National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/55421	Date: January 30, 2023
Circular Ref. No: 22/2023	

To All NSE Members

Sub: **SEBI Order in the matter of Front Running Trading activity of Dealers of Reliance Securities Ltd. and other connected entities.**

This is with reference to NSE circular no. NSE/INVG/45293 dated August 10, 2020, referring to SEBI Order no. WTM/MPB/ISD/130/2020 dated August 07, 2020.

SEBI now vide its order no. WTM/SM/IVD/ID15/23243/2022-23 dated January 30, 2023 has hereby restrained the below mentioned from accessing the securities market and are further prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever manner, for the period a period of four years.

Sr. No	Name of Entity	PAN
1	Harshal Ramnik Vira	ABTPV5283G
2	Meena Ramniklal Vira	AAIPV0510A
3	Anish Pravin Bagadia	AAIPB3703H
4	Anish Pravin Bagadia HUF	AAKHA8817M
5	Pravin Durlabhji Bagadia HUF	AALHP1297F
6	Ketan Bharat Parekh	AABPP1483F
7	Bhavesh Gandhi	AKBPG4777D
8	Dhimant Himmatlal Shah	AAJPS8256P
9	Rajesh Himmatlal Shah	AAJPS9800P
10	Sanket Rajeshkumar Shah	CMFPS8479E
11	Rutul Rajeshbhai Shah	EDOPS7385P
12	Across Broking Pvt. Ltd.	AAGCA8645J

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Sr. No	Name of Entity	PAN
13	Mukesh Jain	ADFPJ8088D
14	Rahul Doshi	ALCPD0859K

Further, it is hereby clarified that while calculating the period of debarment as directed above, the period already undergone by the respective Noticees, in pursuance of the Interim Order shall be taken into consideration and the same shall be set-off to give effect to the directions of restraint and prohibition as directed above.

Further, the proceedings qua Mr. Abhijeet Jain (PAN: AAJPF0833B) is disposed of in terms of the observations made at paragraph number 42 of the SEBI Order.

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

Further, the consolidated list of such entities is available on the Exchange website http://www.nseindia.com home page under "Home-Regulation-Members-Action against Members-Regulatory Actions".

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

In case of any further queries, members are requested to contact the following officials:

Mr. Chintan Bhatt (Extension: 22177), Mr. Anand Jangir (Extension: 22385)
Direct No: 022-26598417/18 Fax: 022-26598195

For and on behalf of
National Stock Exchange of India Limited

Anand Jangir
Manager

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ANNEXURE: - SEBI Order in the matter of Front Running Trading activity of Dealers of Reliance Securities Ltd. and other connected entities.

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WTM/SM/IVD/ID15/23243/2022-23

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: S. K. MOHANTY, WHOLE TIME MEMBER
ORDER

Under Sections 11 (1), 11 (4), 11 (4A), 11B (1) and 11B (2) of the Securities and Exchange Board of India Act, 1992

In respect of:

Sl. No.	Name of the Noticee	PAN
1.	Harshal Ramnik Vira	ABTPV5283G
2.	Meena Ramniklal Vira	AAIPV0510A
3.	Anish Pravin Bagadia	AAIPB3703H
4.	Anish Pravin Bagadia HUF	AAKHA8817M
5.	Pravin Durlabhji Bagadia HUF	AALHP1297F
6.	Ketan Bharat Parekh	AABPP1483F
7.	Abhijeet Nandkumar Jain	AAJPF0833B
8.	Bhavesh Gandhi	AKBPG4777D
9.	Dhimant Himmatlal Shah	AAJPS8256P
10.	Rajesh Himmatlal Shah	AAJPS9800P
11.	Sanket Rajeshkumar Shah	CMFPS8479E
12.	Rutul Rajeshbhai Shah	EDOPS7385P
13.	Across Broking Pvt. Ltd.	AAGCA8645J
14.	Mukesh Jain	ADFPJ8088D
15.	Rahul Doshi	ALCPD0859K

(The entities mentioned above are individually known by their respective name or Noticee No. and collectively referred to as "Noticees")

In the matter of Front Running Trading activity of Dealers of Reliance Securities Ltd. and other connected entities

Background

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") received surveillance alerts generated from its surveillance system in the months of December 2019 and January 2020, pertaining to front running activities of certain suspected entities and initiated a preliminary examination into the present matter and observed that Ms. Meena Vira in collusion with certain other entities, was *prima facie* front running the trades of Tata Absolute Return Fund, a scheme of Tata AIF, a SEBI registered Alternative Investment Fund (hereinafter referred to as "**Big Client**"). Pursuant to the preliminary examination, an *Ad Interim Ex Parte Order* dated August 7, 2020 (hereinafter referred to as "**Interim Order**") was passed in the matter, *inter alia* restraining those suspected entities who are also the *Noticees* in the present proceedings from accessing or associating themselves with the securities market, either directly or indirectly, in any manner whatsoever till further directions, as they were *prima facie* observed to be engaged in the act of front running the trades of the Big Client. Further, *Noticees*, jointly and/or severally, were directed to deposit the proceeds of the gains unlawfully earned by them by carrying out such *prima facie* front running trades, in an escrow account which was cumulatively amounting to INR 449.14 lakh.

2. Subsequently, a *Confirmatory Order* dated June 30, 2021 (hereinafter referred to as "**Confirmatory Order**") was passed in the matter, wherein, the directions issued in the *Interim Order* were confirmed against the *Noticees* and it was also noted that in compliance with the directions issued under the *Interim Order*, all the *Noticees* had deposited the proceeds of *prima facie* front running trades in an escrow account, except for Mr. Dhimant Himmatlal Shah, Mr. Rutul Shah and Mr. Bhavesh Gandhi who were directed to immediately comply with the direction issued to them vide the *Interim Order* requiring them to deposit of the entire proceeds of *prima facie* front running trades in an escrow account.
3. As the *Interim Order* was passed pending completion of investigation, SEBI proceeded with the investigation in the present matter to ascertain as to whether the acts of the *Noticees* were in violation of the provisions of Securities and Exchange Board of India

Act, 1992 (hereinafter referred to as "**SEBI Act**") and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter also referred to as "**PFUTP Regulations**") during the period December 1, 2019 to August 10, 2020 (hereinafter referred to as "**Investigation Period**"). Facts unearthed during the said investigation pertaining to front running the orders of the Big Client, are as under:

3.1. It was observed that around 99% of trades of the Big Client in value terms were executed through their stock broker, Reliance Securities Ltd. (hereinafter referred to as "**RSL**"). At RSL, the Big Client was placing orders through the following three Dealers namely, Mr. Harshal Vira (Chief Dealer of RSL), Mr. Bhavesh Gandhi (Senior Dealer of RSL) and Mr. Abhijeet Jain (Deputy Dealer of RSL). Thus, they were regularly in possession of information of the impending trades of the Big Client which was otherwise not available in the public domain.

3.2. For convenient understanding and better appreciation of the roles played by the different *Noticees,* based on KYC details, Call Data Records (hereinafter referred to as "**CDRs**"), social media posts and bank statements of the *Noticees*, the *Noticees* involved in the extant matter were broadly classified under two distinct groups, namely Harshal Vira Group (hereinafter referred to as "**HV Group**") and Bhavesh Gandhi Group (hereinafter referred to as "**BG Group**"). HV Group consists of *Noticees No. 1* to *8* while BG Group consists of *Noticees No. 8* to *15, Noticee No. 8,* Mr. Bhavesh Gandhi being common to both the Groups.

3.3. A further classification was also made in the matter wherein *Noticees No. 1, 3, 6, 7, 8, 12* and *14* were classified as information carriers (hereinafter referred to as "**IC**") as they had access to the non-public material information regarding impending trade orders of the Big Client while the *Noticees No. 2, 4, 5, 11* and *13* were classified as front runners (hereinafter also referred to as "**FRs**") as front running trades were executed from their trading accounts and *Noticees No. 9* and *10* were classified as both IC as well as FR.

3.4. On an analysis of trades executed from the trading account of FRs, it was observed that orders were placed just before the impending orders of the Big Client or before the last tranche of the order of the Big Client and these orders were subsequently

squared off to earn profits. Further, from the pattern of trades followed in the trading accounts of FRs, it was noticed that the trades executed from the trading account of FRs, have either followed a Buy-Buy-Sell pattern or Sell-Sell-Buy pattern while front running the orders of the Big Client.

3.5. Based on the cumulative effect of various circumstances viz., trading activity of the FRs during the pre-examination period, common scrip days' / contract days shared by the FRs with the Big Client and proceeds generated by FRs trades during the Investigation Period along with the trading pattern followed by the FRs etc., it was observed that the trades executed from the trading account of the FRs in the derivative segment of the market had in fact 'front run' the orders placed by the Big Client.

3.6. It was further observed that *Noticees No. 1, 3, 6, 7, 8, 12* and *14* have also played an active role in the execution of the front running trades from the trading accounts of the FRs. It was also observed on the basis of connection noticed between the aforesaid *Noticees No. 1, 3, 6, 7, 8, 12 and 14* and the FRs, the access to the non-public information about the impending trade orders of the Big Client and the access to the trading account as well as fund transfers amongst them that the orders placed in the trading accounts of FRs, were *prima facie* placed in nexus with one or more *Noticees* mentioned above. Therefore, the aforementioned *Noticees* were found to be responsible for the trades executed from the trading account of the FRs.

3.7. The front running activities of the *Noticees* during the investigation period have resulted in the generation of the following proceeds, as indicated in the table below:

Table No. 1

Front Runner *Noticees*	**Total Wrongful Gains (INR)**
Meena Vira	72,17,899
Anish Bagadia	3,81,517
Anish Pravin Bagadia HUF	2,34,086
Pravin Durlabhji Bagadia HUF	3,88,620
Dhimant Himmatlal Shah	1,41,93,007.84
Rajesh Himmatlal Shah	15,38,589.89

Front Runner *Noticees*	Total Wrongful Gains (INR)
Sanket Shah	4,06,226.25
Across Broking Pvt. Ltd.	1,82,54,925.73
Total	**4,26,14,871.71**

4. Based on the afore stated factual findings unearthed during the investigation, a common Show Cause Notice dated May 27, 2022 (hereinafter referred to as "**SCN**") was issued to the *Noticees* alleging that the front running trades would not have been executed from the trading accounts of the FRs, had there not been any nexus between the FRs and the ICs. The SCN further alleges that by indulging in front running activities the *Noticees* have acted in a fraudulent manner hence, such actions were alleged to be in violation of Sections 12A (a), (b) and (c) of SEBI Act and regulations 3 (a), (b), (c) and (d), 4(1) and 4(2)(q) of SEBI PFUTP Regulations. It is noted from the records that the SCN was served on the *Noticees* through email.
5. In the meantime, one of the *Noticees*, Mr. Ketan Parekh had filed an appeal before the Hon'ble Securities Appellate Tribunal (hereinafter referred to as "**SAT**") against the *Confirmatory Order* passed in the subject matter. The Hon'ble SAT vide its order dated June 1, 2022 while taking note of the fact that a SCN has been issued in the matter, found it appropriate not to go into the merits of the case and disposed of the appeal *inter alia* with the directions that the appellant i.e. Mr. Ketan Parekh has to file a reply to the SCN on or before July 1, 2022 and thereupon, a hearing has to be scheduled in the subject matter within two weeks. The hearing has to be completed within two months from the first date of hearing and the final order has to be passed in the matter within four months from the last date of hearing.
6. Subsequent to the issuance of the SCN, some *Noticees* in the matter had sought inspection of documents which was granted to them on the following dates:

Table No. 2

Name of the Noticees	Date of Inspection
Ketan Parekh	June 17, 2022
Meena Vira	

Name of the Noticees	Date of Inspection
Harshal Vira	
Anish Bagadia	June 22, 2022
Across Broking Pvt. Ltd.	November 21, 2022

7. In response to the SCN, following *Noticees* have made their submissions:

7.1. Mr. Abhijeet Jain vide his email dated June 15, 2022 has denied the allegations levelled against him in the SCN and has *inter alia* submitted as follows:

7.1.1. The fund movement between him and Mr. Harshal Vira's mother was a loan transaction which was advanced by her to him for the purpose of a land deal. Later on, the deal got cancelled (for which the supporting documents have already been provided) so, immediately he had returned the money to Mr. Harshal Vira's mother (the same account from where he had received the money from her).

7.1.2. The loan amount of INR 12 lakh was repaid two and half months prior to the *Interim Order*.

7.1.3. The calls between him and Mr. Anish Bagadia was for exchange of market information as he was trying to build a good portfolio of stocks by taking advantage of the fact that the securities market (at that time) was generally down due to Covid pandemic.

7.2. Mr. Anish Bagadia vide his letter dated June 27, 2022 has replied on his behalf and on behalf of Anish Bagadia HUF and Pravin Bagadia HUF. He has also denied the allegation levelled against them in the SCN and *inter alia* has submitted as follows:

7.2.1. He is an Authorised Person of LFC Securities for the last 10 years.

7.2.2. The volume of his trading was substantial as those were mostly jobbing trades where the trades are squared off within sometime of taking the position, resulting in a small profit. In such a case, a comparison of turnover with income is misplaced as these are no delivery trades.

7.2.3. There is nothing in the SCN that establishes how he got access to the alleged non-public information. Mere stray phone calls with a friend, whose mother was his client, cannot be seen out of the context, to allege front running which

have been allegedly executed in his trading account as well as trading account of his related HUFs.

7.3. Mr. Ketan Parekh vide his letter dated June 29, 2022 while denying the allegations levelled against him in the SCN has *inter alia* submitted as follows:

7.3.1. He was a Director of LFC Securities Pvt. Ltd. (hereinafter referred to as "LFC Securities") He is not involved in the trading activities but his focus is on the brokerage business.

7.3.2. It has been accepted by SEBI that Mrs. Falguni Parekh was handling the affairs of the firm, Labdhi Enterprises and it is therefore humbly submitted that once it has been accepted by SEBI that Mrs. Falguni Parekh was handling the affairs of Labdhi Enterprises, there is no reason to keep him involved as an information carrier, without sufficient evidence.

7.3.3. The only allegation against him in the SCN is that he had made some calls to Mr. Harshal Vira and the said calls have been considered as the basis to allege that Mr. Harshal Vira had passed on some "non-public information" to him and he in turn had passed it on to Mrs. Falguni Parekh and Mr. Mukesh Parekh / Ms. Archana Mukesh Parekh. Firstly, he knows Mr. Harshal Vira on account of the fact that both of them were working in the broking industry. Secondly, there is a single call during the market hours and the other four calls between Mr. Harshal Vira and him were exchanged after-market hours. This effectively means that he has spoken to Mr. Harshal Vira only once during market hours and three times after market hours and it is impossible to label him as an IC as such infrequent calls cannot be the basis to suggest that Mr. Harshal Vira ostensibly conveyed the alleged non-public information to him.

7.3.4. There are no allegations *qua* him about a single trade carried out in his name or in the name of any entity where he has any managerial role.

7.3.5. It has been wrongly alleged in the SCN that he has passed on information to Mr. Mukesh Parekh. The allegation of having frequent calls with Mr. Mukesh Parekh during investigation period is completely unsustainable. They stay in the same apartment complex for the last 25 years and that is the

reason for the calls. There is no correlation established about him receiving non-public information about the impending orders of the Big Client from Mr. Harshal Vira and he then allegedly forwarding it to Mr. Mukesh Parekh.

7.3.6. He has nothing to do with the day to day operations of Labdhi Enterprises and he also has no ownership in Labdhi Enterprises. The entire argument that LFC Securities and Labdhi Enterprises are part of the same "group" is premised on the fact that his wife is running Labdhi Enterprises. It is a bit demeaning for a female, if someone assumes that if she is running the said firm, her husband must be associated with the operations of the said firm, failing which she would not have been capable of handling the affairs of the firm.

7.4. Mr. Rajesh Himmatlal Shah vide his letter dated July 1, 2022 while denying the allegations levelled against him in the SCN has *inter alia* submitted as follows:

7.4.1. He has been executing trades since 1992 and the impugned trades during the alleged period were executed in normal course without knowing the counterparty. His trades were outcome of his jobbing strategy.

7.4.2. Liquidity and volume in the F&O market runs in more than four lakh crore and comparing his trade data is simply insignificant and incomparable and in no way his insignificant trades can cause any instability in the market or cause loss to investors.

7.4.3. At the time of trading, there was no real time alerts either from any authorities, Regulatory, Exchanges or even stock broker.

7.5. Mr. Bhavesh Gandhi vide his letter dated July 1, 2022 while denying the allegations levelled against him in the SCN has *inter alia* submitted as follows:

7.5.1. He had joined RSL in 2014.

7.5.2. Big Client has its own systems and surveillance and they have never pointed out any negative inference against him. There was never any issue from RSL in the form of any warning.

7.5.3. From the ITRs of previous years along with his bank statements, it can be noted that he has no unusual income.

7.5.4. He does not have any kind of acquaintance or connection with Mr. Anish Bagadia but he distantly knows that Mr. Anish Bagadia is a friend of Mr. Harshal Vira. He may have communicated once or twice casually in normal course with him but he is not able to reminisce those conversations at this stage. Therefore, there is no reason for making him jointly and severally liable for the disgorgement of proceeds generated by Mr. Anish Bagadia and his related HUFs from the alleged front running trades.

7.5.5. He does not have any connection or relation of any kind with Mr. Mukesh Jain. Since there is no relationship or matching of mind, the reason behind the joint and several liability along with Mr. Mukesh Jain for the disgorgement of proceeds generated by his company, Across Broking Pvt. Ltd. (hereinafter referred to as "**ABPL**") from the alleged front running trades, is harsh.

7.6. Mr. Rutul Shah vide his letter dated July 1, 2022 while denying the allegations levelled against him in the SCN has *inter alia* submitted as follows:

7.6.1. He had registered with SMC Global Securities Limited as Authorized Person. He had 130 clients including his father, elder brother and uncle.

7.6.2. The email id *foram2478@gmail.com* actually was being accessed and managed by his uncle, Mr. Dhimant Himmatlal Shah and his father, Mr. Rajesh Himmatlal Shah. Because of the dwindling eye sight of Mr. Dhimant Himmatlal Shah, sometimes he takes his help while accessing the e-mail. The password of the said email is with Mr. Rajesh Himmatlal Shah and Mr. Dhimant Himmatlal Shah and his role is limited to providing them assistance as mentioned above and was done only in their presence.

7.6.3. The mobile number referred to in the investigation report belongs to his elder brother, Mr. Sanket Shah which he had given to the Exchanges as additional number so that if in any case he is not in the network area, they can call and leave the message with his brother.

7.7. Mr. Dhimant Himmatlal Shah vide his letter dated July 1, 2022 while denying the allegations levelled against him in the SCN has *inter alia* submitted as follows:

7.7.1. The presentation of showing huge mismatch between his annual income and accumulated combined turnover spread across nine months are not

worthy of comparison as both these are as different as chalk and cheese and hence not be comparable. Further, his style of trading was jobbing, where margin requirements are low and resultant volume is big.

7.7.2. All his jobbing activities were undertaken after a lot of studies about the available market data and viable strategy.

7.7.3. In today's time when the trades are executed in screen based trading terminals, he does not have sources or mechanism to know who his counterparty in the ongoing trades is.

7.7.4. His substantial matching of trades may be a matter of fact and hence his trades may be front running but in the absence of any concrete evidence of any meeting of mind, the allegation is denied.

7.7.5. He had no prior knowledge of the trades of the Big Client.

7.7.6. The representation showing his augmented trading activities during the investigation period and tabular representation of the difference in gross traded value between pre- investigation period and post investigation period, is totally baseless and unjustified observation, as it is a fact that whenever the opportunity appears, execution of trades increases automatically. It is very common to witness less volume during the bear phase and same enhances exponentially during the bull phase. The entire market moves in anticipation and there is no scientific cause of trades.

7.7.7. During the alleged matched trades, he has suffered losses also but the same has not been taken into account.

7.8. Mr. Sanket Shah vide his letter dated July 1, 2022 while denying the allegations levelled against him in the SCN has *inter alia* submitted as follows:

7.8.1. He is involved in trading activities since last eight years.

7.8.2. During the entire investigation period, his trades matched with the Big Client only on two days.

7.8.3. Regarding the allegation about the trading pattern, it is submitted that in jobbing strategy generally the jobbers take and clear out the positions at regular frequency seeing the movement of market and available data forecasts. Hence, no negative inferences should be drawn. The trades were

executed in real time based upon jobbing strategy where momentum of trades changes very frequently.

7.8.4. He usually trades in cash counter but due to data and research from his father, Mr. Rajesh Himmatlal Shah during the above mentioned dates, liquidity in the derivatives counter was appealing and he tried it only on trial basis. However, seeing the huge fluctuations he decided that it was not his cup of tea.

7.9. Mr. Harshal Vira vide his letter dated July 7, 2022 has submitted as follows:

7.9.1. There is no link or correlation with trades and CDRs and a mere perusal of the same would show that those are stray calls.

