look at all other aspects of the case. It is pertinent to note that the Interim Order did not issue any directions against Pratik Sheth and Jinal Sheth. The restriction imposed on Madhukar Sheth was to prevent him from offloading his holdings in V Marc India Limited since the *prima facie* case has been made out to be a fraudulent scheme in which the Sheths have also *prima facie* been found to be involved and to prevent further damage to the integrity of the securities market. The Sheths were added as entities in the Interim Order for the reason that explanation of the fraudulent scheme as brought post SEBI's preliminary examination would have remained incomplete and incoherent without detailing the role of the aforesaid persons as per available facts.

25.9.13. Madhukar Sheth has relied on the judgement in Umang Shanuka case (supra) to submit that his investment in V Marc India cannot be alleged to be a part of any scheme. I have perused the judgement relied on by the entity. The said judgement makes a distinction only in respect of transactions which were in the usual course of business. However, in the instant case, Madhukar Sheth's WhatsApp/ email correspondences *prima facie* indicates that his dealing in V Marc India cannot be described as innocent investment.

25.9.14. Further, Madhukar Sheth and Pratik Sheth have placed reliance on judgments in the matter of Gorkha Security Services (supra) and Orxy Fisheries Pvt. Ltd. (supra). The excerpts relied on by these entities from the said judgments deal with the contents of a show cause notice and therefore, is not relevant for the instant case.

25.9.15. Out of the 4 connected entities who had subscribed to the IPO, except Dharini Kurani, all the remaining entities (Pratik Sheth, Jinal Sheth and Sudhir Gupta) have contended that they invested in V Marc India based on its growth potential commensurate with their risk bearing capacity. Sudhir Gupta's sizeable subscription (8.20% of the issue size) and fund transfers to PV Manipulators (Priyesh Kurani, Dharini Kurani and Surbhi Aggarwal) adds to the suspicion that his dealing in V Marc India was with an ulterior motive. Similarly, Pratik Sheth and Jinal Sheth were allotted 20.90% of the issue size of V Marc India's IPO. As already

elaborated earlier, their father/ father-in-law - Madhukar Sheth was *prima facie* seen to have been involved in manipulation of IPO of V Marc India (based on his WhatsApp chat and email with Prijesh Kurani). Also, the source of funds for Pratik Sheth's subscription to the IPO has apparently come from Sudhir Gupta and Madhukar Sheth. Thus, these entities' participation in the IPO *prima facie* leads to the inference that it was by design to ensure successful listing of V Marc India and to enable PV manipulation of the scrip of V Marc India.

25.9.16. Sandeep Srivastava has contended that he had no role in subscribing to the IPO of V Marc India and that management of V Marc India is not limited to Whole Time Director and CMD. On perusal of figure no. 14 of the interim order, I note that the said WhatsApp chat excerpt between Madhukar Sheth and Prijesh Kurani refers to a meeting between Madhukar Sheth and management of V Marc India set up by Prijesh Kurani. The aforesaid figure read along with figure no. 16 (*an email dated June 2, 2021 sent by Prijesh Kurani to Vikas Garg and Sandeep Srivastava regarding payment of commission in return for raising funds for the IPO*) and figure no. 17 (*draft of the email dated June 02, 2021 prepared by Madhukar Sheth*) show that the operator of the fraudulent scheme was corresponding with Sandeep Srivastava and Vikas Garg, who were the "management" of the company. Therefore, I am not inclined to accept the submission of the entity in this regard.

25.10. **Fund transfers and Price and Volume manipulation:**

25.10.1. The Interim Order records that 7 entities allegedly manipulated the price and volume of V Marc India during the Examination Period and the funds for the same was arranged by the management (Vikas Garg and Sandeep Srivastava) of V Marc India through certain other connected entities. The details regarding the same are given in the Table provided below.

