



PR No.9/2023

Interim Order-cum-Show Cause Notice in case of market manipulation of shares of five small cap companies through circulation of Bulk SMSs to induce Investors

An investigation was conducted by SEBI into the alleged manipulation of shares of five scrips namely, Mauria Udyog Ltd., 7NR Retail Ltd., Darjeeling Ropeway Company Ltd., GBL Industries Ltd. and Vishal Fabrics Ltd. Based on the findings of the investigation, SEBI vide order dated 19/06/2023, has issued interim directions restraining 135 entities from accessing the securities market till further orders and has issued impounding orders for approximately an amount of INR 126 Crore towards wrongful gains made by such entities by indulging in such market manipulations. A show cause notice has been issued to 226 entities including numerous mule accounts, through the aforementioned order for *prima facie* violations of SEBI Act, 1992 and regulations thereunder indicating a possible requirement of disgorgement of INR 143.79 Crore from them. Copy of the order can be accessed from this [link](#).

The modus operandi followed apparently under a pre-planned scheme by the entities mainly centered around circulation of Bulk SMSs in five scrips with a buy recommendation to public investors. The scheme involved 3 major sets of entities namely, **PV (Price Volume) Influencers**, **SMS Sender** and **Off Loaders** apart from using a large number of entities who are apparently mule or conduit entities to operate the fraudulent scheme in these scrips. As per the first leg of the scheme, **PV**

Influencers were found to have increased the price and volume of the five scrips through *inter se* manipulative trades, followed by circulation of buy recommendations via Bulk SMSs in the five scrips by the **SMS Sender, Mr. Hanif Shekh, who was *prima facie* the master mind behind the scheme** to lure / induce public investors into buying such scrips. In the last leg of the scheme, the **Off Loaders** sold the shares of these five scrips (previously acquired by them) at elevated prices thereby making substantial profits which were transferred through multiple layers and conduits to the Ultimate Beneficiaries of the scheme who were identified as Promoters of some of the companies and the mastermind of the scheme Mr. Hanif Shekh.

A summary of the *modus operandi* has been captured in the graphical representation available on the following [link](#) and can also be accessed through the following QR code:



SEBI has taken numerous steps to investigate the matter including using digital footprints, CDRs, voluminous bank transactions, etc. to identify the SMS Sender and other entities involved in such illegal activities. The action on SEBI's part has led to discovery of crucial evidence in the matter.

General public is cautioned to be aware of such fraudulent activities being carried out through SMSs, various websites, Social Media Like Telegram, Instagram, YouTube

etc., and are further advised to deal only with SEBI registered intermediaries, details of whom can be verified from <https://www.sebi.gov.in/>.

Mumbai

June 21, 2023