7.9.2. Mr. Anish Bagadia is known to him for more than ten years and they are friends. The same cannot lead to the inference that he has communicated non-public information of impending orders of Big Client to Mr. Anish Bagadi.

7.9.3. Mr. Ketan Parekh is known to him for some time as he is also in the securities market and being from same field, they know each other. As the CDRs would show, there is just one call with him during the market hours and the same does not match with any of the trades. It is denied that he has given any non-public information to Mr. Ketan Parekh.

7.9.4. None of the alleged trades that have matched with Big Client has been executed from his terminal and therefore no correlation of trades with him can be done.

7.9.5. It is submitted that at the time of opening the demat account of his mother, she did not have a mobile number or an email id because of which she would have given his details in the KYC form. The trades in the trading account of his mother were executed by his father.

7.9.6. With respect to the fund transfer from his mother's account to the account of Mr. Abhijeet Jain, Ms. Foram Bhavesh Gandhi and Ms. Damyanti Gandhi, it is submitted that Mr. Abhijeet Jain and Mr. Bhavesh Jain are his colleagues and they were in requirement of some funds and requested him to give some temporary loan to them.

7.10. Ms. Meena Vira vide her letter dated July 7, 2022 has replied on similar lines as that of her son, Mr. Harshal Vira.

8. Considering the facts and circumstances of the matter and after considering the aforesaid written submissions, an opportunity of personal hearing was granted in the instant matter to the *Noticees* on the following dates:

Table No. 3

Name of the Noticee	Date of Personal Hearing
Harshal Vira	July 14, 2022
Meena Vira	
Anish Bagadia	
Anish Pravin Bagadia HUF	
Pravin Durlabhji Bagadia HUF	
Ketan Parekh	
Abhijeet Jain	
Bhavesh Gandhi	July 28, 2022
Dhimant Shah	
Rajesh Shah	
Sanket Shah	
Rutul Shah	
Across Broking Pvt. Ltd.	
Mukesh Jain	
Rahul Doshi	
Across Broking Pvt. Ltd.	December 14, 2022
Mukesh Jain	
Rahul Doshi	
Across Broking Pvt. Ltd.	December 29, 2022
Mukesh Jain	

9. During the personal hearing, all the aforesaid *Noticees* reiterated their earlier written submissions and argued on similar lines. With respect to ABPL and its Directors (*Noticees No. 14* and *15*), it is noted that at the time of the personal hearing scheduled on July 28, 2022, their Authorised Representative (hereinafter referred to as "**AR**") stated that they have filed a settlement application and are positively pursuing it.

10. A query was raised to the AR of Mr. Anish Bagadia at the time of personal hearing as to the mode via which Mr. Anish Bagadia used to receive instructions from his clients for placing their orders who are *Noticees* in the extant matter. The AR had sought

additional time to respond to the query, which was granted to the AR. A similar query was also raised to the AR of Ms. Meena Vira.

11. It is noted from the records that Mr. Anish Bagadia had sought cross examination of Ms. Falguni Parekh which was conducted on August 8, 2022 and Mr. Harshal Vira had requested for cross examination of Mr. Abhijeet Jain which was also conducted on August 12, 2022.

12. Post the personal hearing, the following *Noticees* made submissions / additional submissions in the matter:

12.1. ABPL and Mr. Mukesh Jain vide their common letter dated August 10, 2022 submitted as follows:

12.1.1. ABPL mainly carries out proprietary and jobbing trades. Mr. Mukesh Jain who has been associated with the securities market for last thirty years, is ABPL's main Promoter and Director. Mr. Rahul Doshi is the other Director (October 19, 2016 to January 11, 2022) who is a family friend of Mr. Mukesh Jain.

12.1.2. On the request of Mr. Mukesh Jain, Mr. Rahul Doshi had agreed to provide assistance to ABPL in back office and compliance related matters without any monetary consideration due to his family ties and his eagerness to learn.

12.1.3. Mr. Rajesh Shah and Mr. Rutul Shah who were jobbers, had approached ABPL to be a Dealer in the month of March 2020. Due to sudden announcement of lock down, ABPL was not able to enter into a formal agreement with them.

12.1.4. The fund transfer to Mr. Rajesh Himmatlal Shah from the bank account of Mukesh Jain HUF was made because he was in immediate need of funds and the same was transferred to his wife's account. The amount was refunded by Mr. Rajesh Himmatlal Shah prior to passing of the *Interim Order.*

12.1.5. ABPL had no knowledge of the trades executed by Mr. Rajesh Himmatlal Shah and Mr. Rutul Shah. However, since the trades were executed under ABPL's name using its terminal, ABPL accepts the responsibility for the same.

12.1.6. The amount transferred by Mr. Mukesh Jain in March 2020 and April 2020 amounting to INR 10 lakh and INR 9.5 lakh, respectively pertains to

repayment of a loan advanced by Mr. Rahul Doshi to Mr. Mukesh Jain for pay-in obligations. The relevant ledger extracts and bank account statements have been provided to SEBI.

12.1.7. Mr. Rahul Doshi had no role in the trading activity of ABPL and also did not play an active role in the management of the affairs of ABPL. There was no employer – employee relationship with Mr. Rahul Doshi.

12.1.8. The basis of calculation of unlawful gain has not been provided to the ABPL and ABPL disputes the amount of unlawful gain attribute to it.

12.2. Mr. Rahul Doshi vide his separate letter dated August 9, 2022 while reiterating the submissions made by ABPL and Mr. Mukesh Jain *inter alia* has submitted as follows:

12.2.1. The following table shows the amount of loan advanced to Mr. Mukesh Jain by him (relevant bank statement is annexed with the reply) against which Mr. Mukesh Jain had repaid INR 19.50 lakh in the months of March-April 2020:

Table No. 4

Date on which loan was given	Amount of loan (INR)
8/5/2019	5,00,000
8/5/2019	4,00,000
2/7/2019	5,00,000
6/8/2019	5,00,000
30/9/2019	5,00,000
30/9/2019	3,00,000

12.2.2. He was not an employee of ABPL but was a Director of ABPL who had advanced money to his family friend, Mr. Mukesh Jain. He was not drawing any salary from ABPL.

12.2.3. Due to Covid lockdown, he did not visit the office of ABPL and therefore, he had no access to the data of ABPL from home. Hence, he was unaware of any significant changes or trades and thus, did not make any meaningful inquiry.

12.3. Mr. Dhimant Himmatlal Shah and Mr. Rajesh Himmatlal Shah vide their letters dated August 17, 2022 while reiterating their earlier written submissions, have additionally submitted that while calculating the proceeds generated from the

alleged front running trades, statutory and other charges including the proceeds generated from the trades that have not matched, have also been erroneously included.

12.4. Mr. Bhavesh Gandhi vide his letter dated August 17, 2022 while reiterating his earlier written submissions, has *inter alia* relied upon the order of the Hon'ble SAT in the matter of *Mahavirsingh N Chauhan* vs. *SEBI* decided on October 18, 2019 to submit that joint and several liability is normally imposed under the circumstances where there is no clarity or the transactions / proceeds trail could not be identified, which is not the case in the instant matter. Further, the funds that were transferred from Ms. Meena Vira's bank account to his wife's and mother's bank accounts were for the purpose of meeting the medical emergency that had arisen with respect to his mother. However, the funds are still lying unused in the said bank accounts.

12.5. Mr. Sanket Shah and Mr. Rutul Shah vide their letters dated August 17, 2022 while reiterated their earlier written submissions, have additionally submitted that fair trial requires evidence beyond doubt. Benefit of doubt has to be granted to the accused when there is total absence of evidence or in the criminal jurisprudence requiring the case to be proved beyond reasonable doubt.

12.6. Post cross examination of Mr. Abhijit Jain, Mr. Harshal Vira vide his letter dated September 8, 2022 has made the following submissions stating that:

12.6.1. Mr. Abhijit Jain has admitted that it only "seemed" to him that front running "may" have happened on the basis of SEBI order and not on the basis of his personal knowledge.

12.6.2. Mr. Abhijit Jain has not personally heard or seen any conversation between him and Mr. Anisjh Bagadia.

12.6.3. Mr. Abhijit Jain has stated that he and Mr. Anish Bagadia used to speak frequently but he has left out the part where these conversations had nothing to do with any trading.

12.6.4. With respect to the statement of Mr. Abhijit Jain that sometimes during market hours he used to have access to mobile, it is submitted that the fact remains that most of his calls with Mr. Anish Bagadia were after-market

hours. On the other hand, Mr. Abhijit Jain used to have several calls with Mr. Anish Bagadia during market hours.

12.7. Mr. Anish Bagadia and his related HUFs vide a common letter dated September 9, 2022 have reiterated their earlier written submissions.

13. It is noted from the records that the settlement application of ABPL and its Directors was rejected. Therefore, the said three *Noticees* were granted another opportunity of personal hearing on December 14, 2022. On the day of the scheduled personal hearing, which was conducted in online mode, the AR of ABPL and Mr. Mukesh Jain made submissions with respect to her request for cross examination of Mr. Rutul Shah, Mr. Rajesh Shah, Mr. Dhimant Himmatlal Shah and Mr. Sanket Shah. She further requested that the *Noticees* may be granted another opportunity of personal hearing in the matter which she would want to attend in-person. Moreover, the AR sought additional time to submit further reply in the matter which was granted to her. On the same day of the personal hearing, the AR of Mr. Rahul Doshi on the day denied the allegations levelled in the SCN and *inter alia* stated as follows:

13.1. SEBI cannot question the loan transactions between Mr. Rahul Doshi and ABPL / Mr. Mukesh Jain.

13.2. The fund transactions between the aforesaid *Noticees* have nothing to do with the alleged front running trades.

13.3. Mr. Rahul Doshi was not aware of the alleged front running trades.

13.4. SEBI has not made out a case of violation of PFUTP Regulations against Mr. Rahul Doshi.

13.5. The AR of Mr. Rahul Doshi requested for time to file additional reply in the matter which was acceded to.

14. Post his personal hearing, Mr. Rahul Doshi vide his letter dated December 22, 2022 while denying that he has taken part in any front running activity, has *inter alia* made the following submissions:

14.1. SCN is silent on his role or his participation or his involvement in the purported front running trades. Further, SCN is also silent on the nature and instances of fraud which was committed by him.

14.2. The short term funds provided to Mr. Mukesh Jain were not for the first time that were given and got repaid.

14.3. The purported front running trades were executed during December 2019 to August 2020. However, SEBI is relying on the banking transactions which took place even before the period of purported front running trades.

14.4. There is hardly any entry of utility bill payments or credit card payments in his bank statement as he stays in a joint family and the expenses are borne by the elders of the family. The payment for the personal spending has been done from his wife's account.

14.5. With respect to failure to exercise due care and diligence, he would like to clarify as follows;

14.5.1. Proprietary trading in the F&O account was carried out in the past too.

14.5.2. Mr. Mukesh Jain had the complete power to authorise the execution of such trades, being the Promoter –Director of ABPL.

14.5.3. He was not privy to the proprietary trading decisions of ABPL.

14.5.4. He had no reason to question the trading of ABPL as it was a private limited company in which Mr. Mukesh Jain and his family owned equity and hence it was the case of owner Director exercising the risk associated with trading.

14.6. He used to visit the office of ABPL only once or twice a week for couple of hours to support the back office and compliance related queries and issues. He was not aware of the activities going on during Covid period as he had not visited the office due to the lockdown.

15. The AR of ABPL and Mr. Mukesh Jain vide her email dated December 12, 2022 reiterated her submissions with respect to her request for cross examination. The sum and substance of the said submissions is that through her proposed cross examination of Mr. Rajesh Himmatlal Shah, she seeks to established that Mr. Rajesh Himmatlal Shah was a jobber in ABPL and that ABPL and Mr. Mukesh Jain are not to be liable for fraud. Her detailed submissions in this regard have been considered in subsequent paragraphs.

16. ABPL and Mr. Mukesh Jain vide their common letter dated December 28, 2022 have made the following additional submissions:

16.1. The questions asked during the investigation were asked with an intent to curb the lacunas of the investigation as the same were framed and put to the *Noticees* without explaining the nature and definition of front running and the same were not examined or related to the evidence on record.

16.2. The *Noticee*s retract every averment made in their reply dated August 10, 2022 which is contrary to the contentions raised in these additional submissions, as the averments in the reply dated August 10, 2022 were based on the charges which the *Noticees* are now advised not complete, as the same are not supported with any documents, data and/or information so as to quantify the loss and damage to the market and neither do such charges quantify the unlawful gain of the *Noticees*.

16.3. As per the *Interim Order* and *Confirmatory Order*, the examination period was December 1, 2019 to April 15, 2020 whereas as per SCN, the Investigation Period is December 01, 2019 to August 10, 2020. There is a mismatch in the period for which examination was conducted and the period for which SCN has been issued.

16.4. In the SCN, the disgorgement amount has been increased from the *Confirmatory Order* stage which amounts to double jeopardy.

16.5. The *Noticees*' conduct is similarly placed as that of other entities whose account and trading terminal have been unfrozen in accordance with Hon'ble SAT Order dated December 10, 2020 in Appeal No. 486 of 2020. *Noticees* have been treated unequally by SEBI and *Noticees* are even today debarred from trading activities which has caused great prejudice to the *Noticees*.

16.6. *Notices* had requested SEBI to provide the following documents:

16.6.1. Contents of Voice Recording on which SEBI has relied upon;

16.6.2. Price Impact Analysis of the alleged front-running trades;

16.6.3. Daily Sauda Summary of the Big-client's trades for the entire Investigation Period;

16.6.4. IP details and MAC details for the front running trades;

16.6.5. Entire Account Usage Statement/ Call Log History of Mr. Rajesh Shah, Mr. Rutul Shah, Mr. Mukesh Jain and Mr. Rahul Doshi.

However, the above-mentioned documents / information have not been provided to the *Noticees*.

16.7. ABPL is an Alpha member of NSE derivative segment where there is a net worth requirement of INR. 1 crore and it is required to deposit INR 25 lakh. Mr. Mukesh Jain has been associated with the stock market for the last 30 years.

16.8. Mr. Rajesh Shah had executed 308 trades through NITIN-3306 ID during the period from March 16, 2020 to August 10, 2020 and 46 trades were executed through other IDs in said period. The trades executed through NITIN-3306 ID are 87% of the total trades executed during the said period. From the above, it is evident that proprietary terminal of ABPL was misused by Mr. Rajesh Shah.

16.9. *Noticees* have furnished certain IP addresses and MAC ids and request SEBI to further investigate the said MAC ID and collect data from the Internet Service Providers about the actual user of the IP Addresses and devices in order to go to the root of the matter.

16.10. There is always a huge volume in Nifty and Nifty Bank future contracts and everyone participating in F&O segment, trades in Bank Nifty and Nifty futures. Nifty and Bank Nifty future contracts price changes are wholly dependent on Nifty 50 scrips and bank shares respectively. Hence, impending orders of the Big Client cannot have any impact on price of Nifty and Bank Nifty index. Thus, the allegation regarding front running of Nifty and Bank Nifty for 500 or 1000 quantity is faulty and flawed.

16.11. The instances provided by SEBI in the annexure to the SCN that there are 773 common instances in 125 trading days with the Big Client, whereas actually there are 577 common instances in 121 calendar days. Hence, there is a mismatch and ambiguous data provided by the SEBI in the SCN.

16.12. For the alleged trades during the period from December 2, 2019 to March 15, 2020, it is submitted that there is not a single matching of trade between the Big Client and the *Noticees*. Further, there is no Buy-Buy–Sell or Sell-Sell–Buy pattern. *Noticees* intra-day trades are completed before the Big Client's order or vice-versa.

16.13. No call record has been provided by SEBI between Mr. Mukesh Jain and Mr. Rajesh Shah or Mr. Rutul Shah for the period December 2, 2019 to March 15, 2020. Hence it is evident from the absence of CDR that during the aforesaid period, there was no communication between the said *Noticee*s. Hence, without any

corroborative evidence, trades executed during the aforesaid period cannot be termed as front run trades.

16.14. Since Mr. Rajesh Shah or Mr. Rutul Shah were the persons privy to the Big Client's information, even when there are no calls, the purported front-run trades have taken place.

16.15. The *Noticees* had no intention to collude with the Dealers of RSL which is evident from the fact that ABPL has not traded on all days when the Big Client has traded.

16.16. Upon analysis of the trades of the Big Client, it is seen that the volume of the Big Client was not substantial as envisaged in the definition of front running and most of the days, Big Client trade volume with respect to market trade value is between 0% to 2% and *Noticees* trade volume with respect to market trade volume and Big Client trade volume is miniscule.

16.17. No explanation and analysis of different components of trades of purported front running trades have been furnished in the SCN and its annexures. Even the definition of front running, illegal unlawful gain, disgorgement etc. have not been furnished.

16.18. The first requirement of front running is that impending transactions need to be substantial. However, in the entire SCN, there is no mention of the order of the Big Client being substantial and what is substantial has not been defined by SEBI in any of its Act, Rules or Regulations. Further, SEBI has not equipped the *Noticee* with impact analysis of the Big Client's orders.

16.19. Nowhere in the SCN has it been set out as to how and through what mode was the communication made which led to the front running. The entire SCN is issued on the basis of a cryptic analysis of the trading pattern and CDRs and no other independent evidence which points to the *Noticees* fraudulent conduct has been set out in the SCN.

16.20. It is submitted that the requirement of 'intention' is a pre-requisite to prove 'fraud' for violation of PFUTP Regulations.

17. The AR of ABPL and Mr. Mukesh Jain on the day of personal hearing on December 29, 2022 reiterated the submissions already made in their additional reply dated

December 28, 2022. Further, vide an email dated January 24, 2023, ABPL and Mr. Mukesh Jain made certain submissions on the trade data of the Big Client.

Consideration of Issues and Findings

18. I have carefully perused and considered the findings of SEBI's investigation and have also considered the above noted submissions made by the *Noticees* both written and oral, the contents of which have already been highlighted in the preceding paragraphs. After going through all the material, as aforesaid, available on record, I find that essentially, following three issues arise for determination in the present matter:

18.1. Whether the *Noticees* who have been categorised as FRs have front run the impending orders of the Big Client in collusion with IC?

18.2. If answer to the aforesaid question is in affirmative, who are the *Noticees* who are liable to disgorge the wrongful gains made from the front running trading activities?

18.3. Whether the conduct of the *Noticees* have resulted in violation of provisions of SEBI Act and PFUTP Regulations which warrants for issuing of directions and / or penalty under Sections 11(1), 11(4) 11 (4A), 11B (1) and 11B (2) of the SEBI Act?

19. In order to evaluate the charges made against the *Noticees* on merit, it is relevant to first refer to the provisions of SEBI Act and PFUTP Regulations that have been either allegedly violated by the *Noticees* or are otherwise relevant for the present proceedings. The said provisions are reproduced hereunder for ready reference:

SEBI Act

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control

Section 12A.*No person shall directly or indirectly—*

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

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

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

Penalty for fraudulent and unfair trade practices.

15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.

PFUTP Regulations

Prohibition of certain dealings in securities

Regulation 3*. No person shall directly or indirectly—*

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

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

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

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

Prohibition of manipulative, fraudulent and unfair trade practices

Regulation 4 (1) *Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.*

Regulation 4 (2) *Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves –*

…

(q) any order in securities placed by a person, while directly or indirectly in possession of information that is not publically available, regarding a substantial impending transaction in that securities, its underlying securities or its derivative;

20. The primary issue that requires to be addressed in the present matter is whether the FRs in nexus with the ICs have 'front run' the impeding orders of the Big Client. To that extent, it will be relevant to note the definition of 'front running'. In this respect, the Hon'ble Supreme Court of India while adjudicating the appeal in the matter of *SEBI* vs. *Shri Kanaiyalal Baldevbhai Patel and Ors.* (2017)15 SCC 1 had an occasion to consider the term 'front running' and the observations of the Hon'ble Supreme Court of India are as follows:

"As per the Major Law Lexicon by P Ramanatha Aiyar (4th Edition 2010), 'front running' is defined as under:

Front running - Buying or selling securities ahead of a large order so as to benefit from the subsequent price move.

This denotes persons dealing in the market, knowing that a large transaction will take place in the near future and that parties are likely to move in their favour.

The illegal private trading by a broker or market-maker who has prior knowledge of a forthcoming large movement in prices. (Investment)

The Black's Law Dictionary (Ninth Edition) defines the term 'front running' as under:

Front running, n. Securities. A broker's or analyst's use of nonpublic information to acquire securities or enter into options or futures contracts for his or her own benefit, knowing that when the information becomes public, the price of the securities will change in a predictable manner. This practice is illegal. Front-running can occur in many ways. For example, a broker or analyst who works for a brokerage firm may buy shares in a company that the firm is about to recommend as a strong buy or in which the firm is planning to buy a large block of shares.