Table no. 6

P V Manipulator	Funds Provider(s)
Dharini Kurani	Seema Aggarwal (35 lakh), Sudhir Gupta through Shiv Shakti Enterprises (35 lakh), Prijesh Kurani (58 lakh)
Prijesh Kurani	Jai Kishorr Singhal (154 lakh), Seema Agarwal (40 lakh), Sudhir Gupta through Shiv Shakti Enterprises (50 lakh)
Vinod Vilas Sable	Prijesh Kurani (23 lakh)
Surbhi Aggarwal	Seema Agarwal (45 lakh), Shiv Shakti Enterprises (45 lakh)
Jai Kishorr Singhal	Own funds
Seema Garg	Vikas Garg through V Marc India (25 lakh)
Madhu Srivastava	Vikas Garg through V Marc Electricals Pvt. Ltd. (10 lakh)

25.10.2. I note that the interim order has clearly stated that the trading activities of PV manipulators through their coordinated / concerted actions had *prima facie* manipulated the price of the scrip and created artificial volume. The gross purchase value of the 7 PV manipulators during the Examination Period amounted to INR 6.46 crore contributing 85.86% of the total market volume, out of which 17.63% was contributed by trading among themselves. The PV manipulators had also contributed to 71.43% of the total positive LTP during the Examination Period. While Vikas Garg and Seema Agarwal have not made any buy or sale trades in the scrip of V Marc India during the Examination Period, the interim order records that Vikas Garg had enabled the perpetration of this fraudulent scheme in the scrip of V Marc India by arranging funds and trading accounts and Seema Agarwal had provided funds for manipulation of the scrip of V Marc India.

25.10.3. As per the arrangement between the management of the company and Prijesh Kurani provided at figure no. 4 of the Interim Order, one of the predetermined steps was that the company would provide INR

6.50 crore to purchase the shares of the company which are available for sale in the market. The gross purchase value of the 7 PV manipulators during the Examination Period amounts to INR 6.46 crore indicating that the fund transfers to Madhu Srivastava and Seema Garg were also a part of the fraudulent scheme to manipulate the shares of V Marc India. Further, Seema Garg and Madhu Srivastava's interest in V Marc India only on the date of listing and their close association with V Marc group and its promoter adds to the suspicion.

25.10.4. While the entities mentioned above have argued that their dealing in V Marc India was independent, their trading pattern, funds transferred or received among these entities and their association with entities who had conspired to execute a fraudulent scheme suggest the contrary. Fraudulent scheme in securities market usually involve co-ordinated activity by several connected persons individually playing separate parts such as volume creation, price escalation, providing funds for manipulation etc. all leading up to illegal profit booking. The activity of each of such persons when individually seen in isolation may appear genuine but when seen together, the existence of a fraudulent and manipulative scheme to make illegal gains at the cost of innocent investors, is apparent.

Kuranis & Vinod Sable:

25.10.5. Pursuant to passing of the Interim Order, Prijesh Kurani, who allegedly was the operator who executed manipulation in V Marc India's scrip, sent an email expressing his happiness on SEBI's action on his complaint. Further, he has not contested any of the findings in the Interim Order and requested to take a lenient view vis-à-vis him and his family members. Based on this email from Prijesh Kurani and non-receipt of reply from his connected entities, an inference can be drawn that Prijesh Kurnai and his family (Dharini Kurani & Rekha Kurani) have admitted to the allegations made in the Interim Order. Vinod Vilas Sable whose trades were allegedly directly funded by Prijesh Kurani has not made any submissions.

25.10.6. In this regard, I would like to place reliance on the judgement of the Hon'ble SAT in the matter of Classic Credit Ltd. V. SEBI [2007] SCL 51 (SAT-MUM.) wherein it was held that, *"The appellants did not file any reply to second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show-cause notice were admitted by them."*

25.10.7. Although all the other entities have claimed that their fund transfers or dealing in V Marc India were independent financial decisions, the context in which these entities acquired shares in V Marc India and received or transferred funds for the same need to be examined to determine whether their transactions were in fact bonafide financial investments.

