



Press Release

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ED conducts searches at 29 premises in 6 cities in a WhatsApp-based "pump and dump" fraud in the shares of two listed companies

Directorate of Enforcement (ED), Mumbai Zonal Office-I, conducted search operations on 16.10.2026 at 29 premises in Mumbai, Nashik, Ahmedabad, Gandhinagar, Surat and Bhavnagar under the provisions of the Prevention of Money Laundering Act (PMLA), 2002. The searches relate to the manipulation of the shares of listed companies, including M/s R M Drip and Sprinklers Systems Ltd and M/s R&B Denims Ltd.

The premises searched included the offices of the two companies, the residences of their promoters, the residences of persons to whom shares were allotted at low prices, the offices of stock-broking and finance firms, and the premises of persons suspected of running the promotional WhatsApp groups.

Preferential allotments to a connected circle - The PMLA investigation revealed that between April 2023 and March 2024, the two companies issued over 3.5 crore shares and convertible warrants to selected persons and entities. A large part of the money paid for these allotments came from a small circle of connected persons, firms and lenders. Over the following months, the share prices were steadily pushed up, while the shares largely stayed in the same hands.

WhatsApp "tip" campaign aimed at retail investors - From the end of December 2025 to February 2026, WhatsApp communities with names such as "Multibagger Stocks" sent daily "buy" tips on these shares to retail investors. The groups ran on SIM cards obtained in the names of other persons in Haryana and Mumbai, but were operated from Bhavnagar, Gujarat. Drawn in by the tips, the number of buyers in the two scrips rose many times over, which pushed the prices up further.

The "dump" and losses to investors – it appears that the scrip of RMDSSL was promoted through various Whatsapp Groups to generate buying interest in the scrip. This resulted in significant increase in price and volumes of the scrip during the period when the scrip was getting promoted on Whatsapp groups. The Preferential allottees took advantage of this increased buying interest and dumped a part of their shareholding to large number of investors.

Search findings - During the searches, ED identified clusters of family-linked beneficiaries of the scheme, including Affluence Gems and others, Kawa HUF and others, and Komalay Consultancy and others. The investigation revealed that these beneficiaries had acquired shares of the targeted scrips at low prices through preferential warrants. The share prices were then pumped up through a systematic campaign run over WhatsApp, Twitter (X), SMS and other channels.

ED has frozen trading accounts worth about Rs. 200 crores belonging to these persons/connected entities. Various incriminating documents, digital devices, records of share transactions and property documents were also seized during the searches.

Further investigation is under progress.