Nancy Folbre – In the world of financial trading, a front-runner is someone who gains an unfair advantage with inside information.

SEBI has defined front-running in one of its circular (CIR/EFD/1/2012 dated May 25, 2012) in the following manner-

Front-running; for the purpose of this circular, front running means usage of non-public information to directly or indirectly, buy or sell securities or enter into options or futures contracts, in advance of a substantial order, on an impending transaction, in the same or related securities or futures or options contracts, in anticipation that when the information becomes public; the price of such securities or contracts may change."

21. From the above, it is observed that the following factors are considered important in order to classify a trading activity as front running:

21.1. The information regarding an impending substantial large order of the investor in a particular security that is not publicly available;

21.2. The order placed by the alleged front runner in securities was placed (directly or indirectly) in advance of the large order (placed by the Big Client in the matter), while in possession of the aforesaid non-public information.

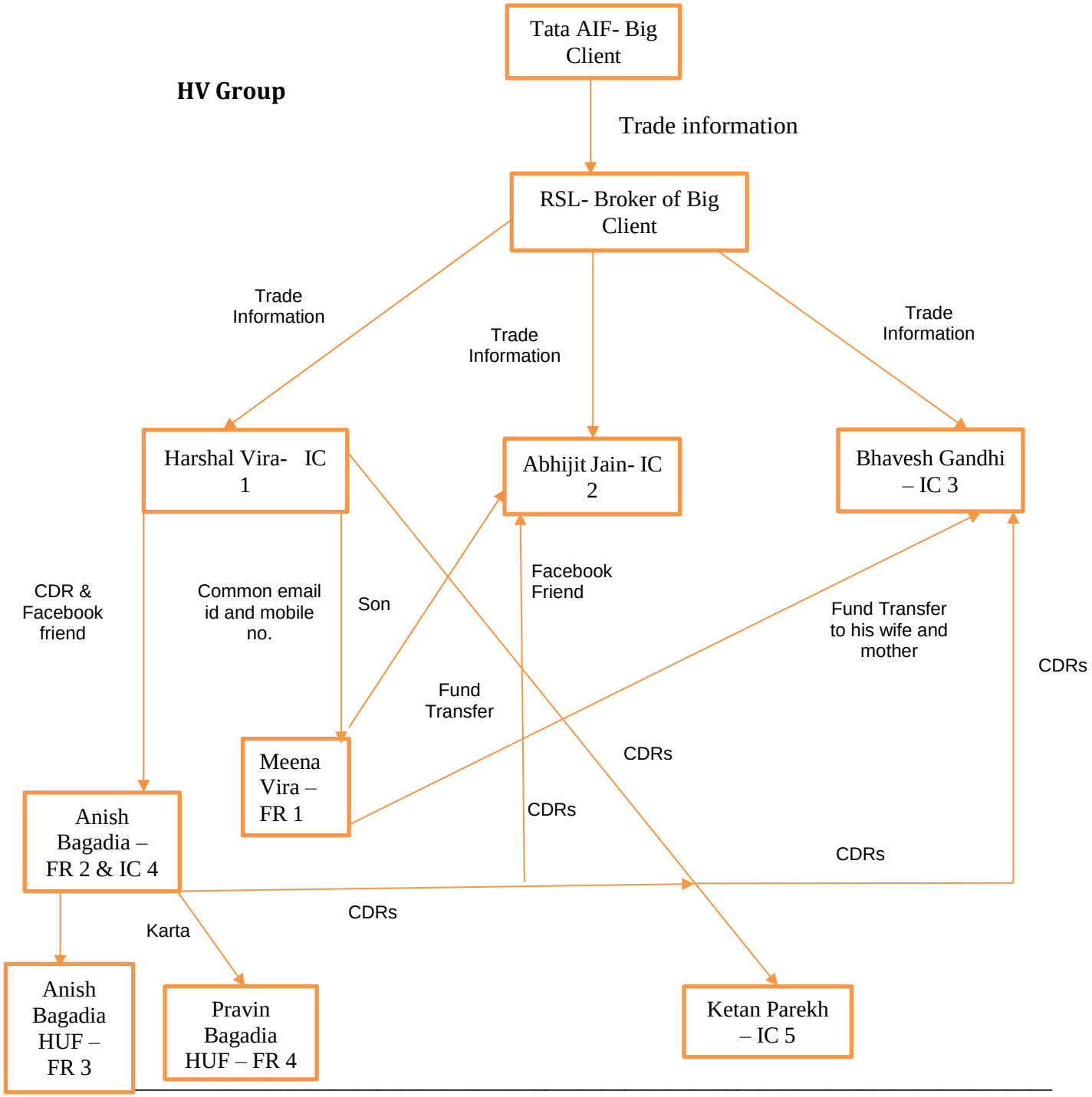
22. In the light of the aforesaid discussion, I note that in order to bring home the charge of front running, following ingredients have to be satisfied:

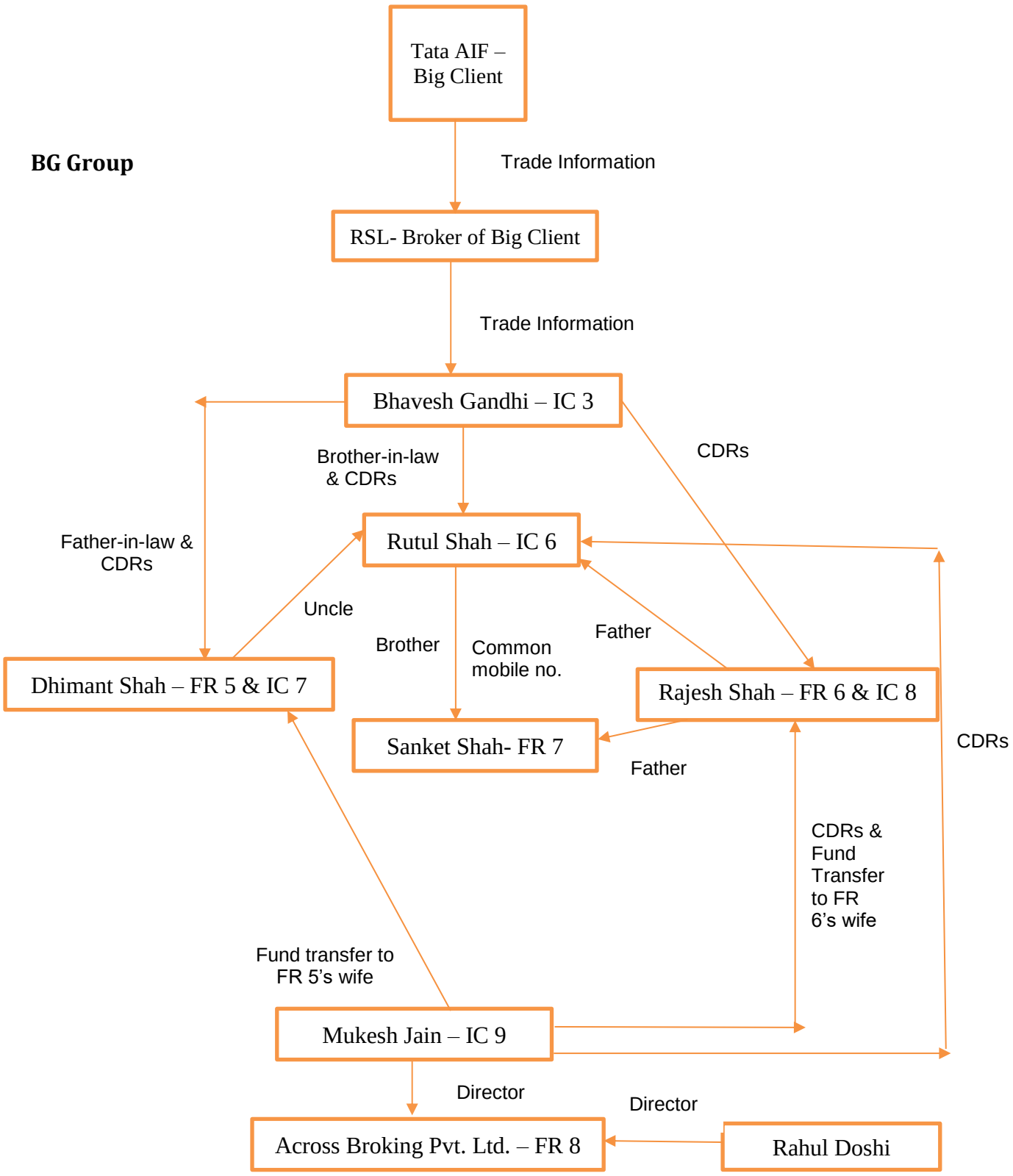
22.1. Access to the non-public information about the impending orders of the Big Client by the front runner.

22.2. Particulars and Pattern of trading followed by the front runner in consonance with the trades of the Big Client.

22.3. Additional corroborative evidence, if any.

23. As noted in the beginning of the present Order, the *Noticees* have been classified under two groups, the first group consisting of *Noticees Nos. 1* to *8* named HV Group while the second group named BG Group, consists of *Noticees No. 8* to *15. Noticee No. 8,* Mr. Bhavesh Gandhi is common to both the Groups. For an understanding, the *Noticees* involved in the alleged front running are depicted pictorially, as under:




BG Group
Tata AIF – Big Client
Trade Information
RSL- Broker of Big Client
Trade Information
Bhavesh Gandhi – IC 3
Brother-in-law & CDRs
CDRs
Father-in-law & CDRs
Rutul Shah – IC 6
Uncle
Brother
Common mobile no.
Father
Dhimant Shah – FR 5 & IC 7
Rajesh Shah – FR 6 & IC 8
Sanket Shah- FR 7
Father
CDRs
CDRs & Fund Transfer to FR 6's wife
Fund transfer to FR 5's wife
Mukesh Jain – IC 9
Director
Director
Across Broking Pvt. Ltd. – FR 8
Rahul Doshi

24. From the above, it is observed that all the *Noticees* are *inter alia* connected with each other not only as being part of the family and / or as friends but also the connection between them finds strength from the fact that there are telephonic calls and fund transfers among the *Noticees*. Neither the execution of orders from the trading accounts of FRs, is in dispute nor the *inter-se* connections amongst the *Noticees*, have been disputed by the *Noticees*. Given the said fact, I now proceed to examine the probability of the *Noticees* of having accessibility to the impending orders of the Big Client.

25. It is noted from the records that almost 99% of trades of the Big Client in value terms were executed through the stock broker, RSL where Mr. Harshal Vira was the Chief Dealer, Mr. Bhavesh Gandhi was the Senior Dealer and Mr. Abhijeet Jain was the Deputy Dealer. Further, Tata Asset Management Ltd. vide its email dated June 19, 2020 had informed SEBI that orders placed through RSL were *inter alia* placed through the aforesaid three Dealers. Consequently, it is observed that Mr. Harshal Vira, Mr. Bhavesh Gandhi and Mr. Abhijeet Jain were privy to the orders / trade information of the Big Client i.e., when and what size of orders for buy / sell in a particular scrip, would be placed on behalf of the Big Client. The aforesaid finding that the above three *Noticees* were aware of the orders proposed to be placed by the Big Clients on a given trading day, has not been denied by any of the aforesaid three *Noticees*. Since the above three Dealers of RSL were in possession of information of the impending orders of the Big Client and no submission has been advanced disputing the above finding or rebutting the allegation that they were privy to the trades of Big Clients, I am constrained to hold that they are correctly being categorised as ICs. Moreover, the information about the impending orders of the Big Client was non-public in nature as the same was not available in the public domain.

26. The next sub-issue that needs to be addressed is whether from the trading pattern coupled with the undisputed connection among the *Noticees*, it can be reasonably held that ICs have shared / communicated the non-public information about impending orders of the Big Client with the FRs who used the said information to trade in the securities market. Alternatively, whether the FRs are successful in refuting the

probable possibility of having received the information pertaining to the impending orders of the Big Client and the trades executed pursuant to the said communication in their respective trading account have not been influenced by the probability of them having the possession of the information of the impending orders of the Big Client. It does not require reiteration that in the cases like front running, direct substantive evidence will not always be present. But in the absence of the same, one has to infer the exchange / use of non-public information of the Big Client, based on the immediate and proximate facts and circumstances surrounding the events on which the charges / allegations are founded. Here, I would like to refer to the observations of the Hon'ble Supreme Court of India in the matter of *SEBI* vs. *Kishore R Ajmera (2016) 6 SCC 368,* wherein the Hon'ble Court while dealing with the nature of evidence required to establish the alleged violation has held as follows:

> "*...It is a fundamental principle of law that proof of an allegation levelled against a person may be in the form of direct substantive evidence or, as in many cases, such proof may have to be inferred by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof the Courts cannot be helpless. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to the Court to be a reasonable conclusion therefrom. The test would always be that what inferential process that a reasonable/prudent man would adopt to arrive at a conclusion."*

27. In the backdrop of the above principle, I proceed to examine as to whether or not, the investigation has been successful in bringing out adequate evidence either in the form of direct or corroborating evidence, sufficient enough to compel the inference about a nexus between ICs and FRs, thereby to come to a finding that FRs having prior knowledge about the impending trade orders of the Big Client based on which the trades, executed in their trading account, have been substantially influenced by the

possession of such non-public information about the impending trade orders of the Big Client.

HV Group

Ms. Meena Vira and Mr. Harshal Vira

28. It has already been noted that impugned trades were executed from the trading account of Ms. Meena Vira who is the mother of Mr. Harshal Vira who is an IC. To examine on the basis of preponderance of probability as to whether the trades executed from the trading account of Ms. Meena Vira had the undue advantage of access to the non-public prior information about the impending orders of the Big Client, following aspects were analysed:

29. On an analysis of the KYC documents of Ms. Meena Vira, the following is noted:

    29.1.1. On a comparison of her range of declared income (INR 0-4 lakh) with the gross traded value of the trades (INR 904.90 crore during the period from December 9, 2019 to July 1, 2020) executed through her trading account in derivative segment of the securities market, one can easily ascertain the glaring disproportionate trading activity undertaken in her account as compared to her declared income. It is further observed from the ITRs submitted by the *Noticee* that she had gross total income of approximately INR 4 lakh in the FY 2016-17 while in the next two FYs, her gross total income was zero. It is observed that the proceeds from the impugned trades itself are INR 75 lakh. Furthermore, in intra-day trading, considering the dynamics of the market, there could be a reasonable probability that when the second leg of the orders are put, they get executed at a loss. For e.g., on January 20, 2020, the gross buy value of trades executed from the trading account of the *Noticee* in various securities was approximately INR 14 crore. Under the prevailing condition, even for the sake understanding the risk appetite of the Noticee, it is assumed that if the price would have moved down in the said securities by 1%, it would have meant a substantial loss of approximately INR 14 lakh, which for a person with gross annual income between INR 0 - 4 lakh is substantial and difficult to absorb.

29.1.2. It has been observed that the mobile number given in her KYC document is registered in the name of Mr. Harshal Vira as per the KYC obtained from the mobile service provider – Airtel. Further, the email address registered for the purpose of receiving contract notes is *prathamddd@gmail.com* which is also common to trading accounts registered in the name of Mr. Harshal Vira. In this regard, Mr. Harshal Vira has submitted that at the time of opening the demat account of his mother, she did not have a mobile no. or an email id because of which she would have given his details in the KYC form. In this regard, I note that both the *Noticees* have not denied the fact that the trading account of Ms. Meena Vira has mobile no. and email id which pertains to Mr. Harshal Vira. Moreover, from the date of the opening of the trading account till the time of execution of the impugned trades, the KYC of Ms. Meena Vira has material details which pertain to her son, Mr. Harshal Vira. Even if his mother did not have her own mobile number or email address at the time of opening of the trading account, she could have very well updated her KYC by furnishing her own mobile number and email id to the stock broker subsequently. Thus, the submission of the Mr. Harshal Vira is untenable as *prima facie* her son Mr. Harshal Vira is seen to be controlling the said account. In view of the above, I am inclined to draw an adverse inference against Ms. Meena Vira and Mr. Harshal Vira and I am constrained to find that the said act of providing a mobile number and an email id which does not belong to the registered owner of the trading account especially when the registered owner is, as per regulatory requirement, expected to receive trade alerts and other information regarding her trading account. Such an act to open a trading account by providing KYC details of another person is construed to be a ploy on the part of Ms. Meena Vira to avoid the probable outcome of the instant proceeding. Therefore, in the given facts and circumstances of the matter, non-furnishing of her own email id and phone number for her KYC documentation process appears to be by design so that people other than her i.e. Mr. Harshal Vira can have access to her trading account and the submissions advanced by the *Noticee* in response to the

allegations that the trading account of Ms. Meena Vira has email id and mobile number of Mr. Harshal Vira, does not aspire confidence.

30. Further, on an examination of how the orders were being placed for the trades executed from the trading account of Ms. Meena Vira during the period December 9, 2019 to July 1, 2020, following was observed:

30.1.1. The orders were placed through LFC Securities where the Dealer, Mr Anish Bagadia used to punch the orders. Mr. Anish Bagadia as noted in preceding paragraphs has been a long standing friend of Mr. Harshal Vira and the said fact has not been disputed by any of the concerned *Noticees*.

30.1.2. In the beginning of the examination when the information was sought from the stock broker of Ms. Meena Vira i.e. from LFC Securities regarding the identity of the person who was placing orders in the trading account of Ms. Meena Vira, it was informed to NSE that Mr. Harshal Vira and Mr. Amar Vira (brother of Mr. Harshal Vira) had placed the orders on behalf of their mother. However, on February 11, 2020, LFC Securities has provided the order confirmation sheets to NSE, for orders of Ms. Meena Vira in which the person who used to place orders was mentioned as Mr. Amar Vira. At the time of investigation, it was submitted to SEBI by Ms. Meena Vira and Mr. Harshal Vira that it was Mr. Ramnik Vira (deceased) who was the person responsible for operating the trading account of Ms. Meena Vira. Thus, depending on the convenience of either the stock broker or the aforesaid two *Noticees,* the identity of the person placing the orders in the trading account of Ms. Meena Vira was changing. A simple factual query such as to ascertain the identity of the person who was placing the orders in the trading account of Ms. Meena Vira, could give rise to multiple answers, in itself gives rise to suspicion about the *bona fide* of the *Noticees* and their answers. The aforesaid along with the following circumstances further strengthens the finding that Mr. Harshal Vira was the person who was placing the orders in the trading account of his mother and the submissions that has been advanced that it was Mr. Amar Vira or Mr. Ramnik Vira who used to place orders in the trading account of

Ms. Meena Vira are mere bald assertions having no supporting evidence to substantiate it:

30.1.2.1. The fact that the mobile number and the email id where confirmations of trades were being received was of Mr. Harshal Vira (not of the other two entities as claimed by Ms. Meena Vira) who apparently used to place orders on behalf of Ms. Meena Vira. It is highly unlikely that a person who is placing orders will not like to keep track of the order confirmations.

30.1.2.2. I find that neither the available records nor Mr. Harshal Vira and Ms. Meena Vira indicate if either Mr. Amar Vira or Mr. Ramnik Vira had any expertise or knowledge about securities market, hence, it leads me to a compelling inference that the only person qualified to place orders in the securities market in the family was Mr. Harshal Vira, who himself was a Chief Dealer in RSL.

30.1.2.3. During the personal hearing, Ms. Meena Vira was asked to explain the mode via which she or her authorised person used to place orders with her Dealer, Mr. Anish Bagadia. However, till date she has failed to explain the same even in her post-hearing submissions. The same question was posed to Mr. Anish Bagadia also at the time of his hearing but he has also failed to submit any response to till date. In the given facts and circumstances, the failure of the aforesaid two *Noticees* to submit the requisite information inspite of being directed specifically to do so, does not support the case of Ms. Meena Vira.

31. Thus, from the aforesaid analysis of KYC document of Ms. Meena Vira and in the absence of any explanations with regard to the mode of placing orders to the stock broker in the trading account of Ms. Meena Vira, on a preponderance of probability basis, it can be concluded that it was Mr. Harshal Vira who had access to the trading account of his mother, was operating the said trading account.