Madhu Srivastava:

25.10.8. I note that the Vikas Garg has not made any submissions in respect of funds transferred by V Marc Electricals Private Limited (a company promoted and managed by him) to Madhu Srivastava (wife of Sandeep Srivastava – a co-conspirator as per figure no. 4 and Whole Time Director of V Marc India Limited at the relevant time) on April 09, 2021. Although, Madhu Srivastava claims that the same was an advance taken from her employer, I note from her bank account statement that the said advance was paid back using the funds received from Asian Ambrosia India Private Limited (a company in which Vikas Garg was a director). In this regard, Madhu Srivastava and Vikas Garg were advised to provide the reasons for the said fund transfer. In response, it was submitted the same was a repayment for the loan Madhu Srivastava had provided to Asian Ambrosia India Private Limited. Copies of auditor's reports for F.Y. 2021-22 and F.Y. 2022-23 of the said company was submitted in support of the said contention. Though Madhu Srivastava was listed as one of the persons who had provided unsecured borrowings to Asian Ambrosia India Private Limited as per the auditor's reports, I note that Madhu Srivastava and Sandeep Srivastava were also shareholders of Asian Ambrosia India Private Limited during the F.Y. 2021-22 along with Vikas Garg.

Considering that these companies with which Vikas Garg had significant holding had funded the purchase of shares, Madhu Srivastava's acquisition of shares in V Marc India cannot be seen as an innocent investment by her alone. I find that her submission in this regard does not dispel the suspicion or motivation behind the large investment and the timing of investment.

25.10.9. Madhu Srivastava has contended that she had contributed to 1.39% of the total market volume and the trades were executed at par to the LTP. Further, she has submitted that she had not executed any synchronized / circular / reversal / matched / structured trades and there is no connection with her counterparties.

25.10.10. I note that Madhu Srivastava bought shares in V Marc India worth INR 10.56 lakh on the date of its listing. Pursuant to the hearing, she was advised to provide details regarding her trading history and value of her investment in V Marc India in relation to her total wealth. In response, she had provided her trading details for the F.Y. 2021-22. On perusal of the said details, I note that V Marc India was her largest trade during the said period accounting for around 26% of the total buy value and was around 4.4 times of her second largest buy trade during the same period. Although no supporting documents were given, even as per her own submission she had invested around 10% of her net worth in V Marc India. Madhu Srivastava's strong interest in buying the scrip of V Marc India on the listing day and her husband (Sandeep Srivastava)'s involvement in devising a conspiracy to manipulate V Marc India's scrip cannot be viewed as unrelated events. Additionally, the funds for execution of the said trades were received from V Marc Electricals and funds for repayment of the advance taken from V Marc Electricals was received from Asian Ambrosia India Private Limited, a company in which Vikas Garg, Madhu Srivastava and Sandeep Srivastava were shareholders during the examination period. Consequently, I do not accept her contention that her trades in the scrip of V Marc India were independent of her financial transactions with Vikas Garg, or that they were innocent financial investments, are not sufficiently supported by the circumstances of this case.

25.10.11. While Madhu Srivastava has contended that she incurred a loss of INR 24,000 as a result of her trades, it cannot be denied that her trades along with other connected entities during the examination period created artificial volume. Madhu Srivastava has also submitted that she still holds the 1,000 shares she was allotted pre-IPO, however, the said submission does not aid her case.

Seema Garg:

25.10.12. With respect to the fund transfer of INR 25 lakh made from Asian Galaxy Pvt. Ltd. (now known as V Marc India) to Ms. Seema Garg (relative of Vikas Garg) on April 09, 2021, both Vikas Garg and Seema Garg have submitted the following:

- a) Seema Garg was working as an employee of Asian Galaxy Pvt. Ltd. from 01.01.2019 to 31.03.2020. Post that from 01.04.2020 to 31.03.2021, she was working with Asian Galaxy Pvt. Ltd. on commission basis.
- b) Seema Garg specifically instructed the Company to pay salary and commission as and when she requests for the same and not otherwise. It is only on her request that an amount of INR 25 lakhs (INR 13,80,000 – as salary and INR 11,20,000 as commission) was paid to her on 09.04.2021.