32. After holding in the preceding paragraphs that Mr. Harshal Vira is an IC and was operating the trading account of Ms. Meena Vira, the next issue that needs to be

determined is whether Mr. Harshal Vira who was operating the trading account of Ms. Meena Vira, was placing those orders in the account of his mother, by taking advantage of the non-public information about the impending orders of the Big Client which he was privy to. The same requires analysing the particulars of the pattern of trades executed from the trading account of Ms. Meena Vira during the period December 9, 2019 to July 1, 2020. In order to analyse the data, it is pertinent to define "Scrip Day". A combination of a particular trade date and a particular share / scrip is considered as one Scrip Day. For instance, if a trader trades in six unique scrips in a single day, he is considered as having traded in six Scrip Days and if these trades were all intra-day, they are considered as six intra-day scrip days. It is observed from the summary of trades executed from the trading account of Ms. Meena Vira during the period December 9, 2019 to July 1, 2020, which is given below at Table No. 5, that a large percentage of scrip days of Ms. Meena Vira in the derivative segment of the market, are in common with the scrip days of Big Client. An even stronger trend is observed in the intra-day trading activity executed from the trading account of Ms. Meena Vira. The same are depicted in the tables below:

Table No. 5

Derivative Segment			
Noticee	**Scrip Days traded (No. of instances)**	**Common Scrip days with Big Client (No. of instances)**	**%**
Meena Vira	1106	720	65.09

Table No. 6

Derivative Segment			
Noticee	**No. of instances - Scrip Days – intra-day trades**	**No. of instances - Common Scrip days with Big Client for intra-day trades**	**%**
Meena Vira	553	446	80.65

From the above tables, it is observed that there is a significant overlap in the scrip days between the trading activities of Ms. Meena Vira and that of the Big Client. Further, on a scrutiny of the intra-day trades executed from the trading account of Ms. Meena Vira, it is observed that there is a very specific discernible trading pattern which has been

repeated throughout the period from December 9, 2019 to July 1, 2020, for the orders placed from the aforesaid trading account. The pattern that is followed is either a Buy-Buy-Sell pattern or Sell-Sell-Buy pattern having nexus with the impending order of the Big Client. In other words, the order for the first leg of the intra-day trade (the front running leg) gets placed from the trading account of Ms. Meena Vira prior to the impending buy / sell order of the Big Client and the second leg of the intra-day trade (squaring off of trade) is set in motion by placing the sell / buy order prior to the execution of or immediately after the execution of the buy / sell order of the Big Client, in the same order limit price range, similar to that of the Big Client, so that Ms. Meena Vira's sell / buy orders get executed immediately / around the time of execution of buy / sell order of the Big Client. One such illustrative trade executed from the trading account of Ms. Meena Vira was noticed on January 28, 2020 in the scrip of Torrent Pharmaceuticals Ltd., the details of which are depicted below:

Table No. 7

Particulars	**Type of Order**	**Order Vol.**	**Order Start Time**	**Order End Time**	**Start Price (INR)**	**End Price (INR)**
Meena Vira	Buy	7,500	9:40:03	9:40:52	1949	1952.95
Big Client	Buy	20,000	9:41:16	9:42:05	1964.6	1960
Meena Vira	Sell	7,500	9:41:45	-	1971.8	1971.75

33. The above illustration shows that a buy order for 7,500 shares of Torrent Pharmaceuticals Ltd., was placed from the trading account of Ms. Meena Vira. The said buy order was placed at 9:40:03 hours which is prior to the impending buy order of the Big Client for 20,000 shares of Torrent Pharmaceuticals Ltd. which was placed at 9:41:16 hours. Subsequently, a sell order for 7,500 shares was put from the trading account of Ms. Meena Vira at 9:41:45 hours and the previous buy position was squared off immediately when the Big Client order was placed. Thus, both legs of the intra-day trading activity executed from the trading account of Ms. Meena Vira was designed in a manner to follow a Buy-Buy-Sell pattern with respect to the impending buy order of the Big Client, wherein the first leg of the trade was a front running leg.

34. In view of the aforesaid discussion, it is observed that the orders for first leg of the intra-day trades (the front running leg) were placed on a regular basis / on numerous occasions during the period December 9, 2019 to July 1, 2020, sometimes multiple times in the same day, prior to the placement of the impeding orders of the Big Client or before the last tranche of the order of the Big Client was placed. Similarly, orders for the second leg of the intra-day trades on numerous occasions were placed prior to the last tranche of the order of the Big Client. In a universe of numerous securities/derivative contracts being traded on stock exchange platform, it is surprising to observe that the trades executed from the trading account of Ms. Meena Vira are not only being executed in the same scrip on the same day as that of the Big Client on a regular basis, but also such orders are being placed from the trading account of Ms. Meena Vira in the same securities by following either Buy-Buy-Sell pattern or Sell-Sell-Buy pattern on a consistent basis. The frequency with which the matching of trades was taking place on both buy side and sell side, shows that the same was being executed consciously under a well thought out design/ scheme or artifice and such execution of trades from the trading account of Ms. Meena Vira in the same scrip on a regular basis as that of the Big Client cannot be seen as a mere coincidence.

35. Credence to the aforesaid finding is further lent from the examination of profits earned from the trades executed from the trading account of Ms. Meena Vira, when the trades were executed on the days, which were common with the trading days of the Big Client are compared with the days which were not common with the trading days of the Big Client. The details with respect to such profits earned in the account of Ms. Meena Vira, are reproduced below:

Table No. 8

Particulars	Derivative Segment					
	Noticee	**Calendar days**	**No of instances**	**Gross Traded Value (INR in lakh)**	**Average Gross Traded Value (INR in lakh)**	**Square off earned (INR in lakh)**
Common Scrip days with Big Client	Meena Vira	114	720	73690.62	102.35	57.53

Particulars	Derivative Segment					
	Noticee	Calendar days	No of instances	Gross Traded Value (INR in lakh)	Average Gross Traded Value (INR in lakh)	Square off earned (INR in lakh)
No of Other Scrip days not common with Big Client	Meena Vira	106	386	16799.75	43.52	(5.96)

Thus, from the above table, it is observed that there is a huge jump in the profits (from accruing losses to generating profits in seven figures) earned by Ms. Meena Vira on those scrip days which are common with the Big Client.

36. Not only there was a huge jump in the in the profits earned by Ms. Meena Vira during the period from December 9, 2019 to July 1, 2020 but the trading activity of Ms. Meena Vira had astronomically increased by 1005344.44% in the derivative segment in comparison to her previous trading activity. The details are as follows:

Table No. 9

Period	Derivative Segment
	Gross Traded Value (INR in Crore)
Pre-investigation Period 1/6/2019 - 8/12/2019	0.09
Relevant Period during the Investigation Period 9/12/2019 - 1/7/2020	904.90

37. It is noted from the analysis of the bank account statement of Ms. Meena Vira that certain fund transactions were also observed between her and the immediate relatives (mother and wife) of Mr. Bhavesh Gandhi and between her and Mr. Abhijit Jain. The details of the said fund transfers are as follows:

Table No. 10

Transaction Date	Particulars	Remarks
30/1/2020	Paid by cheque -- INR 5,00,000 to Foram Bhavesh Gandhi (SBI A/c No: 33387962735)	Foram Bhavesh Gandhi is the wife of Bhavesh Gandhi.

Transaction Date	Particulars	Remarks
	Paid by cheque -- INR 1,00,000 to Damyanti Gandhi (SBI, A/c No : 20112864295)	Damyanti Gandhi is the mother of Bhavesh Gandhi – Senior dealer at RSL.
22/1/2020 6/3/2020	Online Transfer -- INR 3,00,000/- to Abhijit Jain (Axis Bank Ltd., A/c No. 910010013486883) Online Transfer -- INR 9,00,000/- to Abhjit Jain	Abhijit Jain -Deputy Dealer at RSL.

38. With respect to the aforesaid fund transfers, Mr. Harshal Vira has submitted that he had transferred funds to Mr. Bhavesh Gandhi so that the latter can meet his mother's medical emergency and the fund was given as a temporary loan. In this regard, the following is observed for the fund transfers between Mr. Harshal Vira's mother and the immediate relatives of Mr. Bhavesh Gandhi:

38.1. Mr. Harshal Vira has not submitted his bank statements of the relevant period (January – March 2020) to demonstrate that he did not have the requisite funds in his own account to transfer to his colleague for which he had to request his mother to transfer the funds to the immediate relatives of his colleague.

38.2. No plausible explanation has been furnished by Mr. Harshal Vira as to why the funds were not transferred to the bank account of Mr. Bhavesh Gandhi, who had apparently requested for the temporary loan but the same was transferred to the bank accounts maintained by his mother and wife.

38.3. No plausible explanation has been furnished by Mr. Harshal Vira to explain the need to transfer the loan amount in two instalments on the same day to mother and wife of Mr. Bhavesh Gandhi instead of transferring the loan amount directly to him or to either of the relative's account in one instalment.

38.4. Mr. Bhavesh Gandhi has also neither submitted his bank statement(s) nor his mother's or his wife's bank statement(s) for the relevant period (January – March 2020) to demonstrate that individually or as a family, they did not have the requisite funds to meet the medical emergency.

38.5. No proof of medical emergency or medical records of Ms. Damyanti Gandhi for the relevant period has been submitted by Mr. Bhavesh Gandhi to substantiate his submission.

38.6. The loan amount is still lying with Mr. Bhavesh Gandhi's family inspite of the fact that the purpose for which it was apparently availed, no longer exists.

39. The aforesaid lack of explanations and documentation for the fund transfer between Ms. Meena Vira and the immediate relatives of Mr. Bhavesh Gandhi, when seen along with the other corroborative evidence viz., frequency of placement of orders in specific scrips which were in common with the impending orders of the Big Client, significant profits were made while trading on the days which were common with the trading days of the Big Client vis-a-vis other trading days which were not common with the Big Client, astronomical increased in trading activity of Ms. Meena Vira in the segment of the securities market in which the Big Client was also trading during the period December 9, 2019 to July 1, 2020, on a preponderance of probability basis leads to a strong inference that the funds that were transferred were part of the proceeds generated from front running the trades of the Big Client.

40. With respect to the fund transactions between Ms. Meena Vira and Mr. Abhijeet Jain, it has been submitted that it was a loan transaction for a land deal which was entered into by Mr. Abhijeet Jain. However, the said deal did not go through and Mr. Abhijeet Jain had returned the loan amount in May 2020 much before the *Interim Order* was passed. It is noted from the records that at the *Confirmatory Order* stage, Mr. Abhijeet Jain had, in justification of the above fund transfer, submitted that he wanted to buy a plot of land which was around INR 30 lakh. For that purpose, he had taken loan from Mr. Harshal Vira. He had paid an advance of INR 1.5 lakh out of INR 30 lakh for the said land deal. Further, he was required to pay additional INR 5 lakh, but paid only INR 3 lakh. To buttress his submissions, Mr. Abhijeet Jain had submitted screenshots of his Whatsapp chats dated January 24, 2019 and January 27, 2019 pertaining to credit of INR 1.5 lakh. In this regard, it was observed in the *Confirmatory Order* that he had not submitted his bank statements in support of his submission. Additionally, from the chats it could not be discerned in what context INR 1.5 lakh was paid. Further, Mr. Abhijeet Jain had not submitted any documentary evidence related to

purchase of land as claim by him such as a copy of agreement for sale, correspondences with his sister's husband, if any, who is a real estate broker through whom he claims to be planning to buy the said land plot etc. He had also not submitted his bank statement to show that he had paid INR 3 lakh. Moreover, there was no documentary evidence brought on record by Mr. Abhijeet Jain to show that the land deal was cancelled and the amount paid by him was returned to him. In short, there is a complete lack of documentary trail when it comes to purchase of plot of land by Mr. Abhijeet Jain. At this current stage also I note that Mr. Abhijeet Jain has not submitted any additional documents to plug the gap in his submission that was highlighted in no uncertain terms in the *Confirmatory Order.*

41. However, I note from the available records that the SCN proceeds to allege engagement in fraudulent activities in the form of front running and the investigation has not brought forward any material which would show his involvement in front running the trades of the Big Client rather I find that his case stands on a different footing than the rest of the *Noticees* on the following grounds:

41.1. Unlike other *Noticees,* investigation has not brought on record as to whether he or his relatives or his friends or his acquaintances were involved in front running the trades of the Big Client.

41.2. The fund transfer was directly made to his bank account and not to his immediate relatives' bank account and the time gap between two fund transfers was not immediate but there was a considerable gap between the two transfers.

41.3. The funds so received by Mr. Abhijeet was returned well before even passing of the *Interim Order* and therefore, in the absence of any evidence to advance the case made in the SCN, it would be difficult to observe that the said fund transfer was part of the profit generated out of alleged front running activities.

42. In view of the aforesaid discussion which demonstrates that the circumstances surrounding Mr. Abhijeet Jain is distinct from the other *Noticees* involved in the extant matter, thereby necessitating the treatment of his case differently from the other *Noticees,* I am of the view that in the given facts and circumstances of the matter, Mr. Abhijeet Jain can be given a benefit of doubt that the funds that were transferred from

Ms. Meena Vira's bank account were unrelated to front running activity executed from the trading account of Ms. Meena Vira.

43. Mr. Harshal Vira has submitted that there is no correlation between trades and CDRs and the mere fact that he knows Mr. Anish Bagadia and Mr. Ketan Parekh does not lead to an inference that he had communicated non-public information of impending orders of the Big Client to them. In this regard, it is observed that in the given matter, CDRs have been relied upon to establish connection amongst the *Noticees*. It has not been relied upon to show that the information pertaining to non-public information was passed on through those telephonic calls. In this day and age of technology, where there are various applications available in the market for making calls and sending messages which provide service of end-to-end encryption, where no one outside the call or chat, can listen or read them, it would be simplistic to assume that ICs and FRs would have communicated with each other through telephonic calls only. Moreover, as held by the Hon'ble Supreme Court of India in *SEBI* vs. *Kishore R Ajmera et.al.* decided on February 23, 2016 that in cases of fraudulent activities, admittedly, no direct evidence would be forthcoming / available. Fraudulent transactions are to be tested on the conduct of parties and abnormality of practices which defy normal logic. What is needed is to prove that in a factual matrix, preponderance of probabilities indicates a fraud.

44. In the instant matter, the charge of front running the impending orders of the Big Client has been levelled against Mr. Harshal Vira and Ms. Meena Vira not only based on the trading pattern of the trades executed from the trading account of Ms. Meena Vira but also upon a host of circumstantial evidence as alluded to at length, in the preceding paragraphs above viz., access of Mr. Harshal Vira to his mother's trading account, frequency of placement of orders in specific scrips which were in common with the impending orders of the Big Client, common scrip days and intra-day scrip days with the Big Client, significant profits made while trading on the days which were common with the trading days of the Big Client vis-a-vis other trading days which were not common with the Big Client, substantial increase in trading activity of Ms. Meena Vira during the period from December 9, 2019 to July 1, 2020, etc. which on a preponderance of probability basis establish that the impugned trades would not

have been executed from the trading account of Ms. Meena Vira had there been no nexus amongst her, Mr. Harshal Vira and Mr. Bhavesh Gandhi. Moreover, when, Mr. Harshal Vira and Mr. Bhavesh Gandhi were also privy to / had possession of the non-public information of the impending orders of the Big Client.

45. Mr. Harshal Vira has submitted that none of the alleged trades has been executed from his terminal and therefore no correlation of trades with him can be established. The submission of Mr. Harshal Vira is devoid of merits. The correlation of the alleged trades with him is done on the basis of him being privy to the non-public information of the Big Client, his access to his mother's trading account, lack of his mother's trading activity in pre-Investigation Period, percentage of common scrip days and intra- day scrip days with the Big Client, and moreover Mr. Harshal Vira being the recipient of all communication from the stock broker / Exchanges with respect to the trading account of Ms. Meena Vira (on account of his email id and phone number being in the KYC records of the stock broker) and other circumstantial evidences as alluded in preceding paragraphs above. At this stage, it is pertinent to note and observe that the issue as to who has punched the order in the trading account of Ms. Meena Vira is not so important though the same is required to understand how the scheme has unfolded in the instant matter. The crucial and material aspect is whether the trades executed in the trading account of Ms. Meena Vira were so proximate to the trades of the Big Client and also followed a glaring pattern of Buy-Buy-Sell and Sell-Sell-Buy, which in the absence of plausible explanation from the *Noticees* and the fact that connection between the *Noticees* and possession of non-public information by Mr. Harshal Vira are not disputed, would preponderantly suggest that the trades executed from her trading account were influenced by the possession of non-public information pertaining to the impending orders of the Big Client.

46. In view of the aforesaid discussion and in the given facts and circumstances of the matter, the cumulative effect of the following undisputed factual evidences, as alluded to in the preceding paragraphs above can be reiterated as below:

46.1. Accessibility of Mr. Harshal Vira to the non-public information of the Big Client.

46.2. Accessibility of Mr. Harshal Vira in terms of operation and control of trading and bank account of Ms. Meena Vira.

Primary Evidence

46.3. The specific and unusual pattern of trades executed from the trading account of Ms. Meena Vira when compared to the buy / sell trades of the Big Client.

46.4. Frequency of placement of orders in specific scrips which were in common with the impending orders of the Big Client.

46.5. Substantial increase in the trading activity in the derivative segment of the securities market from the trading account of Ms. Meena Vira during the period December 9, 2019 to July 1, 2020, i.e. the segment of securities market in which the Big Client was trading.

Corrobor-ative Evidence

46.6. Significant percentage of common scrip days' and intra-day scrip days with the Big Client.

46.7. Significant profits were made while trading on the days which were common with the trading days of the Big Client vis-a-vis other trading days which were not common with the Big Client.

Corrobor-ative Evidence

46.8. The expertise / experience of Mr. Harshal Vira in dealing in the securities market.

When the aforesaid undisputed factual observations are seen holistically, a picture that emerges on the basis of preponderance of probability is that the orders placed / trades executed from the trading account of Ms. Meena Vira during the period December 9, 2019 to July 1, 2020, were done in specific scrips / segment due to the nexus amongst Ms. Meena Vira, Mr. Harshal Vira and Mr. Bhavesh Gandhi and the impugned trades would not have been placed / entered into from the trading account of Ms. Meena Vira, had Mr. Harshal Vira and Mr. Bhavesh Gandhi were not in possession of or privy to the non-public information about the impending orders of the Big Client in those specific scrips / segment. Further, considering the fact that the issue pertaining to knowledge of the non-public information on the part of Mr. Harshal Vira and Mr. Bhavesh Gandhi has not been denied or refuted by them, and there is a very discernible and unique pattern of placing of orders visible from the trading account of Ms. Meena Vira just prior to the impending trade orders of the Big Client on a regular basis during the period December 9, 2019 to July 1, 2020, it constrains me to conclude that the impugned trades executed from the trading account of Ms. Meena Vira during the period December 9, 2019 to July 1, 2020, were in fact front running trades for which Ms. Meena Vira, Mr. Harshal Vira and Mr.

Bhavesh Gandhi are liable. Moreover, in the light of the fact that the computation of the wrongful gain has not been challenged by Ms. Meena Vira and Mr. Harshal Vira, I find that the aforesaid front running trading activity in the trading account of Ms. Meena Vira has resulted in earning of a total wrongful gains to the tune of INR 72,17,899/-.

Mr. Anish Bagadia, Anish Pravin Bagadia HUF and Pravin Durlabhji Bagadia HUF

47. It is noted from the records that Mr. Anish Bagadia is the Karta of Anish Pravin Bagadia HUF and Pravin Durlabhji Bagadia HUF and it was he who was placing the orders on behalf of the HUFs. The issue which needs to be determined with respect to the aforesaid three *Noticees* is that whether trades executed from the trading account of the above mentioned three *Noticees* contain ingredients which on the principle of preponderance of probability would show that Mr. Anish Bagadia had access to the non-public information of the impeding orders of the Big Client. Alternatively, are the above three *Noticees* successful in demonstrating that the alleged trades executed from their trading accounts were based on their own research and knowledge and there is nothing abnormal which could even indicate the possession of information pertaining to the impending orders of the Big Client by Mr. Anish Bagadia, so as to indicate that the trades were influenced by the impending orders of the Big Client.
48. Before adverting to the issues as noted above, it would be appropriate here to refer to the order of the Hon'ble Supreme Court of India in the matter of *SEBI* vs. *Shri Kanaiyalal Baldevbhai Patel and Other Connected Appeals* decided on September 20, 2017 wherein the Hon'ble Apex Court while dealing with a front running matter held as follows:

"*To attract the rigor of Regulations 3 and 4 of the 2003 Regulations, mens rea is not an indispensable requirement and the correct test is one of preponderance of probabilities. Merely because the operation of the aforesaid two provisions of the 2003 Regulations invite penal consequences on the defaulters, proof beyond reasonable doubt as held by this Court in Securities and Exchange Board of India Vs. Kishore R. Ajmera (supra) is not an indispensable requirement. The inferential conclusion from the proved and admitted facts, so long the same are reasonable and can be legitimately arrived at on a*

consideration of the totality of the materials, would be permissible and legally justified. Having regard to the facts of the present cases i.e. the volume of shares sold and purchased; the proximity of time between the transactions of sale and purchase and the repeated nature of transactions on different dates, in my considered view, would irresistibly lead to an inference that the conduct of the respondents in Appeal Nos. 2595 of 2013, 2596 of 2013 and 2666 of 2013 and appellants in Appeal Nos.5829 of 2014 and 11195-11196 of 2014 were in breach of the code of business integrity in the securities market."