25.10.13. Seema Garg along with other PV manipulators has been observed to have contributed to 92.40% of the market wide net purchase during the examination period. Seema Garg has contended that her trades in V Marc India were independent and negligible to impact the market equilibrium. Further, she has submitted that there was no positive LTP contribution and no synchronization of trades. She has also stated that she decided to buy shares within her financial and risk bearing capacity considering the growth potential of the company and she has not sold any shares till date. Seema Garg was advised to provide details regarding her investment history in capital markets and the value of her investment in V Marc India in relation to her total wealth, however, she failed to provide the details. Seema Garg has been observed to have bought shares in V Marc

India amounting to 2 years of her salary which she received from V Marc India. Considering her association with V Marc India through her employment and relationship with Vikas Garg (her brother-in-law and Promoter cum CMD who conspired and executed a fraudulent scheme in V Marc India) and the proximate receipt of funds from V Marc India and execution of trades in V Marc India, Seema Garg's trades in V Marc India cannot be viewed as independent or bonafide.

Seema Agarwal, Sudhir Gupta and Jai Kishorr Singhal

25.10.14. As detailed in the Interim Order, figure nos. 7, 8, 9 & 10 show the messages sent by Vikas Garg to Prijesh Kurani providing the details of fund transfers made by Seema Agarwal, Shiv Shakti Enterprises (partnership firm of Sudhir Gupta) and Jai Kishorr Singhal to Prijesh Kurani. All these fund transfers were made on V Marc India's listing date i.e., April 09, 2021 and amounts to INR 3.40 crore. Thereafter, Prijesh Kurani and entities connected with him namely, Dharini Kurani, Surbhi Agarwal and Vinod Sable cumulatively bought shares worth INR 2.45 crore on the same day. In this context, the fund transfers of INR 25 lakh made by Vikas Garg to Seema Garg (relative of Vikas Garg) and INR 10 lakh to Madhu Srivastava (who also had a similar pattern of receiving funds from a company connected with Vikas Garg and acquired share of V Marc India on the listing day) followed by their purchase of V Marc India's shares on the listing day cannot be seen in isolation.

25.10.15. Seema Agarwal has contended that funds transferred by her to Prijesh Kurani in April 2021 was for the purpose of investment in capital markets and later when she did not receive the money back, she filed a complaint with the police through post in January 2024. However, when she was asked to provide details of actions taken by her since transfer of funds till filing of complaint, she has not been able to provide a single documentary evidence other than making assertions that she had enquired about her investment with Prijesh Kurani from time to time. Although she has claimed that the fund transfers of INR 1.2 crores to Prijesh Kurani and his connected entities was negligible compared to her net worth and that

she was not aware of the end use, the submission that she provided such a large amount of money to a person whom she met once to invest with no documentary proof to support such claims can only be seen as post-facto construct, and to say the least is suspicious.

25.10.16. Seema Agarwal has submitted that she is neither a subscriber to the IPO nor has traded in the scrip of V Marc India and therefore cannot be alleged to have indulged in unfair trade practice while dealing in V Marc's scrip. The allegation in the Interim Order against Seema Agarwal is not w.r.t. IPO subscription but that she funded the manipulation of the scrip of V Marc India. It is pertinent to note that the act of providing assistance to carry out a manipulative scheme would also fall under the definition of dealing in securities under PFUTP Regulations. Therefore, I do not find any merit in her contention in this regard.

25.10.17. Vikas Garg and Seema Agarwal have submitted that there is no purchase/ sale and/ or dealing of securities nor is there any allegation of fraudulent practice against them. They have placed reliance on SEBI order dated 28.05.2021 in the matter of Tatia Global Venture Limited. I have perused the order relied upon by the entities. In the said case, specifically with respect to the charges of violation of PFUTP regulations made against the Noticees in relation to dealing in securities, it was *inter alia* held that there was no violation of PFUTP Regulations as there were no details of trading by the Noticees.

25.10.18. With respect to the message sent by Vikas Garg to Prijesh Kurani forwarding the details of funds transferred by Seema Agarwal to Prijesh Kurani, Seema Agarwal has stated the she decided to convey about the fund transfer to Prijesh Kurani through Vikas Garg. As detailed above, Seema Agarwal was not able to provide a single piece of communication (over a period of three years) with Prijesh Kurani to whom she had transferred INR 1.2 crores for investment purpose. Also, why she would share such transaction details with Vikas Garg also remains unexplained and is suspicious. Therefore, the fund transfer details made available to Vikas Garg can only be viewed as a transaction made at the behest of Vikas Garg and in fact strengthens the adverse inference drawn against

both Seema Agarwal and Vikas Garg. Therefore, I am not inclined to accept her submission in this regard.

25.10.19. Sudhir Gupta has also claimed that his fund transfers of INR 1.3 crores to Prijesh Kurani in April 2021 was for investment purpose in capital markets. During the course of personal hearing, Sudhir Gupta was advised to provide details regarding the investment proposal of Prijesh Kurani, whether he received his money back and how he kept track of his investments. In response, Sudhir Gupta also made a submission similar to Seema Agarwal that he had asked Prijesh Kurani to provide details of his investment but he did not receive any details. Further, he has stated he decided not to pursue this as he lost hope of recovering his funds. I note that Sudhir Gupta has also been not able to substantiate his claim with any supporting documents. Therefore, I am not inclined to accept his submission in this regard.

25.10.20. The Interim Order also records that the details of Sudhir Gupta's fund transfers mentioned above were shared by Vikas Garg with Prijesh Kurani. However, Sudhir Gupta has failed to make any submissions on the same. Why Sudhir Gupta's fund transfer details would be shared with Vikas Garg is suspicious. This reply or apparent absence of reply to specific allegation further strengthens the inference drawn in the Interim Order that Sudhir Gupta acted in connivance with Vikas Garg and funded the manipulation of the scrip of V Marc India.

25.10.21. Sudhir Gupta has contended that his trades were independent from others and that he was not a PV manipulator or LTP contributor. In this regard, I note that Sudhir Gupta has not executed any trades during the examination period and no allegation has been made with respect to his trading pattern. Therefore, I find that this submission is misplaced.

25.10.22. Sudhir Gupta has stated that he had subscribed to the IPO of V Marc India and then bought 66,000 shares after the examination period considering the growth potential of the company. Additionally, he has stated that when V Marc India's share price reached a reasonable level, he sold his shares based on financial requirements. Sudhir Gupta has submitted that he is not a frequent investor in capital markers, however,

he had invested around 5 crores in V Marc India. As explained earlier in this order, Sudhir Gupta has been observed to have provided funds to Prijesh Kurani enabling price and volume manipulation of V Marc India during the Examination Period and also provided funds to Pratik Sheth enabling IPO manipulation of V Marc India. Considering his role in the fraudulent scheme executed in the scrip of V Marc India and his complete exit from the scrip, his dealing in V Marc India cannot be viewed as independent from other entities and the gains made by him could only be seen as the result of the fraudulent scheme.

25.10.23. Jai Kishorr Singhal has also submitted that the funds of INR 1.54 crores transferred to Prijesh Kurani was for investment in capital markets and submitted a letter dated December 2, 2021 from Prijesh Kurani acknowledging the receipt of funds. Further, he has stated that when Prijesh Kurani did not provide the status of his investments, he filed a police complaint in Dubai in November 2022 and another police complaint in Haridwar in December 2023. While Jai Kishorr Singhal claims that the funds were transferred for investment, the adverse inference drawn that the funds were used for manipulation of the scrip of V Marc India has not been dispelled.