49. In the light of the aforesaid observation of the Hon'ble Supreme Court, I note that for matters like the one at hand, a conclusion has to be drawn based on the undisputed and proven facts and the totality of attending circumstances of the matter. Thus, the issues which have been framed in preceding paragraphs above, namely, whether or not Mr. Anish Bagadia had access to the non-public information about the impending orders of the Big Client and if the answer is in affirmative, did he use the said information to take undue advantage by trading ahead of the impending orders of the Big Client, are not independent but are intricately linked to each other. Thus, to come to a reasonable finding with respect to both the aforesaid issues, the same set of circumstances have to be seen holistically before arriving at a conclusion.

50. Adverting to the first issue of access of Mr. Anish Bagadia to the non-public information about the impeding orders of the Big Client, I note from the records and admitted submissions of Mr. Anish Bagadia and Mr. Harshal Vira (who as noted in preceding paragraphs above, is an IC) that they have been friends for more than ten years and were in regular communication with each other during the period from December 6, 2019 to July 31, 2020. However, to come to an inferential conclusion as to whether or not, Mr. Anish Bagadia had access to the non-public information about the impending orders of the Big Client, one has to examine the other surrounding circumstances of the matter including the particulars of the pattern of trades executed from the trading accounts of Mr. Anish Bagadia and his two related HUFs during the period from December 6, 2019 to July 31, 2020 so that in the process, the second issue would also be answered.

51. In this respect, from the summary of trades executed from the trading accounts of Mr. Anish Bagadi and his two related HUFs during the investigation period, which is given below, it is observed that a large percentage of scrip days of Mr. Anish Bagadia and his two related HUFs in the derivative segment of the market, are in common with the scrip days of Big Client. An even stronger trend is observed in the intra-day trading activity executed from the trading accounts of Mr. Anish Bagadia and his two related HUFs. The same are depicted in the tables below:

Table No. 11

Derivative Segment			
Noticee	**Scrip Days traded (No. of instances)**	**Common Scrip days with Big Client (No. of instances)**	**%**
Anish Bagadia	423	328	77.54
Anish Pravin Bagadia HUF	33	32	96.96
Pravin Durlabhji Bagadia HUF	173	173	100

Table No. 12

Derivative Segment			
Noticee	**No. of instances - Scrip Days – intra-day trades**	**No. of instances - Common Scrip days with Big Client for intra-day trades**	**%**
Anish Bagadia	290	271	93.44
Anish Pravin Bagadia HUF	31	30	96.77
Pravin Durlabhji Bagadia HUF	173	173	100

52. From the details mentioned in the above tables, it is observed that there is a significant overlap in the scrip days between the trading activities of Mr. Anish Bagadia and his two related HUFs and that of the Big Client. Further, on a scrutiny of the intra-day trades executed from the trading accounts of Mr. Anish Bagadia and his two related HUFs, it is observed that there is a very specific trading pattern which has been repeated throughout the period from December 6, 2019 to July 31, 2020 for the orders placed from the aforesaid trading accounts. The pattern that is followed is either a Buy-Buy-Sell pattern or Sell-Sell-Buy pattern having nexus with the impending trade order of the Big Client. In other words, the order for the first leg of the intra-day trade (the front running leg) gets placed from the trading accounts of Mr. Anish Bagadia and

his two related HUFs prior to the impending buy / sell order of the Big Client and the second leg of the intra-day trade (squaring off of trade) is set in motion by placing the sell / buy order prior to the execution of or immediately after the execution of the buy / sell order of the Big Client, in the same order limit price range similar to that of the Big Client, so that the aforesaid three *Noticees* sell / buy orders get executed immediately / around the time of execution of buy / sell order of the Big Client. One such illustrative trade executed from each of the trading accounts of the aforesaid three *Noticees* is reproduced in the respective tables below:

Table No. 13

Mr. Anish Bagadia: December 11, 2019 in the scrip of Muthoot Finance Ltd.

Particulars	**Type of Order**	**Order Vol.**	**Order Start Time**	**Order End Time**	**Start Price (INR)**	**End Price (INR)**
Anish Bagadia	Buy	1,500	14:01:56	-	700.70	-
Big Client	Buy	30,000	14:02:04	14:02:08	701	701.80
Anish Bagadia	Sell	1,500	14:02:11	-	701.80	-

Table No. 14

Anish Pravin Bagadia HUF: February 27, 2020 in the scrip of CESC Ltd.

Particulars	**Type of Order**	**Order Vol.**	**Order Start Time**	**Order End Time**	**Start Price (INR)**	**End Price (INR)**
Anish Bagadia HUF	Buy	800	13:10:30	-	708.25	-
Big Client	Buy	16,000	13:12:34	-	709.50	709
Anish Bagadia HUF	Sell	800	13:12:34	-	709	-

Table No. 15

Pravin Bagadia HUF: January 21, 2020 in the scrip of Colgate-Palmolive (India) Limited

Particulars	**Type of Order**	**Order Vol.**	**Order Start Time**	**Order End Time**	**Start Price (INR)**	**End Price (INR)**
Pravin Bagadia HUF	Sell	1,400	15:22:30	-	1490.60	1490.65
Big Client	Sell	21,000	15:22:50	-	1489.15	1488.25

Pravin Bagadia HUF	Buy	1,400	15:22:52	-	1489.85	1490

53. The above illustrations show that both legs of the intra-day trading activity executed from the trading accounts of Mr. Anish Bagadia and his two related HUFs were designed in a manner so as to follow a Buy-Buy-Sell / Sell –Sell – Buy pattern with respect to the impending buy / sell order of the Big Client, wherein the first leg of the trade was a front running leg.
54. In view of the aforesaid illustration and discussion, it is observed that the orders for first leg of the intra-day trades (the front running leg) were placed on a regular basis / on numerous occasions, sometimes multiple times during the same day, prior to the placement of the impeding orders of the Big Client or before the last tranche of the order of the Big Client. Similarly, orders for the second leg of the intra-day trade on numerous occasions were placed prior to the last tranche of the order of the Big Client. In a universe of numerous securities/derivative contracts being traded on stock exchange platform, it is surprising to observe that the trades executed from the trading accounts of Mr. Anish Bagadia and his two related HUFs are found to be in the same scrip on the same day as that of the Big Client on a regular basis, but also such orders were being placed from trading accounts of Mr. Anish Bagadia and his two related HUFs in the same securities by following either Buy-Buy-Sell pattern or Sell-Sell-Buy pattern on a consistent basis. The frequency with which the matching of trades was taking place on both buy side and sell side, shows that the same was being executed consciously under a well thought out design/ scheme or artifice and such execution of trades from trading accounts of Mr. Anish Bagadia and his two related HUFs in the same scrip on a regular basis as that of the Big Client cannot be seen as a mere coincidence.
55. Credence to the aforesaid finding is further lent from the examination of profits earned from the trades executed from trading accounts of Mr. Anish Bagadia and his two related HUFs, when the trades were executed on the days, which were common with the execution days of trades of the Big Client as compared to the days which were not common with the trading days of the Big Client. The details with respect to such

profits earned in the accounts of Mr. Anish Bagadia and his two related HUFs, are reproduced below:

Table No. 16

Particulars	Derivative Segment					
	Noticee	**Calendar days**	**No of instances**	**Gross Traded Value (INR in lakh)**	**Average Gross Traded Value (INR in lakh)**	**Square off earned (INR in lakh)**
Common Scrip days with Big Client	Anish Bagadia	81	328	6286.21	19.17	3.72
No of Other Scrip days not common with Big Client	Anish Bagadia	55	95	519.61	5.47	0.96
Common Scrip days with Big Client	Anish Bagadia HUF	9	32	2638.37	82.45	2.47
No of Other Scrip days not common with Big Client	Anish Bagadia HUF	1	1	0	0	0
Common Scrip days with Big Client	Pravin Bagadia HUF	14	173	4178.06	24.15	3.73
No of Other Scrip days not common with Big Client	Pravin Bagadia HUF	0	0	0	0	0

Thus, from the above table it is observed that there is a huge jump in the profits earned by Mr. Anish Bagadia on those scrip days which are common with the Big Client while the remaining two *Noticees* made profit only when they had traded on the scrip days which were common with the scrip days of the Big Client.

56. Not only there was a huge jump in the in the profits earned by Mr. Anish Bagadia and his two related HUFs but also the trading activities of Mr. Anish Bagadia and his two related HUFs had substantially increased in the derivative segment during the investigation period, as compared to their previous trading activities. The details are as follows:

Table No. 17

Anish Bagadia

Period	Derivative Segment Gross Traded Value (INR in Crore)
Pre- Investigation Period 1/6/2019 - 5/12/2019	5.93
Relevant Period during the Investigation Period 6/12/2019 - 31/7/2020	68.06

Anish Pravin Bagadia HUF

Table No. 18

Period	Derivative Segment Gross Traded Value (INR in Crore)
Pre- Investigation Period 1/6/2019 - 6/1/2020	0
Relevant Period during the Investigation Period 7/1/2020 - 4/2/2020	26.38

Pravin Durlabhji Bagadia HUF

Table No. 19

Period	Derivative Segment Gross Traded Value (INR in Crore)
Pre- Investigation Period 1/6/2019 - 14/1/2020	0
Relevant Period during the Investigation Period 15/1/2020 - 3/2/2020	41.78

57. Mr. Anish Bagadia has submitted that the volume of his trading was substantial as those were mostly jobbing trades where the trades are squared off quickly after some time of taking the position, resulting in small profit. In such a case, comparison of turnover with income is misplaced as these are not delivery trades. With respect to *Noticee's* submission it is noted from the records that at the time of his deposition Mr. Anish Bagadia had deposed that during the period 2016-2020 his income was around

INR 10-15 lakh per annum. In intra-day trading (if carried out while not doing front running / any other fraudulent trades), considering the dynamics of the securities market, there could be a reasonable probability that when the second leg of the orders are put, they get executed at a loss. It is observed from the records that during the period from December 6, 2019 to July 31, 2020, Mr. Anish Bagadia's average gross traded value on the common scrip days with the Big Client was INR 19.17 lakh. Thus, even if the price would have moved down in the traded securities by 1%, it would have meant a material loss for Mr. Anish Bagadia, which for a person with gross annual income between INR 10 - 15 lakh (and not net income) would have been a substantial loss and difficult to absorb. The very fact that the impugned trades of such high quantum were executed shows that Mr. Anish Bagadia was confident that he would not make a loss. Hence, to say that a comparison of turnover with income is misplaced is incorrect as it does not take into account a situation where a loss may be suffered by the *Noticee,* which given the volatile nature of the securities market is highly probable. Such evidently high risk appetite shown by Mr. Anish Bagadia was stemming from a sense of certainty of not making loss in his trades. This inference / finding garners further strength from the fact that the gross traded value of the trades executed by Mr. Anish Bagadia had increased exponentially by 1047.72% from the pre-investigation period. Moreover, his two related HUFs who have not traded in the derivative segment of the securities market in the pre-investigation period, had substantial turnovers in the derivative segment of the securities market during the investigation period. Furthermore, if I compare the gross traded value of trades executed by Mr. Anish Bagadia on common scrip days with the Big Client vis-à-vis non-common scrip days and the profits made during the said scrip days, there is a marked increase under both parameters; the gross traded value had increased by 250.45% while the profits made had increased by 287.50%. All the aforesaid noteworthy material changes in the aforesaid parameters (gross traded value and profits made) are observed only in the trading account of Mr. Anish Bagadia. If the gross traded value and profits made from the trades, admittedly executed by Mr. Anish Bagadia in the trading accounts of the HUFs namely Anish Pravin Bagadia HUF and Pravin Durlabhji Bagadia HUF are considered cumulatively, it will invariably

suggest the confidence exhibited by Mr. Anish Bagadia in an uncertain market of derivatives trading and confidence is also seen to have translated into his increased trading activity and profits made thereof.

58. Mr. Anish Bagadia has further submitted that mere stray calls with his friend whose mother was his client cannot be seen out of context to allege front running against him and his related HUFs. I have in preceding paragraph no. 43 above, already dealt with the relevance of CDRs in the subject matter. Further, the fact that Mr. Anish Bagadia was the Dealer of Ms. Meena Vira is a vital aspect in the matter as it has already been established above that Mr. Harshal Vira was placing orders in the trading account of Ms. Meena Vira through Mr. Anish Bagadia and he (Mr. Harshal Vira) was also having direct access to the non-public information about the impending orders of the Big Client. The aforesaid connection between Mr. Harshal Vira and Mr. Anish Bagadia coupled with the similar pattern of trades observed in the afore-noted three trading accounts of Mr. Anish Bagadia, which are also seen in the trading account of Ms. Meena Vira around the placement of impending orders of Big Client in the derivative segment of the securities market during the investigation period, further gives a strong indication that Mr. Anish Bagadia was also trading in the three trading accounts belonging to him and his HUFs under the influence of non-public information about the impending orders of the Big Client. This observation is further reinforced by the fact that like in the case of Ms. Meena Vira where substantial profits were earned during the investigation period by way of increased trading activities as compared to previous periods, in similar manner the trading activities in the three trading accounts pertaining to Mr. Anish Bagadia witnessed significant increase during the aforesaid investigation period thereby generating large sums of profits in those three trading accounts.

59. Under the circumstances, it becomes incumbent upon the *Noticee* (Mr. Anish Bagadia) to come clean with tangible explanation and supporting material which can convince me that the trades executed in above mentioned three trading accounts were done in due course without being under influence of any non-public information received from Mr. Harshal Vira who was undeniably privy to the information regarding the impending orders of the Big Client. In the absence of any such explanation to rebut

the allegation made in the SCN, it is incorrect for Mr. Anish Bagadia to merely state that his connection with mother of Mr. Harshal Vira was as a client should not be taken out of context so as to allege front running against Mr. Anish Bagadia and his related HUFs.

60. In view of the aforesaid discussion and in the given facts and circumstances of the matter, the cumulative effect of the following undisputed factual evidences, as alluded to in the preceding paragraphs above, has to be seen:

60.1. Accessibility of Mr. Harshal Vira to the non-public information of the Big Client.

60.2. Connection between Mr. Anish Bagadia and Mr. Harshal Vira.

60.3. The specific and unusual pattern of trades executed from the trading accounts of the aforesaid three *Noticees* when compared to the buy / sell trades of the Big Client.

Primary Evidence

60.4. Frequency of placement of orders in specific scrips / segments which were in common with the impending orders of the Big Client.

60.5. Substantial increase in the trading activity in the derivative segment of the securities market from the trading accounts of Mr. Anish Bagadia and his related HUFs during the investigation period, the segment in which the Big Client was also trading.

Corroborative Evidence

60.6. Significant percentage of common scrip days' and intra-day scrip days with the Big Client.

60.7. Significant profits were made while trading on the days which were common with the trading days of the Big Client vis-a-vis other trading days which were not common with the Big Client.

60.8. *Noticees* having taken exposure highly disproportionate to their annual income.

60.9. The similarity of trading pattern with the trades executed from the trading account of Ms. Meena Vira by closely following the trading activity of the Big Client, increased trading activity and profits made during the investigation period vis-à-vis pre investigation period.

Corroborative Evidence

61. When the aforesaid undisputed factual observations are seen holistically, a picture that emerges on the basis of preponderance of probability is that the orders placed / trades executed from the trading accounts of Mr. Anish Bagadia and his related HUFs during the investigation period, were placed in specific scrips / segment due to the

nexus between Mr. Harshal Vira and Mr. Anish Bagadia and the impugned trades would not have been placed / entered into from the said trading accounts of Mr. Anish Bagadia and his related HUFs, had Mr. Harshal Vira and Mr. Anish Bagadia not been in possession of or privy to the non-public information about the impending orders of the Big Client in those specific scrips /segment. Further, considering that there is a very discernible pattern of placing of orders from the trading accounts of Mr. Anish Bagadia and his related HUFs just prior to the impending trade orders of the Big Client on a regular basis during the investigation period, it constrains me to conclude that the impugned trades executed from the trading accounts of Mr. Anish Bagadia and his related HUFs during the investigation period, were in fact front running trades for which Mr. Anish Bagadia in his individual capacity and as a Karta of his related HUFs and Mr. Harshal Vira are liable. Moreover, in the light of the fact that the computation of the wrongful gain has not been challenged by Mr. Anish Bagadia, I find that the aforesaid front running trading activity in the trading accounts of Mr. Anish Bagadia and his related HUFs have cumulatively resulted in earning of a total wrongful gain to the tune of INR 10,04,223/-.

Mr. Ketan Parekh

62. It has been alleged in the SCN that Mr. Ketan Parekh had access to and was aware of the trading activities of his wife's, Ms. Falguni Parekh partnership firm and the impugned trades were executed from the trading account of the said partnership firm during the investigation period by taking advantage of the non-public information of the impending orders of the Big Client as Mr. Ketan Parekh was alleged to be an IC. Further, it is also alleged in the SCN that the trades executed in the trading account of his friend, Mr. Mukesh Parekh who stays in the same apartment complex for over 25 years where Mr. Ketan Parekh lives, was placed during the investigation period *inter alia* in nexus with him.

63. As discussed in earlier paragraphs, to bring home the allegation of access to the information of the non-public information of the impending orders of the Big Client and subsequently taking advantage of the same to execute trades in the same scrips prior to that of the Big Client, will require appreciation of all the immediate and

proximate facts and circumstances surrounding the events on which the allegations are founded.

64. From the records and in the absence of any contrary submissions by Mr. Ketan Parekh, following undisputed facts are noted:

64.1. Apart from being husband and wife, Mr. Ketan Parekh and his wife were Directors of LFC Securities where the trading account of Labdhi Enterprise (Ms. Falguni Parekh's partnership firm) was also being maintained. Further, his wife is also a shareholder in LFC Securities.

64.2. Wife's partnership firm and LFC Securities are part of the same group i.e. Labdhi Group.

64.3. Mr. Ketan Parekh, Mr. Anish Bagadia (he is a Dealer in LFC Securities) and Mr. Harshal Vira know each other.

64.4. Orders in the trading account of the partnership firm was punched in by Mr. Anish Bagadia. Further, Mr. Anish Bagadia, apart from executing trades in his own and related HUFs' trading accounts, was also a Dealer for Ms. Meena Vira.

65. In the light of the aforesaid undisputed facts and the discussions in preceding paragraphs, it is observed that the two *Noticees* who had access to or were privy to the non-public information of the impending orders of the Big Client i.e. Mr. Harshal Vira and Mr. Anish Bagadia, were not only in communication with Mr. Ketan Parekh during the investigation period but also one of them, Mr. Anish Bagadia worked for him and was placing orders in almost identical pattern during the same period on behalf of himself, his two related HUFs as well as on behalf of Ms. Meena Vira, whose son Mr. Harshal Vira was, as seen before connected with Mr. Anish Bagadia. The aforesaid undisputed findings , when examined along with the following attending circumstances, on a preponderance of probability basis, lead to an irrefutable conclusion that Mr. Ketan Parekh was also having access to the non-public information about the impending orders of the Big Client but for which the impugned trades in the trading account of the aforesaid partnership firm in which Ms. Falguni Parekh is a working partner, would not have been executed in the same manner and following same trading pattern as have been already noticed in the other trading

accounts of Mr. Anish Bagadia as well as of Ms. Meena Vira. These attending circumstances, can be stated as follows:

65.1. No reasonable explanation has been submitted by the related entity (wife) of Ms. Falguni Parekh either at the time of her deposition or at the *Confirmatory Order* stage, as to how on a regular basis trades were executed from the trading account of her partnership firm on numerous occasions, sometimes multiple times in the same day, just prior to the placement of the impeding orders of the Big Client or before the last tranche of the order of the Big Client, except for stating that she used to place orders based on market information. The aforesaid response of her is not only vague and inexplicit but is also not supported by any satisfactory information so as to demonstrate her domain knowledge or any expertise that is necessary for a trader for the purpose of working / dealing in the sophisticated derivative segment of the securities market. It is noted from her submission at the *Confirmatory Order* stage that she has been working in the capital markets for the last 15 years and has also qualified IRDA exams for life and general insurance. Reference letters from Mr. Rupam Ketan Mehta, Insurance Agent and Mr. Rajesh V Ajmera, Proprietor of Nometa International have been submitted by her. However, she has not substantiated in what capacity she has been working in the capital markets for the last 15 years since, the trading account of her partnership firm was opened only in November 2014. She has neither submitted her own demat statement demonstrating that she has been actually trading prior to November 2014 nor has produced the partnership firm's demat statement demonstrating that she has been executing similar kind of trades following similar strategy which have generated similar volumes and profits for her on a regular basis, like the impugned trades which were executed in the said account during the investigation period. Further, the reference letters submitted by her are from individuals who are not associated with the securities markets and hence are of no relevance to support her submission. These deficiencies with respect to the submission made by Ms. Falguni Parekh were highlighted in the *Confirmatory Order* but still Mr. Ketan Parekh who is the husband has not found it material to plug those deficiencies in spite of knowing very well that one of the pillars on which the allegation against him is

standing is the peculiar pattern of trades executed in close proximity with the trades of Big Client, from the trading account of the partnership firm in which his wife is a working partner.

65.2. It is observed from the particulars of the pattern of trades executed from the trading account of the said partnership firm (in which Ms. Falguni Parekh is a partner) that during the investigation period, a notable percentage of scrip days of the partnership firm in the derivative segment of the market are in common with the scrip days of the Big Client. A similar trend is also observed in the intra-day trading activity executed from the trading account of the said partnership firm. The same are depicted in the tables below:

Table No. 20

Derivative Segment			
Entity	**Scrip Days traded (No. of instances)**	**Common Scrip days with Big Client (No. of instances)**	**%**
Labdhi Enterprises	458	120	26.20

Table No. 21

Derivative Segment			
Entity	**No. of instances - Scrip Days – intra-day trades**	**No. of instances - Common Scrip days with Big Client for intra-day trades**	**%**
Labdhi Enterprises	434	116	26.72

From the above tables, it is observed that there is an overlap in the scrip days between the trading activity of the partnership firm and that of the Big Client. Further, on a scrutiny of the intra-day trades executed from the said trading account, it is observed that there is a very specific trading pattern which has been repeated throughout the investigation period for placing orders in the said trading account. The pattern that is followed is either a Buy-Buy-Sell pattern or Sell-Sell-Buy pattern having nexus with the impending order of the Big Client. In other words, the order for the first leg of the intra-day trade (the front running leg) gets placed from the trading account of the said partnership firm prior to the impending buy / sell order of the Big Client and the second leg of the intra-day trade (squaring off of trade) is set in motion by placing the sell / buy order prior to the execution of

or immediately after the execution of the buy / sell order of the Big Client, in the same order limit price range similar to that of the Big Client, so that the said partnership firm's sell / buy orders get executed immediately / around the time of execution of buy / sell order of the Big Client. One such illustrative trade executed from the trading account of Labdhi Enterprises was noticed on January 29, 2020 in the scrip of Mahindra & Mahindra Fin. Services Ltd., the details of which are depicted below:

Table No. 22

Particulars	**Type of Order**	**Order Vol.**	**Order Start Time**	**Order End Time**	**Start Price (INR)**	**End Price (INR)**
Labdhi Enterprises	Buy	11,200	9:16:40	-	361.5	-
Big Client	Buy	48,000	9:16:55	9:18:26	362	-
Labdhi Enterprises	Sell	11,200	9:16:52	-	362.5	1971.75

The above illustration shows that buy order for 11,200 shares of Mahindra & Mahindra Fin. Services Ltd., was placed from the trading account of Labdhi Enterprises. The order was placed at 9:16:40 hours which is prior to the impending buy order of the Big Client for 48,000 shares of Mahindra & Mahindra Fin. Services Ltd. which was placed at 9:16:55 hours. Sell order for 11,200 shares was put from the said trading account at 9:16:52 hours and were squared off immediately when the Big Client order was placed. Thus, both legs of the intra-day trading activity executed from the said trading account was designed in a manner to follow a Buy-Buy-Sell pattern with respect to the impending buy order of the Big Client, wherein the first leg of the trade was a front running leg.

65.3. It is noted from the particulars and pattern of impugned trades that the orders for first leg of the intra-day trades (the front running leg) were placed on a regular basis / on numerous occasions, sometimes multiple times in the same day, prior to the placement of the impeding order of the Big Client or before the last tranche of the order of the Big Client. Similarly, orders for the second leg of the intra-day trade on numerous occasions were placed prior to the last tranche of the order of the Big Client. In a universe of numerous securities/derivative contracts being traded on stock exchange platform, it is surprising to observe that the trades executed from

the trading account of Mr. Ketan Parekh's wife's partnership firm are not only being executed in the same scrip on the same day as that of the Big Client on a regular basis, but also such orders are being placed from the trading account of said partnership firm in the same securities by following either Buy-Buy-Sell pattern or Sell-Sell-Buy pattern on a consistent basis. The frequency with which the matching of trades was taking place on both buy side and sell side, shows that the same was being executed consciously under a well thought out design/ scheme or artifice and such execution of trades from the said trading account in the same scrip on a regular basis as that of the Big Client cannot be seen as a mere coincidence.

65.4. The finding that Buy-Buy-Sell pattern or Sell-Sell-Buy pattern exhibited for the trades executed from the trading account of the aforesaid partnership firm was a conscious call and not a happenstance gathers strength from the empirical data which showed a jump of 37209.25% in terms of gross traded value in the derivative segment of the securities market where the Big Client was also trading during the investigation period as compared to pre-investigation period. The details of the said astronomical jump are shown below:

Table No. 23

Derivative Segment	
Period	**Gross Traded Value (INR in crore)**
Pre-Investigation Period 1/6/2019 - 14/1/2020	0.54
Investigation Period 15/1/2020 - 28/5/2020	201.47

Further, on a closer scrutiny of the gross traded value of the trades executed during the investigation period, it is observed that out of gross traded value of trades worth INR 20146.82 lakh during the investigation period, 82.34% of the gross traded value of trades i.e. INR 16589.14 lakh were executed on common scrip days with the Big Client. Further, 82.25% of gross traded value of the trades executed during the investigation period was intra-day trades which were common with the Big Client. From the aforesaid statistics which show an astronomical jump in the trading activity of the trades executed from the trading account of the said partnership firm

in the derivative segment of the securities market during the investigation period and the concentration of the said trading activity on the common scrip days with the Big Client, are seen as compelling reasons to infer that the trading behaviour is not a genuine trading behaviour and is influenced majorly by the trading activity of the Big Client.

65.5. The aforesaid finding is further fortified when one examines the ITRs filed by the partnership firm for the financial years 2018-19 and 2019-20 which shows that the gross total income of the said partnership firm for the aforesaid two financial years was zero. Thus, it becomes obvious that the confidence to take exposure which ran into crores on common scrip days with the Big Client (average gross traded value of INR 138.24 lakh) was not stemming from the net worth or income of the partnership firm, rather it was stemming from a strong sense of certainty of not making loss in those trades for which, the only plausible reason in the given facts and circumstances of the case could be that Mr. Ketan Parekh having access to the non-public information about the impeding orders of the Big Client was confident about making profit on those scrip days from the trading indulged in by the said partnership frim and there was certainly no fear of incurring losses even from those high value trades which were clearly disproportionate to the financial capacity of the said partnership firm.

65.6. The aforesaid observations about Mr. Ketan Parekh having access to the non-public information about the impending orders of the Big Client and resultant confidence arising therefrom can be very well appreciated when profit figures of the said partnership firm for the trades executed on common scrip days with the Big Client are compared with the profit/loss generated on the non-common scrip days during the investigation period. It is noted that the profits have staggeringly increased by 325.83% (from INR 3.91 lakh to INR 16.65 lakh) on common scrip days with the Big Client vis-à-vis the profits earned on non-common scrip days during the investigation period.

66. Mr. Ketan Parekh has submitted that once it has been accepted by SEBI that his related entity (wife) was handling the affairs of the partnership firm, there is no reason to keep him involved as an IC without sufficient evidence. In this regard, it is noted that

there were multiple factors which resulted in the impugned trades being executed from the trading account of his wife's partnership firm. The first being that his wife was the only working partner of the partnership firm and the remaining partners were sleeping partners, secondly, the trading account of the said partnership firm was maintained with a stock broker in which Mr. Ketan Parekh, the husband of the working partner of the said firm was a Director, thirdly, the Dealer (Mr. Anish Bagadia) who was punching in the orders on behalf of the said partnership firm was also seen to be placing orders in similar pattern and in same segment for himself, his related HUFs and Ms. Meena Vira and lastly, Mr. Ketan Parekh, the husband of the working partner of the said partnership firm was closely known to and was in communication with Mr. Harshal Vira who had direct access to the non-public material information about the impending orders of the Big Client. Thus, his wife being the working partner in the aforesaid partnership firm may be said to be one of the essential factors but it is not the only factor which had resulted in the execution of the impugned trades. Therefore, in order to effectively adjudicate the allegation levelled against Mr. Ketan Parekh attributing him to the impugned trades, all the attendant facts surrounding the execution of the impugned trades have to be considered which include, whether or not Mr. Ketan Parekh is an IC. In this regard, as noted in the preceding paragraphs, ample circumstantial evidences have been brought on record viz., connection between Mr. Harshal Vira and Mr. Ketan Parekh, particulars about the typical pattern of trading followed from the trading account of the said partnership firm, frequency of placement of orders around the impending orders of the Big Client, increased trading activity of the partnership firm during the investigation period, concentration of the trading activity of the partnership firm on common scrip days with the Big Client and increase in the profits made on common scrip days with the Big Client vis-à-vis other non-common scrip days etc. Under the circumstances, the trades executed in the trading account of the said firm of the wife of Mr. Ketan Parekh have to be seen in the backdrop of facts that Mr. Harshal Vira who was privy to the impending order of Big Client was also known and in touch with Mr. Ketan Parekh and further, Mr. Ketan Parekh and Mr. Anish Bagadia (Dealer in LFC Securities) are known to each other over a substantial period of time. Moreover,

family of each of the above three *Noticees* are seen to have followed similar trading pattern during the investigation period when their exposure to the securities market were substantially high especially in those securities wherein the Big Client was also placing orders and taking positions. All the FRs have also executed their first leg of their intra-day trade before the impending order of the Big Client and subsequently the FRs have squared off their position, post the placement of the order of the Big Client and in the process have earned profit through such trades. The percentage of common scrip days and the trading activities in the securities by the said partnership firm in common with the Big Client have been too high to be considered as trades executed in the normal course of trading activities of the said partnership firm. Mr. Ketan Parekh has also not come forward with any satisfactory explanation so as to disassociate himself from the trades that were executed in the trading account of his wife's partnership firm in such peculiar manner, having close nexus with the trades of the Big Client. Under the circumstances, confronted with the overwhelming evidence and material circumstances pertaining to his relationship with Mr. Harshal Vira and Mr. Anish Bagadia, I cannot persuade myself that Mr. Ketan Parekh has not influenced the trades executed in the trading account of his wife's partnership firm after having access to the non-public information about the impending orders of the Big Client and rather in all preponderance of probabilities, it was Mr. Ketan Parekh is seen to be instrumental in placement of the orders for the impugned trades.

67. It has been further contended by Mr. Ketan Parekh that the only allegation made against him in the SCN is that he had made some calls to Mr. Harshal Vira through which some non-public information has been communicated to him which he in turn has passed on to his related entity. Even the said calls (except one call) are not made during the market hours. I note from the SCN that the allegation against Mr. Ketan Parekh is that he was in possession of or privy to the non-public information of the impending orders of the Big Client and the said allegation as noted in the preceding paragraph, is based on a host of circumstantial evidences surrounding the trading activity of Mr. Ketan Parekh's wife's partnership firm and not merely based on CDRs between Mr. Ketan Parekh and Mr. Harshal Vira, as submitted by Mr. Ketan Parekh. Further, the finding and my observation with respect to the role of CDRs in the subject

matter has already been noted in the preceding paragraph no. 43 above. In addition to the above, the issue under examination is whether or not, in the facts and circumstances of the matter, considering the abnormality and uniqueness in the trades coupled with the undisputed connection among the *Noticees*, preponderance of exchange of non-public information among the *Noticees* is strongly indicated which cannot be overlooked.

68. One of the submissions put forth by Mr. Ketan Parekh is that it is bit demeaning for a female, if someone assumes that if she is running the partnership firm, her husband must be associated with the operations of the said partnership firm, failing which she would not have been capable of handling the affairs of the partnership firm. I find from the materials of the case that no such demeaning findings or observations have been made either in the SCN or in any of the correspondences exchanged with Mr. Ketan Parekh and hence resorting to such an argument is completely undesirable and misplaced on facts. It would have helped Mr. Ketan Parekh's cause, if he would have backed his case with supporting documents to refute the allegations and convincingly demonstrate that he has played no influencing role in the trading activities of the partnership firm of his wife which he has failed to do so. I find that Mr. Ketan Parekh has simply chosen to distance himself from the workings of the partnership firm by making a bald statement to that effect without demonstrating how his related entity was independently carrying out the operations of the said partnership firm. Considering Mr. Ketan Parekh was the Director of the stock broking firm wherein his related entity's (wife) partnership firm had the trading account, the same would give him independent access to the documents which would show how the orders were placed by his related entity and how the records were maintained for the same. Further, as noted earlier the partnership firm had zero income during the relevant financial year, but still the partnership firm was able to provide margin for the substantial exposure it was taking in derivatives segment during the investigation period. Thus, Mr. Ketan Parekh could have submitted documents which would demonstrate the kind of margin given by the partnership firm and the source for the same to highlight that he had arm's length relation with the partnership firm. Moreover, Mr. Ketan Parekh could have submitted the reason as to why and under

what circumstances LFC Securities allowed the said partnership firm (its client) to suddenly increase its trading activity to such an astronomical level which was otherwise not possible given the poor financial condition of the said partnership firm. Also, LFC securities has not been able to explain as to how such abnormal trading activities of the said partnership firm that generated substantial profit in a consistent manner can be explained as a normal trading behavior and for which LFC securities never raised any red flags. Furthermore, Mr. Ketan Parekh was very much aware that his wife's submission before SEBI that she has experience in dealing in securities market was not accepted during the Confirmatory proceedings based on the evidence submitted by her. Thus, at least during the proceedings before me, Mr. Ketan Parekh had an opportunity to establish that his wife was indeed experienced in dealing in securities, however, he chose to remain silent on the said issue. The above also fails to aspire confidence as the allegations in the SCN is primarily based on the connection amongst Mr. Ketan Parekh, Mr. Anish Bagadia (Dealer in LFC Securities) and Mr. Harshal Vira and the pattern of trades executed in the trading account of the said partnership firm which demonstrated that the same were influenced by the undisputed strong connection that existed amongst them.

69. In view of the aforesaid discussion and in the given facts and circumstances of the matter, the cumulative effect of the following undisputed factual evidences, as alluded to in the preceding paragraphs above, is explained below:

69.1. Accessibility of Mr. Harshal Vira to the non-public information of the Big Client.	Primary Evidence
69.2. The connection amongst Mr. Ketan Parekh, Mr. Harshal Vira and Mr. Anish Bagadia.	
69.3. The specific and unusual pattern of trades executed from the trading account of the partnership firm when compared to the buy / sell trades of the Big Client.	
69.4. Frequency of placement of orders in specific scrips which were in common with the impending orders of the Big Client.	Corroborative Evidence
69.5. Substantial increase in the trading activity in the derivative segment of the securities market from the trading account of the said partnership firm during the investigation period, in the segment of securities market in which the Big Client was trading.	

69.6. Significant profits were made while trading on the days which were common with the trading days of the Big Client vis-a-vis other trading days which were not common with the Big Client.

69.7. Concentration of the trading activity in terms of gross traded value of the trades executed from the trading account of the partnership firm on common scrip days with the Big Client.

69.8. The expertise / experience of Mr. Ketan Parekh in dealing in the securities market.

Corroborative Evidence

70. When the aforesaid undisputed factual observations are seen holistically, a picture that emerges on the basis of preponderance of probability is that the orders placed / trades executed from the trading account of Mr. Ketan Parekh's wife's partnership firm during the investigation period, were placed in specific scrips/ segment due to the nexus amongst the related entities, Mr. Ketan Parekh, Mr. Harshal Vira and Mr. Anish Bagadia and the impugned trades would not have been placed / entered into from the trading account of the said partnership firm, had Mr. Ketan Parekh not been in possession of or privy to the non-public information about the impending trade orders of the Big Client in those specific scrips / segment. Further, considering that there was a very discernible pattern of placing of orders from the trading account of the said partnership firm, just prior to the impending trade orders being placed on behalf of the Big Client on a regular basis during the investigation period, it constrains me to conclude that the impugned trades executed from the trading account of Mr. Ketan Parekh's wife's partnership firm during the investigation period, were in fact front running trades for which Mr. Ketan Parekh, Mr. Harshal Vira and Mr. Anish Bagadia are liable.

71. The second allegation levelled against Mr. Ketan Parekh in the SCN is that the trades in the trading account of Ms. Archana Parekh (wife of Mr. Mukesh Parekh) who was staying in the same apartment complex (where Mr. Ketan Parekh lives) for last 25 years and is well known to Mr. Ketan Parekh, were placed in collusion amongst Ms. Archana Parekh, Mr. Mukesh Parekh, Mr. Ketan Parekh and Mr. Harshal Vira.

72. In order to adjudicate the aforesaid allegation, the following factors have been taken into account:

72.1. The person placing the order in the trading account of Ms. Archana Parekh.

72.2. Particulars and pattern of trades executed from the said trading account.

72.3. Other corroborative circumstances.

73. With respect to the first factor, it is seen that at different stages of proceedings in this matter, names of three different persons viz. Mr. Amar Vira, Mr. Ketan Parekh and Mr. Mukesh Parekh have been mentioned at different points of time as the person behind placing orders in the said trading account of Ms. Archana Parekh. Needless to state that such fluctuating information furnished by the entities from time to time cannot be accepted on their face value or relied upon. Instead, it shows that these entities by taking different names at different points of time are creating more suspicion around the said trading account than clarifying anything pertaining to the said account. Before proceeding further, I would like to state the facts which are not in dispute. The first being that the orders were placed through the stock broker, LFC Securities where Mr. Ketan Parekh was a Director during the relevant period. The second fact is that the husband (Ms. Mukesh Parekh) of the said registered owner of the trading account from where the impugned trades were executed was the authorised representative of the registered owner (Ms. Archana Parekh) to execute trades from her trading account. It is observed from the records that at the *Confirmatory Order* stage, it was submitted by Mr. Mukesh Parekh and Ms. Archana Parekh that it was one Mr. Amar Vira who was authorised on December 1, 2019 to place orders in the said trading account. Further, at the time of deposition, Mr. Mukesh Parekh had submitted that Mr. Ketan Parekh used to operate his wife's trading account while Ms. Archana Parekh and Mr. Ketan Parekh had deposed that it is Mr. Mukesh Parekh, who used to operate the said trading account. Without going into the merits of who actually placed the orders for the impugned trades, the very fact that the registered owner of the trading account and her authorised representative have changed their position on the issue and have also later on named different persons as the person placing orders for the impugned trades, it leads to an inference that not only the registered owner of the trading account had no idea / control over the operations of her trading account but also there seems to be something more than what meets the eye. In the subsequent paragraphs a clearer picture would emerge.

74. It has already been noted in the preceding paragraphs that Mr. Harshal Vira is an IC. During the investigation period, Mr. Harshal Vira was in regular communication with Mr. Ketan Parekh. Further, as per CDRs, Mr. Ketan Parekh who, as noted in preceding paragraphs, had access to the non-public information about the impending orders of the Big Client, was in regular communication with his friend, i.e. Mr. Mukesh Parekh, the husband of the registered owner of the trading account from which the impugned trades were executed. Accordingly, the next issue that needs to be determined is whether the orders from the trading account of Ms. Archana Parekh was placed by taking advantage of the non-public information about the impending orders of the Big Client. The same requires analysing the particulars of the pattern of trades executed from the said trading account during the investigation period.

75. It is observed from the summary of trades (presented in table below) executed from the trading account of Ms. Archana Parekh that during the investigation period (Relevant Period: January 17, 2020 to July 31, 2020), a large percentage of scrip days traded in the derivative segment of the market, are in common with the scrip days of the Big Client. A stronger trend is observed in the intra-day trading activity executed from the said trading account. The same are depicted in the tables below:

Table No. 24

Derivative Segment			
Entity	**Scrip Days traded (No. of instances)**	**Common Scrip days with Big Client (No. of instances)**	**%**
Ms. Archana Parekh	438	254	57.99

Table No. 25

Derivative Segment			
Entity	**No. of instances - Scrip Days – intra-day trades**	**No. of instances - Common Scrip days with Big Client for intra-day trades**	**%**
Ms. Archana Parekh	307	247	80.45

From the above tables, it is observed that there is a significant overlap in the scrip days between the trading activities from the trading account of Ms. Archana Parekh and those of the Big Client. Further, on a scrutiny of the intra-day trades executed from the aforesaid trading account, it is observed that there is a very specific trading

pattern which has been repeated throughout the investigation period for the orders placed from the aforesaid trading account. The pattern that is followed is either a Buy-Buy-Sell pattern or Sell-Sell-Buy pattern having nexus with the impending trade orders of the Big Client. In other words, the order for the first leg of the intra-day trade (the front running leg) gets placed from the said trading account prior to the impending buy / sell order of the Big Client and the second leg of the intra-day trade (squaring off of trade) is set in motion by placing the sell / buy order prior to the execution of or immediately after the execution of the buy / sell order of the Big Client, in the same order limit price range similar to that of the Big Client, so that Ms. Archana Parekh's sell / buy orders get executed immediately / around the time of execution of buy / sell order of the Big Client. One such illustrative trade executed from the said trading account was noticed on January 17, 2020 in the scrip of Amara Raja Batteries Ltd., the details of which are depicted below:

Table No. 26

Particulars	Type of Order	Order Vol.	Order Start Time	Order End Time	Start Price (INR)	End Price (INR)
Ms. Archana Parekh	Buy	4,000	10:57:44	-	787.95	788
Big Client	Buy	16,000	10:57:57	-	789.30	790
Ms. Archana Parekh	Sell	4,000	10:57:57	-	789.90	-

76. The above illustration shows that buy order for 4,000 shares of Amara Raja Batteries Ltd., was placed from the trading account of Ms. Archana Parekh. The order was placed at 10:57:44 hours which is prior to the impending buy order of the Big Client for 16,000 shares of Amara Raja Batteries Ltd. which was placed at 10:57:57 hours. Sell order for 4,500 shares was put from her trading account at 10:57:57 hours and the said position was squared off immediately when the Big Client order was placed. Thus, both legs of the intra-day trading activity executed from her trading account was designed in a manner to follow a Buy-Buy-Sell pattern with respect to the impending buy order of the Big Client, wherein the first leg of the trade was a front running leg.