25.10.24. The Interim Order had drawn a *prima facie* inference that Prijesh Kurani was using the trading account of Jai Kishorr Singhal based on figure no. 11 (On April 26, 2021, Vikas Garg informed Prijesh Kurani that 10 lakh is available in Jai Kishorr Singhal's account for Prijesh to utilize for purchasing V Marc India shares) and the trade executed from Jai Kishorr Singhal's account on April 27, 2021 as mentioned by Vikas Garg to Prijesh Kurani. In this regard, Jai Kishorr Singhal has contended he had executed the trades from his trading account. During the course of personal hearing, Jai Kishorr Singhal was advised to submit any documentary proof to show that he had executed the trades in V Marc India from his trading account, however, he has failed to provide any such documents. As regards figure no. 5 where Vikas Garg had shared Jai Kishorr Singhal's contact number in response to Prijesh Kurani's request for trading account to purchase shares, Jai Kishorr Singhal has claimed he had asked Vikas Garg to send

his number to Prijesh Kurani as Prijesh Kurani was not taking his calls. On perusal of the said conversation, I find that there is nothing mentioned in the said conversation to even remotely indicate Jai Kishorr Singhal's claim. Further, with respect to the WhatsApp chat between Vikas Garg and Prijesh Kurani provided at figure no. 11, Jai Kishorr Singhal has submitted that the said message was exchanged between Prijesh Kurani and Vikas Garg and so he is unaware of the context of the message. Jai Kishorr Singhal has failed to provide any explanation regarding how the details of funds available in his account was known to Vikas Garg or how trades were executed from his trading account as per the discussion between Prijesh Kurani and Vikas Garg. In the absence of any explanation or supporting document to substantiate the claim, I do not find any reason to differ with the Interim Order's *prima facie* conclusion that the trading account of Jai Kishorr Singhal was used by Prijesh Kurani to execute trades which formed a part of the manipulative scheme in the scrip of V Marc India. Since Jai Kishorr Singhal has not been able to support his claim that he had executed the trades from his trading account, I do not find any reason to deal with his submission on the rationale for trading or trading pattern in V Marc India.

25.11. Disgorgement and Joint and several liabilities:

25.11.1. Vikas Garg and Jai Kishorr Singhal have contended that direction to disgorge an amount can only be made against a person/ entity who has made profit or averted loss by indulging in any transaction or activity in contravention of SEBI Act or Regulations. Vikas Garg has submitted that he has not dealt in the shares of any company and has not sold any shares of V Marc India during the Examination Period. Further, he has stated that there is no fund trail from him to other entities. Sandeep Srivastava has also made similar submissions and relied on judgements in the matters of North End Foods Marketing Pvt. Ltd. (supra), Cameo Corporate Services Limited (supra), Arshad Hussain Warsi & Ors. (supra), Mahavir Singh Chauhan (supra), SRSR Holdings Pvt. Ltd. (supra) and SEBI order in the matter of Supreme Tex Mart Limited.

25.11.2. Vikas Garg has submitted that an Order freezing Bank Accounts can be passed in case of grave urgency only or where it is found that one may dispose of the property. According to him, in the absence of alienation of property, the directions to freeze Bank Accounts constitutes malice in law. In this regard, he has relied on the judgements in the matter of Industrial Credit and Investment Corporation of India Limited vs. Grapco Industries Limited decided on 14.05.1999, Sterlite Industries (India) Limited vs. SEBI decided on 22.10.2001, Valerius Industries vs. Union of India decided on 28.08.2019, Cameo Corporate Services Limited vs. SEBI decided on 26.11.2019, Affluence Fincon Services Pvt. Ltd. And Ors. Vs SEBI decided on 07.09.2020, Radha Krishan Industries vs. State of Himachal Pradesh & Ors. Decided on 20.04.2021 and Arshad Hussain Warsi & Ors. Vs SEBI decided on 27.03.2023.

25.11.3. I note that the Interim Order directed impounding of the alleged unlawful gains and did not order any disgorgement. Further, the Interim Order casts joint and several liabilities for the total alleged illegal gains made *inter alia* on Vikas Garg and Sandeep Srivastava. The order to impound illegal gains and the joint and several liability case on entities, is based on the agreement executed between Vikas Garg, Sandeep Srivastava, Prijesh Kurani and Bindesh Kurani as well as the various evidences of possible IPO manipulation, fund transactions by promoters and connected entities to support acquisition of shares in V Marc and sale of shares in line with the agreement. I note that as recorded in the Interim Order, the illegal gains could not have been made by trading account holders but for the orchestration and active involvement by/of Vikas Garg, Sandeep Srivastava and Prijesh Kurani in the fraudulent scheme. Figure no. 4 in the Interim Order shows that V Marc (*represented by Vikas Garg and Sandeep Srivastava*) and Richrr Business (*represented by Prijesh Kurani and Bindesh Kurani*) conspired to execute a fraudulent scheme and one of the terms of the agreement was that “*profit will be shared between Vmarc and Richrr Business on equal basis*”. Vikas Garg and Sandeep Srivastava have *prima facie* and *inter alia* provided access to trading accounts and coordinated arranging funds for trades executed by PV

manipulators. Details regarding distribution of wrongful gains amongst the perpetrators of the fraudulent scheme is not available at this stage – ascertaining the same will require detailed investigation. Considering that Vikas Garg, Sandeep Srivastava and Prijesh Kurani enabled the perpetration of the fraudulent scheme and that there exists a previous arrangement that the profit will be shared, the liability of the said entities at this interim stage cannot be limited to the profit, if any, made by them individually. I note that the submission of Vikas Garg and Sandeep Srivastava does not bring out any material that adequately contradicts the *prima facie* conclusions drawn against them in the Interim Order. Therefore, pending further investigation, I am of the view that they must bear joint and several liability for the cumulative gains made by all the entities as already directed in the Interim Order.

25.11.4. Further, considering the possibility that the entities may divert the unlawful gains before investigation is concluded and directions for disgorgement, if any, are passed, impounding directions were issued vide the interim order. However, entities except Jai Kishorr Singhal have failed to deposit the impounded amount in blatant defiance of SEBI's direction. It may also indicate that they have possibly already diverted the alleged unlawful gains.

25.11.5. Sandeep Srivastava has placed reliance on SEBI order dated 05-03-2019 in the matter of Supreme Tex Mart Limited and submitted that unlawful gain can be impounded from the entities who actually made profit. On perusal of the said order, I note that in fact the promoter entities who were involved in the fraudulent scheme were cast with joint and several liability for illegal gains made. Therefore, reliance of the aforesaid order does not aid his case.

25.11.6. Sandeep Srivastava has also contended that the SAT order in the matter of Econo Broking Pvt. Ltd. relied upon by SEBI is different from the facts of this case. In this regard, I note that reliance was placed on the aforesaid order to the limited extent of Hon'ble SAT's observations on SEBI's power to pass interim orders.

25.11.7. Since Jai Kishorr Singhal has deposited the amount ordered to be impounded in compliance with the Interim Order, his Bank accounts were asked to be defreezed separately. Accordingly, the total outstanding illegal gains to be impounded stand revised to INR 6,30,79,750.

25.12. **Other submissions:**

25.12.1. Vikas Garg has submitted that the continuation of directions of Interim Order will have great impact on the public shareholders of the Company, the stakeholders and the large number of employees working with V Marc. In this regard, I note that the Interim Order has elaborated the rationale for impounding the *prima facie* wrongful gains and need to prevent the entities from accessing and dealing in the securities market. The available evidence supported the *prima facie* case against Vikas Garg and other connected entities and the balance of convenience was also in favour of passing interim directions since irreparable damage would have been caused to the integrity of the securities market had such directions not been passed. The risk of offloading of the company's shares by Vikas Garg and other connected entities on unsuspecting investors still remains. Therefore, I do not see any reason or grounds to modify the directions issued against Vikas Garg.

25.12.2. Sandeep Srivastava has contended that certain other persons are not included despite their potential role in the alleged fraudulent scheme. Inclusion of other entities is the subject matter of detailed investigation. Further, their inclusion or exclusion does not change the allegations against the other entities or the *prima facie* case made out in the Interim Order.