77. In view of the aforesaid discussion, it is observed that the orders for first leg of the intra-day trades (the front running leg) were placed on a regular basis / on numerous occasions, sometimes multiple times in the same day, prior to the placement of the impeding orders of the Big Client or before the last tranche of the order of the Big Client. Similarly, orders for the second leg of the intra-day trade on numerous occasions were placed prior to the last tranche of the order of the Big Client. In a universe of numerous securities/derivative contracts being traded on stock exchange platform, it is surprising to observe that the trades executed from the trading account of Ms. Archana Parekh are not only being executed in the same scrip on the same day as that of the Big Client on a regular basis, but also such orders are being placed from the trading account of Ms. Archana Parekh in the same securities by following either Buy-Buy-Sell pattern or Sell-Sell-Buy pattern on a consistent basis. The frequency with which the matching of trades was taking place on both buy side and sell side, shows that the same was being executed consciously under a well thought out design/ scheme or artifice and such execution of trades from the trading account of Ms. Archana Parekh in the same scrip on a regular basis as that of the Big Client cannot be seen as a mere coincidence.

78. Credence to the aforesaid finding is further lent from the examination of profits earned from the trades executed from the trading account of Ms. Archana Parekh *especially* on the days, which were common with the execution days of trades of the Big Client vis-à-vis the days which were not common with the trading days of the Big Client. The details with respect to such profits earned in the account of Ms. Archana Parekh are reproduced below:

Table No. 27

Particulars	**Derivative Segment**					
	Entity	**Calendar days**	**No of instances**	**Gross Traded Value (INR in lakh)**	**Average Gross Traded Value (INR in lakh)**	**Square off earned (INR in lakh)**
Common Scrip days with Big Client	Ms. Archana Parekh	19	254	49380.63	194.41	61.38

Particulars	Derivative Segment					
	Entity	Calendar days	No of instances	Gross Traded Value (INR in lakh)	Average Gross Traded Value (INR in lakh)	Square off earned (INR in lakh)
No of Other Scrip days not common with Big Client	Ms. Archana Parekh	85	184	20519.14	111.52	31.58

Thus, from the above table it is observed that there is a huge jump (94.36%) in the profits earned in the trading account of Ms. Archana Parekh on those scrip days which are common with the Big Client.

79. Not only there was a huge jump (94.36%) in the profits earned by Ms. Archana Parekh during the investigation period but her trading activities had substantially increased in the derivative segment in comparison to her previous trading activities which were non-existent in the derivative segment of the market. The same is evidence from the following table:

Table No. 28

Period	Derivative Segment
	Gross Traded Value (INR in Crore)
Pre- Investigation Period 1/6/2019 - 16/1/2020	0
Relevant Period during the Investigation Period 17/01/2020 - 31/07/2020	699

80. Mr. Ketan Parekh has submitted that there is no correlation established about him receiving the non-public information from Mr. Harshal Vira and he then allegedly forwarding it to Mr. Mukesh Parekh. In this regard, it is observed that Mr. Ketan Parekh is incorrect in stating that no correlation has been established between him receiving the non-public information about the impending orders of the Big Client and exchanging the same with Mr. Mukesh Parekh. Indeed, no direct evidence has been brought on record in the form of call transcripts or messages or chats to establish the aforesaid correlation but a host of attending circumstances as alluded to in preceding paragraphs including the trading pattern, have been brought on record to establish

the said correlation. It goes without saying that direct evidence is not the only way of establishing an allegation, preponderance of probability is also one of the legally valid ways to do so especially in the proceedings such as this under the securities law. In this context, the relevance of CDRs in the given matter from the point of view of indicating connection amongst the *Noticees* has already been highlighted in paragraph 43 above. Further, the trades executed from the trading account of Ms. Archana Parekh have followed a very specific pattern where all the tranches of the order of the first leg placed from the trading account of Ms. Archana Parekh have been placed on or before the time of last tranche of the order placed by the Big Client and the said trades qualify as front running trades. The instances of such front running trades following similar pattern are not stray instances but have taken place on a regular basis during the investigation period (specifically during January – February 2020) sometimes even on multiple occasions on the same trading day. The aforesaid facts when examined in terms of the percentage of common scrip days' / contract days with Big Client which in the case of the aforesaid account is 57.99% and the percentage of instances of common scrip days' / contract days with Big Client for intra-day trades which is 80.45%, strongly indicate that the matching of trades between Ms. Archana Parekh and the Big Client is just not a coincidence but is by design. Moreover, there has been no trading activity in the trading account of Ms. Archana Parekh in the derivative segment of the securities market during the pre-investigation period which was for a period of 6.5 months and then, suddenly one witnesses frantic trading activities in the said trading account to the tune of INR 699 crore in terms of gross traded value which happened quickly within a brief period of 19 days during the investigation period as compared to zero trading activities in the said trading account during the pre-investigation period. The aforesaid attending circumstances when seen in the light of ever changing stand of Ms. Archana Parekh and her husband with regard to the identity of the person who was placing the orders for those impugned trades, it leads to an irrefutable inference that the impugned trades were executed only to take advantage of the non-public information of the impending trade orders of the Big Client that was made available to her/her husband by none other than Mr. Ketan Parekh, who was possessing such information as held by me in the preceding

paragraphs. At this stage, I must observe that the common thread that runs through the unusual trades executed from the trading accounts of the aforesaid FRs is the fact that all the FRs as discussed above are connected to either one or more of the ICs viz; Mr. Harshal Vira, Mr. Anish Bagadia and Mr. Ketan Parekh and all the FRs have followed similar or identical trading pattern and have traded in similar scrips/segment as has been traded by the Big Client and all the FRs have traded during similar period and have also ended up making huge profit out of those alleged front running trades. The similarities and coincidences in the trades executed by the FRs in close proximity with the trades of Big Client and the nexus of FRs with the ICs are so overwhelming that even if there is no direct evidence of exchange of non-public information about the impending trades orders of Big Client, the very fact that none of these *Noticees* has been able to come up with any convincing rebuttal with strong evidence, based on the attending circumstances it can be concluded without doubt that all the trades that have been highlighted above executed from the trading accounts of FRs during the investigation period have been executed under the influence of the possession of non-public information pertaining to the impending orders of the Big Client accessed by them through the ICs who were possessing such information.

81. In view of the aforesaid discussion and in the given facts and circumstances of the matter, the cumulative effect of the following undisputed factual evidence, as alluded to in the preceding paragraphs above, is explained as under:

81.1. Accessibility of Mr. Harshal Vira to the non-public information of the Big Client.	Primary Evidence
81.2. The connection between Mr. Harshal Vira and Mr. Ketan Parekh and the connection between Mr. Ketan Parekh and Mr. Mukesh Parekh.	
81.3. The specific unusual pattern of trading when compared to the buy / sell trades of the Big Client.	
81.4. Frequency of placement of orders in specific scrips which were in common with the impending orders of the Big Client.	Corrobor-ative Evidence
81.5. Astronomical increase in the trading activity in the derivative segment of the securities market from the trading account of Ms. Archana Parekh during the investigation period, in the segment of securities market in which the Big Client was	

trading specifically when, there was no trading activity in the derivative segment of the securities market in the said account for 6.5 months prior to the investigation period.

81.6. Significant percentage of common scrip days' and intra-day scrip days with the Big Client.

81.7. Significant profits were made while trading on the days which were common with the trading days of the Big Client vis-a-vis other trading days which were not common with the Big Client.

81.8. The fact that Ms. Archana Parekh and her husband have not only changed the identity of the person supposedly placing orders in the said trading account but have also identified different persons at different point in time so as to mislead SEBI.

Corrobor-ative Evidence

82. When the aforesaid undisputed factual observations are seen holistically, a picture that emerges on the basis of preponderance of probability is that the orders placed / trades executed from the trading account of Ms. Archana Parekh during the investigation period, were placed in specific scrips / segment due to the nexus amongst Ms. Archana Parekh & her husband, Mr. Ketan Parekh and Mr. Harshal Vira and the impugned trades would not have been placed / entered into from the said trading account had Mr. Ketan Parekh not been in possession of or privy to the non-public information about the impending trade orders about the Big Client in those specific scrips / segment. Further, considering the fact that there has been a very discernible pattern of placing of orders from the said trading account of Ms. Archana Parekh just prior to the placement of impending trade orders of the Big Client on a regular basis during the investigation period, it constrains me to conclude that the impugned trades executed from the said trading account during the investigation period, were in fact front running trades for which Mr. Ketan Parekh and Mr. Harshal Vira are liable.

BG Group

83. It has been alleged in the SCN that front running trades were executed from the trading accounts of *Noticees* belonging to BG Group namely, Mr. Dhimant Himmatlal

Shah, Mr. Rajesh Himmatlal Shah, Mr. Sanket Shah and Across Broking Pvt. Ltd. during the investigation period.

Dhimant Himmatlal Shah, Rajesh Himmatlal Shah and Sanket Shah

84. It is noted from the records that Mr. Dhimant Himmatlal Shah is the father-in-law of Mr. Bhavesh Gandhi who was the Senior Dealer at RSL and as noted in preceding paragraphs was privy to the orders / trade information of the Big Client i.e., when and what size of orders for buy / sell in a particular scrip, would be placed on behalf of the Big Client. Further, the orders in the trading accounts of Mr. Dhimant Himmatlal Shah, Mr. Rajesh Himmatlal Shah (brother of Mr. Dhimant Himmatlal Shah) and Mr. Sanket Shah (elder son of Mr. Rajesh Himmatlal Shah) who all are family members, were punched in by a common Dealer, Mr. Rutul Shah who is also a family member (younger son of Mr. Rajesh Himmatlal Shah). Mr. Bhavesh Gandhi (Senior Dealer) and Mr. Rutal Shah are also related as brother- in law and there were phone calls between them. The above relations have not been denied and therefore, all the above five *Noticees* i.e. Mr. Bhavesh Gandhi, Mr. Dhimant Himmatlal Shah, Mr. Rajesh Himmatlal Shah Mr. Sanket Shah and Mr. Rutul Shah are observed to be closely related as being a part of a family.

85. To examine whether the trades executed from the trading accounts of Mr. Dhimant Himmatlal Shah, Mr. Rajesh Himmatlal Shah and Mr. Sanket Shah had the undue advantage of access to the non-public prior information about the impending orders of the Big Client, following aspects were analysed:

85.1. Means to access the non-public information: Mr. Bhavesh Gandhi who was the Senior Dealer at RSL and was privy to the non-public information of the impending trade orders of the Big Client, is a family member and who, as per the CDRs was in regular communication with the other family members during the investigation period. I would hasten to add that the reliance on CDRs have not been placed to state that the non-public information of the impending trade orders of the Big Client was indeed communicated over the said calls exchanged between members of this group as revealed from the CDRs, rather to show that being the family members they were in regular touch with each other and there was no breakdown in their family relationship.

85.2. Particulars and pattern of trading: It is observed from the summary of trades executed from the trading accounts of Mr. Dhimant Himmatlal Shah, Mr. Rajesh Himmatlal Shah and Mr. Sanket Shah during the investigation period, which is given below at Table No. 29, that a significant percentage of scrip days of Mr. Dhimant Himmatlal Shah, Mr. Rajesh Himmatlal Shah and Mr. Sanket Shah in the derivative segment of the securities market, is in common with the scrip days of Big Client. An even stronger trend is observed in the intra-day trading activities executed from the trading accounts of Mr. Dhimant Himmatlal Shah, Mr. Rajesh Himmatlal Shah and Mr. Sanket Shah. The same are depicted in the tables below:

Table No. 29

Derivative Segment			
Noticee	**Scrip Days traded (No. of instances)**	**Common Scrip days with Big Client (No. of instances)**	**%**
Dhimant Himmatlal Shah	1354	869	64.18
Rajesh Himmatlal Shah	682	190	27.85
Sanket Shah	19	19	100

Table No. 30

Derivative Segment			
Noticee	**No. of instances - Scrip Days – intra-day trades**	**No. of instances - Common Scrip days with Big Client for intra-day trades**	**%**
Dhimant Himmatlal Shah	689	585	84.90
Rajesh Himmatlal Shah	256	92	35.93
Sanket Shah	19	19	100

85.3. From the above tables, it is observed that there is a substantial overlap in the scrip days between the trading activities of Mr. Dhimant Himmatlal Shah, Mr. Rajesh Himmatlal Shah and Mr. Sanket Shah and that of the Big Client. Further, on a scrutiny of the intra-day trades executed from the trading accounts of Mr. Dhimant Himmatlal Shah, Mr. Rajesh Himmatlal Shah and Mr. Sanket Shah, it is observed that there is a very specific trading pattern which has been repeated throughout the investigation period for the orders placed from the aforesaid trading accounts. The pattern that is followed is either a Buy-Buy-Sell pattern or Sell-Sell-Buy pattern

having nexus with the impending trade orders of the Big Client. In other words, the order for the first leg of the intra-day trade (the front running leg) gets placed from the trading accounts of Mr. Dhimant Himmatlal Shah, Mr. Rajesh Himmatlal Shah and Mr. Sanket Shah prior to the impending buy / sell order of the Big Client and the second leg of the intra-day trade (squaring off of trade) is set in motion by placing the sell / buy order prior to the execution of or immediately after the execution of the buy / sell order of the Big Client, in the same order limit price range similar to that of the Big Client, so that Mr. Dhimant Himmatlal Shah's, Mr. Rajesh Himmatlal Shah's and Mr. Sanket Shah's sell / buy orders get executed immediately / around the time of execution of buy / sell order of the Big Client. One such illustrative trade executed from each of the trading accounts of Mr. Dhimant Himmatlal Shah, Mr. Rajesh Himmatlal Shah and Mr. Sanket Shah is depicted below:

Table No. 31

Mr. Dhimant Himmatlal Shah on February 20, 2020 in the scrip of Cholamandalam Investment and Fin Co. Ltd.

Particulars	Type of Order	Order Vol.	Order Start Time	Order End Time	Start Price (INR)	End Price (INR)
Dhimant Himmatlal Shah	Buy	37,500	11:22:33	11:22:44	334	-
Big Client	Buy	75,000	11:22:59	-	334.20	334.90
Dhimant Himmatlal Shah	Sell	37,500	11:22:58	-	334.90	-

Table No. 32

Mr. Rajesh Himmatlal Shah on February 20, 2020 in the scrip of LIC Housing Finance Ltd.

Particulars	Type of Order	Order Vol.	Order Start Time	Order End Time	Start Price (INR)	End Price (INR)
Rajesh Himmatlal Shah	Buy	13,000	11:20:38	-	398	398.55
Big Client	Buy	52,000	11:21:12	-	399.90	399.90
Rajesh Himmatlal Shah	Sell	13,000	11:21:12	-	399.90	-

Table No. 33

Mr. Sanket Himmatlal Shah on February 20, 2020 in the scrip of Pidilite Industries Ltd.

Particulars	Type of Order	Order Vol.	Order Start Time	Order End Time	Start Price (INR)	End Price (INR)
Sanket Shah	Sell	7,500	11:50:17	11:51:34	1560	1561
Big Client	Sell	15,000	10:20:01	11:51:49	1557.45	1560.05
Sanket Shah	Buy	7,500	11:51:42	-	1557.60	-

85.4. The above illustrations show that both legs of the intra-day trading activity executed from the trading accounts of Mr. Dhimant Himmatlal Shah, Mr. Rajesh Himmatlal Shah and Mr. Sanket Shah were designed in a manner to follow a Buy-Buy-Sell pattern / Sell-Sell-Buy pattern with respect to the impending buy / sell order of the Big Client, wherein the first leg of the trade was evidently a front running leg.

86. In view of the aforesaid discussion, it is observed that the order for first leg of the intra-day trades (the front running leg) was placed on a regular basis / on numerous occasions, sometimes even multiple times in the same day, prior to the placement of the impeding orders of the Big Client or before the last tranche of the order of the Big Client was placed. Similarly, orders for the second leg of the intra-day trade on numerous occasions were placed prior to the last tranche of the order of the Big Client. In a universe of numerous securities/derivative contracts being traded on stock exchange platform, it is surprising to observe that the trades executed from the trading accounts of Mr. Dhimant Himmatlal Shah, Mr. Rajesh Himmatlal Shah and Mr. Sanket Shah are not only being precisely executed in the same scrip on the same day as that of the Big Client on a regular basis, but also such orders are placed from the trading accounts of Mr. Dhimant Himmatlal Shah, Mr. Rajesh Himmatlal Shah and Mr. Sanket Shah in the same securities by following either Buy-Buy-Sell pattern or Sell-Sell-Buy pattern on a consistent basis. The frequency with which the matching of trades was taking place on both buy side and sell side, shows that the same was being executed consciously under a well thought out design/ scheme or artifice and such

execution of trades from the trading accounts of Mr. Dhimant Himmatlal Shah, Mr. Rajesh Himmatlal Shah and Mr. Sanket Shah in the same scrip on a regular basis as that of the Big Client cannot be seen as a mere coincidence.

87. Credence to the aforesaid finding is further lent from the examination of profits earned from the trades executed from the trading accounts of Mr. Dhimant Himmatlal Shah, Mr. Rajesh Himmatlal Shah and Mr. Sanket Shah, by comparing the trades that were executed on the days, which were common with the execution days of trades of the Big Client vis-à-vis the days which were not common with the trading days of the Big Client. The details with respect to such profits earned in the accounts of Mr. Dhimant Himmatlal Shah, Mr. Rajesh Himmatlal Shah and Mr. Sanket Shah, are reproduced below:

Table No. 34

Particulars	**Derivative Segment**					
	Noticee	**Calendar days**	**No of instances**	**Gross Traded Value (INR in lakh)**	**Average Gross Traded Value (INR in lakh)**	**Square off earned (INR in lakh)**
Common Scrip days with Big Client	Dhimant Himmatlal Shah	127	869	100915.23	116.13	139.24
No of Other Scrip days not common with Big Client	Dhimant Himmatlal Shah	129	485	6138.27	12.66	(3.97)
Common Scrip days with Big Client	Rajesh Himmatlal Shah	75	190	9791.92	51.54	12.62
No of Other Scrip days not common with Big Client	Rajesh Himmatlal Shah	113	492	6698.95	13.62	0.01
Common Scrip days with Big Client	Sanket Shah	2	19	2547.83	134.1	4.3
No of Other Scrip days not common with Big Client	Sanket Shah	0	0	0	0	0

Thus, from the above table it is observed that there is a colossal jump in the profits earned by Mr. Dhimant Himmatlal Shah, Mr. Rajesh Himmatlal Shah and Mr. Sanket Shah on those scrip days which are common with the Big Client.