25.12.3. Vikas Garg has submitted that due to personal vendetta, Mr. Prijesh has filed a complaint against him without giving any proof. Further, he has submitted that the communications with Mr. Prijesh had no bearing on the price movements in the scrip of V Marc. Further, Sandeep Srivastava, Madhu Srivastava, Seema Agarwal, Seema Garg, Jinal Sheth and Sudhir Gupta have submitted that no allegations were made against them in the complaint made by Prijesh Kurani. Madhukar Sheth has

contended that the complaint from Prijesh Kurani was baseless. I note that the Interim Order was passed after consideration of the *prima facie* findings of the preliminary examination carried out by SEBI and not solely based on the complaint filed by Prijesh Kurani. The Interim Order also explains the reasons for the allegations levelled against Vikas Garg substantiated with adequate supporting documents. Therefore, I do not find any merit in this contention.

25.12.4. It has been submitted by Sudhir Gupta, Seema Garg, Jai Kishorr Singhal, Seema Agarwal, Madhukar Sheth and Pratik Sheth that strict proof is required for a serious charge of fraud and relied on the judgements in the matter of Ram Sharan Yadav (supra), R.K. Global (supra), Narendra Ganatra (supra), Sterlite Industries (India) Limited (supra), Videocon International (supra) and Parsoli Corporation (supra). As explained above, the material on record sufficiently makes a *prima facie* case that the funds provided by Seema Agarwal, Sudhir Gupta and Jai Kishorr Singhal enabled manipulation of the scrip of V Marc India by Prijesh Kurani and his connected entities and that the PV Manipulators including Seema Garg created artificial volume and price rise in the scrip of V Marc India during the Examination Period. Further, Pratik Sheth, Jinal Sheth, Sudhir Gupta, Dharini Kurani and Madhukar Sheth ensured successful IPO of V Marc India through their subscription and/ or providing funds. The *prima facie* case made out in the Interim Order has not been disturbed based on any of the submission made by the entities.

E. CONCLUSION

26. The Interim Order was passed based on the *prima facie* conclusions to prevent further perpetration of fraudulent activity and to prevent defalcation of the illegal gains. The Conclusion arrived at in the Interim Order has also summarized the allegations made in this case. The same are reproduced below:

“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.”

27. In view of the reasons as discussed in the preceding paragraphs, I find that the submissions of the Entities are insufficient to refute the *prima facie* conclusions drawn against them in the Interim Order. Consequently, the *prima facie* findings in the Interim Order that *inter alia* the entities *prima facie* engaged in a fraudulent scheme to manipulate price and volumes of the scrip of V Marc India resulting in *prima facie* contravention of provision of Sections 12A(a), (b) and (c) of the SEBI Act read with Regulations 3(a), (b), (c), (d) and 4(2)(a), (b), (d), (k) and (r) of the PFUTP Regulations, stand confirmed.

F. ORDER:

28. Considering the material on record, replies of the entities and findings thereupon mentioned in the preceding paragraphs, pending investigation, I, in exercise of the

powers conferred upon me under Sections 11, 11(4) and 11B read with Section 19 of the SEBI Act, hereby confirm the directions of the Interim Order dated February 28, 2024, subject to the following modification - The total liability for the alleged illegal gains to be impounded stands modified to INR 6,30,79,750 as Jai Kishor Singh has deposited the alleged illegal gains made by him.

29. The funds deposited by the entities in escrow account or savings account as directed in the Interim Order will remain in the said account with lien in favour of SEBI until further orders.

30. The observations made in the present Order are tentative in nature and pending further investigation. The investigation shall be carried out without being influenced by any of the directions passed or any observation made either in the Interim Order or in the present Order. Based on the outcome of the investigation, appropriate proceedings may be initiated in accordance with law.

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

32. This Order shall come into force with immediate effect.

33. A copy of this Order shall be served on all the Entities, recognised Stock Exchanges, Depositories, Banks and Registrar and Share Transfer Agents to ensure compliance with the above directions.

-Sd-

ANANTH NARAYAN G.

DATE: JULY 26, 2024

WHOLE TIME MEMBER

PLACE: MUMBAI

SECURITIES AND EXCHANGE BOARD OF INDIA