88. Noticeably, not only there was a huge jump in the in the profits earned by Mr. Dhimant Himmatlal Shah, Mr. Rajesh Himmatlal Shah and Mr. Sanket Shah during the investigation period but the trading activity of Mr. Dhimant Himmatlal Shah, Mr. Rajesh Himmatlal Shah and Mr. Sanket Shah had substantially increased in the derivative segment in comparison to her previous trading activity. The details are as follows:

Table No. 35

Mr. Dhimant Himmatlal Shah

Period	Derivative Segment
	Gross Traded Value (INR in Crore)
Pre- Investigation Period 1/6/2019 - 2/12/2019	107.84
Investigation Period	1070.53

Table No. 36

Mr. Rajesh Himmatlal Shah

Period	Derivative Segment
	Gross Traded Value (INR in Crore)
Pre- Investigation Period 1/6/2019 - 31/12/2019	3.04
Relevant Period during the Investigation Period 1/1/2020 - 10/8/2020	164.91

Table No. 37

Mr. Sanket Shah

Period	Derivative Segment
	Gross Traded Value (INR in Crore)
Pre- Investigation Period 1/6/2019 - 16/3/2020	0

Period	Derivative Segment
	Gross Traded Value (INR in Crore)
Relevant Period during the Investigation Period 17/3/2020-18/3/2020	25.48

89. Mr. Rajesh Himmatlal Shah has submitted that the impugned trades were in the normal course of his trading activity and were the outcome of his jobbing strategy. In this regard it is observed that Mr. Rajesh Himmatlal Shah has not demonstrated as to how the impugned trades were executed in the normal course of his trading activity as art of a regular strategy, if any, deployed by him while trading in this segment/products of securities market. On the other hand, as noted in the preceding paragraphs, there was a jump of 5324.67% in terms of gross traded value in his trading account from the pre-investigation period. Further, on the scrip days which were not common with the Big Client, his average gross traded value was INR 13.62 lakh which increased to INR 51.54 lakh on common scrip days with the Big Client which is a jump of 278.41%. It cannot be overlooked that the *Noticee* who was making a miniscule profit of INR 1,000/- on non-common scrip days (with the Big Client), made a profit of INR 12.62 lakh on common scrip days with the Big Client during the investigation period. Thus, from the above statistics it is evident that whenever *Noticee's* trading activities frequently crosses path with the trading activities of the Big Client, and be it in terms of gross traded value or in terms of average gross traded value or profits earned, there is always a spike in his trading activities and the same has happened not on one or two occasions but has happened regularly during the investigation period and sometimes even on multiple occasions on the same day itself during the investigation period. Hence, despite the afore-cited unusualness and abnormal trade practices observed in his trading account as highlighted above, the submission of Mr. Rajesh Himmatlal Shah that the impugned trades were executed in the normal course of his trading activity, is far away from reality hence, is without any merit. With respect to the submission of the *Noticee* that his trades were the outcomes of his jobbing strategy, it is observed that investors are free to adopt / employ any strategy which suits their interests. However, the same has to be within the confines of law. But in the instant matter the *Noticee* has not explained as to how his jobbing

strategy has led to a very specific trading pattern wherein the orders for the first leg of his intra-day trades have almost invariably been placed prior to the last tranche of the order of the Big Client on a regular basis repeatedly during the investigation period. Such an unusual trading strategy that repeatedly crosses path with the trade orders of the Big Client during the investigation period, when seen in the light of sudden jump in terms of gross traded value in his trading activities in the derivative segment of the securities market as compared to his pre-investigation period trading activities , where he was trading in 27.85% of instances of common scrip days / contract days with Big Client and 35.93% instances of common scrip days / contract days with Big Client for intra-day trades, coupled with his connection with Mr. Bhavesh Gandhi, demonstrates that the strategy of the *Noticee* was not based on his own jobbing strategy rather it demonstrates that he or the person placing the orders in his trading account, was privy / had access to the non-public information of the trade orders of the Big Client and the trades were being executed in his trading account primarily to take undue advantage of the advance information about those impending orders of the Big Client .

90. The submission of Mr. Rajesh Himmatlal Shah that no real time alerts were issued either from any authorities, Regulator, Exchanges or even stock broker, at the time of his trading, is untenable. A trading pattern which may not have been able to throw up as a surveillance alert based on surveillance parameters adopted by a regulator, does not mean that such a trade become *ipso facto* a benign and not fraudulent trade. Whether there is any concern with respect to a trading pattern in scrip(s) is a subject matter of examination / investigation in that scrip(s) and its outcome and the applicable legal/regulatory provisions to such outcome. Any direction or measure, if warranted, based on the outcome of such examination / investigation, is a *post facto* action taken to safeguard the interest of investors in securities market and to protect the integrity of the securities market from further being damaged, as has been done in the instant case by way of swiftly passing *Interim* and *Confirmatory* orders to prevent the *Noticees* from continuing with the market violations that were *prima facie* observed while passing those orders. Thus, the time taken to arrive at such a decision / action depends on the complexity of the matter, its scale and *modus operandi*

involved. Hence, there is no substance in the contention of the *Noticee* that no real time red alerts were issued at the time of his trading. Further, the responsibility to ensure that front running trades are not executed from a trading account lies with the registered owner of the said trading account. He / she cannot deflect their responsibility under the securities law onto a third party.

91. Mr. Rajesh Himmatlal Shah has contended that no comparison can be made between annual income and his cumulative combined trading turnover. Further, his style of trading was jobbing where margin requirements are low and the resultant trading volume is big. It is noted from the records that Mr. Dhimant Himmatlal Shah, Mr. Rajesh Himmatlal Shah and Mr. Sanket Shah are part of a joint family and their annual income was in the range of INR 3-7 lakh only during the investigation period. The annual income of a trader has a material bearing on the risk that he may be willing to take while trading in the securities market as he has to, apart from making provision for loss in his trading activity, also has to apportion a certain level of income for daily needs and emergencies. In short, annual income is one of the important markers to determine the risk appetite of a trader in the securities market, more so in intraday trading activities which is subjected to more market volatilities than trades involving longer positions. Considering the dynamics of the market, there could be a reasonable probability that when the second leg of the orders is put, the same gets executed at a loss. For e.g., on February 18, 2020, the gross buy value of trades executed from the trading account of the *Noticee* in various securities was approximately INR 16.92 crore. Even if the price would have moved down in the said securities by 1% during the day which is quite common in securities market, it would have meant a substantial loss of approximately INR 16 lakh which for a person with gross annual income between INR 3 - 7 lakh (even assuming it's his individual income and not joint family's income) is quite huge and difficult to absorb. Thus, the only reason that would prompt a person to drastically increase his trading turn over and create a huge accumulated turnover for himself in gross trade value term, (without any substantial increase in his annual income) would be a strong confidence to make sure shot gains and not incur any loss form his high value trades, be it intra-day or otherwise, and such a confidence to get assured gains can come to mind of a trader only when he feels

empowered by certain non-public information about the market or about the impending trades of some other traders for a given trading day. I find that the *Noticee* has not demonstrated if prior to the investigation period he ever has traded in such huge quantities in terms of gross traded value and has made regular and consistent profits as well while doing so. Therefore, the contention of Mr. Rajesh Himmatlal Shah that no comparison can be made between annual income and accumulated combined turnover is devoid of any merit as the said comparison shows highly disproportionate trading activity of the trader. Moreover, his contention that his style of trading was jobbing where margin requirement was low and resultant volume was big, is also unacceptable, as no matter what the style of trading is or the margin requirement, the capacity to absorb losses which may result from a high volume trade that too in derivatives products, would certainly depend on the annual income of the trader and no prudent and rationale investor in the securities market would ever take an exposure which is significantly more than his annual income unless there are other factors in play which is not known to the other investors in the securities market. In any case, it is noted from records that Mr. Rajesh Himmatlal Shah had received INR 10 lakh from his connected entity, Mr. Mukesh Jain during the investigation period who is also a *Noticee* in the instant matter and no rational explanation has been submitted either by Mr. Rajesh Himmatlal Shah or Mr. Mukesh Jain for the said fund transfer (discussed in subsequent paragraphs) apart from the submission of Mr. Mukesh Jain that it was a loan transaction, which again gives rise to the inference that in the light of the disproportionate trading activities of Mr. Rajesh Himmatlal Shah vis-à-vis his annual income, he may be in need of margin money which was fulfilled by his connected entity, Mr. Mukesh Jain.

92. Mr. Dhimmant Himmatlal Shah has taken a similar argument as that of his brother with respect to his jobbing activities being based on available market data and viable strategy. The said explanation has already been dealt with at length by me in preceding paragraph number 91 above, hence it need no further iteration.
93. Mr. Dhimant Himmatlal Shah's submission that his trades were screen based and he does not have sources to know who is his counter party in the ongoing trades, is also without any merit since knowing the counterparty or matching of trades with the

counterparty is not a relevant criterion to classify a trade as a front running trade, as the allegations in this matter are not against any circular or synchronised trades. What is relevant is that the orders of the front runner have to be placed prior to the last tranche of the order of the Big Client. The above submission further exposes the *Noticee* and takes forward the case alleged in the SCN, when the frequency of matching of his trades with the trades of Big Client are analysed carefully. It is observed that the *Noticee* has failed in demonstrating the coincidence of matching his trades with the trades of the Big Client. Under the circumstances, the matching of trades can't be seen as a mere coincidence of trades on the exchange platform but certainly point towards the unusual extraneous factor that the *Noticee* was in possession of non-public information relating to the trades of the Big Client. Further, in the extant matter, reliance has been placed not only upon the trading pattern of the front runner to support the allegation of front running but other corroborative evidence such as increased in trading activity during the investigation period vis-à-vis pre-investigation period, increase in profit figures during common scrip days with the Big Client, substantial number of common scrip days with the Big Client and common intra-day scrip days with the Big Client as well as the frequency of placement of orders in Buy-Buy-Sell / Sell-Sell-Buy pattern around the orders of the Big Client. Moreover, it would be too naïve to assume that since the trading system of the stock exchange maintains complete anonymity, traders would not be able to take advantage of it. If that had been the case, then instances of circular trading or reversal trades or self-trades would not have taken place in the securities market. Despite the anonymity of the trading system, there would be traders who would constantly try to defeat the system by indulging in various unfair trade practices like front running of trade orders of other traders, which is precisely what has happened in the extant matter.

94. It has been contended by the Mr. Dhimant Himmatlal Shah that his trades may be front running but there is no concrete evidence of meeting of mind. The said contention is untenable as the factors that have to be taken into consideration have been enumerated in the preceding paragraphs and the cumulative effect of the said factors on a preponderance of probability basis will lead to a finding of front running, if any.

The factor of meeting of mind as contended by the *Noticee* is external to the requirements of the securities laws governing the allegation of front running.

95. With respect to the submission of Mr. Dhimant Himmatlal Shah that he had no prior knowledge of the trades of the Big Client, it is observed that he has not been able to explain as to how in a universe of thousands of securities / contracts being traded on the stock exchange platform every day , the *Noticee* has not only on a regular basis traded on the same day as the Big Client but also has placed orders in the same securities / contracts by following either Buy-Buy-Sell pattern or Sell-Sell-Buy pattern on a consistent basis making it blatantly apparent that the first legs of such trades have often been executed before the placement of the last tranche of the order of the Big Client. Further, the *Noticee* has also not furnished a reasonable explanation to justify the increased risk appetite shown by him during the investigation period in the derivative segment of the securities market which saw a jump in his trading activity by 892.70% (in terms of gross traded value) during which the Big Client was also trading. There is also no explanation as to how it became possible for all the related entities to have taken exposure in those scrips/segment in a consistent manner wherein the Big Client was expected to place its impending orders. There is also no explanation by them as to on how many occasions in the past, all the family members have taken similar abnormal and disproportionate exposure in the securities and wherein also, most of them on most of occasions had ended up in squaring off their positions and making similar significant profits. Therefore, the submission of Mr. Dhimmant Himmatlal Shah is unacceptable.

96. It has been submitted by Mr. Dhimmant Himmatlal Shah that representation of his increased trading activity during the investigation period and difference in gross traded value between pre-investigation period and investigation period is unjustified as it is a fact that whenever the opportunity appears, execution of trades increases automatically. However, the *Noticee* has not been able to explain or demonstrate as to what specific opportunity was anticipated/seen by him that prompted him to indulge in trading in those impugned scrips, including any corporate announcements or market research reports etc. nor has submitted any plausible explanation as to how and why the said opportunities, if any were seen by him regularly only in those scrips

in which the Big Client was also trading during the investigation period. Further, the *Noticee* has also not submitted any data to substantiate if the impugned scrips were trading well below their potential and on the day he had decided to trade in the said scrips, the scrips were about to reach their potential and that is why there was a jump of 892.70% in his trading activities in terms of gross traded value during the investigation period. Therefore, in the absence of any documents / data submitted by the *Noticee,* such bald submission cannot be accepted.

97. Mr. Dhimant Himmatlal Shah and Mr. Rajesh Himmatlal Shah have contended that only profit generating trades have been taken into account while calculating the proceeds generated from the impugned trades. Further, statutory charges and other charges including the trades that have not matched with the Big Client, have also been taken into account. In this regard, it is noted that front running trades which have earned a positive square off INR 1 or more have been considered for the purpose of disgorgement. The said method of calculation of wrongful gains generated is correct as the entire wrongful gain in absolute terms have to be disgorged without offsetting the same against front running trades which have not earned a positive square off. If the wrongful gains generated from the front running trades which have earned a positive square off have to be balanced with the front running trades which have not earned a positive square off i.e., net value is taken into account, it will tantamount to advancing *Noticee's* interest as some of the proceeds from the front running trades which have earned a positive square off would get lapsed in offsetting the proceeds from the front running trades which have not earned a positive square off. Thus, the *Noticees* would get the advantage of their front running trades which are fraudulent. To illustrate, 'X' by executing front running trades which have earned a positive square off INR 1 or more, gets a credit of INR 10. He has also executed front running trades which did not earn him a positive square off i.e., (- INR 4). So as per *Noticee's* submission, only INR 6 has to be impounded. However, in doing so, 'X' is getting advantage to the tune of INR 4, which he should not be given as he has perpetrated a fraud. Therefore, the absolute value of proceeds has to be taken which have earned a positive square off INR 1 or more without netting it.

98. Looking from another perspective, it is relevant to note here that the in general, the alleged front runner expects to make a profit from his trades by using the non-public information regarding an impending buy or sell order of the Big Client. In other words, he profits from the impact which the order of the Big Client would make on the price of the securities. However, in certain situations the alleged front runner may also incur loss for e.g., when the alleged front runner has not squared off his position at the right time i.e., he squares off his front run position after the impact of the Big Client's order has diminished or he is not able to close his position because of less liquidity / absence of counter party in the market and there can also be situations where the alleged front runner in order to camouflage his trades may deliberately square off his trade in a manner to incur loss on purpose. Therefore, the second leg of the intra-day trade executed by the front runner is not considered relevant while classifying trades as front run trades as it is the timing of the first leg of such trade (i.e. ahead of placement of orders by the Big Client) which matters for being called as a front run trade. Hence, there is no reason to give benefit of the loss making trades to the front runner as it does not take away the fact that the entire proceeds generated by profit making trades are illegal.

99. Similarly, payment of statutory charges and other charges are the consequence of the front running trades executed by the *Noticees* in the securities market which are fraudulent in nature and *Noticees* cannot be allowed to take advantage of their own illegal act by offsetting the statutory and other charges from the proceeds of their unlawful activities in the securities market.

100. With respect to the contention of the *Noticees* that proceeds generated from the trades that have not matched with the Big Client have also been taken into account, I note that matching of trades with the Big Client is not a relevant criterion to be considered for the determination of a trade as a front running trade. In a front running trade, the front runner in anticipation of the market impact of the imminent substantial buy order or sell order of the Big Client on specific securities, will buy or sell prior to the impending buy or sell of the Big Client and when the price of the said securities has started to be impacted by the Big Client's order, the alleged front runner will exit his position. Thus, in a front running trade, the alleged front runner utilises

the non – public information about the impending order of the Big Client and generates proceeds by timing his first leg as well as second leg of trades for squaring of his trades according to the timing of the placement of orders by the Big Client about which he is supposed to have advance knowledge. The same does not necessarily mean that the orders of his second leg has to match with the orders of the Big Client, as in the second leg of his trades, he is encashing the advantage of price movement in the securities which he has gained by placing orders prior to the Big Client's order in the first leg of his trades. Thus, the aforesaid contention of the *Noticees* is devoid of any merit.

101. Mr. Sanket Shah has submitted that during the investigation period he has traded only on two days and hence, no negative inference should be drawn against him. The said submission of Mr. Sanket Shah is unacceptable for the following reasons:

101.1. The said 2 days when the trades in a very specific pattern of either Buy-Buy-Sell or Sell-Sell-Buy were being executed from the trading account of Mr. Sanket Shah on 19 instances, his trading activity was at variance from his normal trading behaviour as noted above in preceding paragraphs. It is observed from the records that there was a jump of approximately 2448% in terms of gross traded value in his trading activity in the derivative segment of the securities market. Further, he had 100% instances of common scrip days' / contract days with Big Client and 100% instances of common scrip days' / contract days with Big Client for intra-day trades. The aforesaid leads to an inference that *Noticee's* trades were executed by no accident but it was by a design just to take advantage of the non-public information about the impending trade orders of the Big Client.

101.2. *Noticee* is part of the BG Group. The group members mostly are his family members (father, uncle, brother, brother-in-law) where some members of the group have been held to be ICs, while some other group members were seen to be executing their trades by following almost the same identical pattern of trades as was followed in the trades executed from his trading account. They had also engaged the same Dealer for execution of such trades who was the brother of the *Noticee.* Not only that, it's an admitted position of Mr. Sanket Shah that the impugned trades were executed not as per his own research but is based on his

father's research. Both his father and his uncle share the same email id for the purpose of trading activity and his brother also assists them in operating the said email id. Thus, it can be easily inferred that the BG Group was acting as a whole / as one unit. Therefore, in such a group scenario, some members of the group have traded more than others or on more days while others did only on few instances, does not become a circumstance for negating the violations. Here, it would be apt to refer to the order of the Hon'ble SAT in the matter of *Hemant Sheth and Ors.* vs. *SEBI* decided on March 4, 2020 wherein the Hon'ble SAT has held as follows:

"*…all these entities were found to be connected and manipulating the market by various means. In a scheme of manipulative and unfair trading it is not necessary that every participant should be indulging in every type of trading violation or even in the same / similar magnitude…"*

102. Mr. Sanket Shah and Mr. Rutul Shah have submitted that a fair trial requires evidence beyond doubt. Benefit of doubt has to be granted to the accused when there is a total absence of evidence in criminal jurisprudence requiring the case to be proven beyond reasonable doubt. It is observed that the extant proceedings are not criminal in nature rather are quasi-judicial proceedings which are in the nature of civil proceedings. Therefore, the standard of proof applicable under criminal proceedings (that of proof beyond reasonable doubt) is extraneous to the extant proceedings. Further, as noted in preceding paragraphs, the Hon'ble Apex Court in the case of *SEBI* vs. *Kishore R. Ajmera,* (2016) 6 Supreme Court Cases 368, has examined in detail the degree of proof required for proving fraudulent/manipulative practice under securities laws and it was held that in order to safeguard the objectives of SEBI Act and Regulations framed thereunder to protect the interest of the market in tune with parallel developments in the economy, it is necessary to take the facts and circumstances of a matter in totality to prove manipulative/fraudulent behavior, when direct evidence on meeting of minds is not forthcoming. In the extant matter, the overwhelming circumstantial factors relating to means of access to the non-public information of the impending orders of the Big Client, particulars and pattern of trading, increased trading activities during the investigation period vis-à-vis pre-investigation period, number of common scrip days' with the Big Client and intra-day

scrip days with the Big Client, similarity in trading pattern of relatives of Mr. Bhavesh Gandhi and increase in profit figures on the common scrip days' with the Big Client etc. cumulatively provide a strong preponderance of probability to prove the allegation of front running against the *Noticees.* Hence, the aforesaid submission of the *Noticees* in the current proceedings does not hold good.

103. Mr. Bhavesh Gandhi by placing reliance on the matter of *Mahavirsingh N Chauhan* vs. *SEBI* decided by the Hon'ble SAT on October 18, 2019 has submitted that in disgorgement matters, joint and several liability is imposed under the circumstances where there is no clarity or the transactions trail could not be identified which is not the case in the instant matter. After perusal of the order of the Hon'ble SAT in the *Mahavirsingh N Chauhan's* matter, I note that the *Noticee* has read the said order in piecemeal and has relied on the findings of the Hon'ble SAT without seeing it in the proper context i.e., whether the facts and circumstances as they were present in the matter of *Mahavirsingh N Chauhan* are same as that of the present matter. In *Mahavirsingh N Chauhan's* matter, SEBI had directed to disgorge the cumulative unlawful gains from all the preferential allottees, jointly and severally along with few other entities (viz., Managing Director of the company, business head of the company etc.) who were instrumental in perpetrating the fraud and one such entity was Mr. Rajesh Ranka who was found to be acting in concert with the preferential allottees and other entities in adopting fraudulent devices and was operating all the accounts of the preferential allottees through the power of attorney given to him. The Hon'ble SAT in its order modified the directions of SEBI to the extent that the preferential allottees cannot be held to be jointly and severally liable with each other but are only jointly and severally liable with the master minds of the fraud. In this regard, attention is drawn to paragraph 21 of the Hon'ble SAT order, wherein it was held as follows:

> *"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.*
>
> *…*
>
> *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"*

104. In the light of the afore-cited findings of the Hon'ble SAT in the matter of *Mahavirsingh N Chauhan,* it can be inferred that Hon'ble SAT has not completely ruled out the possibility of a situation where directions to disgorge the wrongful gains can be directed to be made jointly and severally instead of necessarily and invariably fastening the liability on individual perpetrator only. As has been noted in the said order itself, if the wrongful gains have been made with the help of a third party i.e., in whose account the wrongful gains have not been credited, then the said third party being instrumental for the accruing of the wrongful gains, can be made jointly and severally liable for the disgorgement of the wrongful gains along with the entity in whose bank account the wrongful gains were credited. Not doing so, will leave room for the violators who are brains behind the scheme to unjustly enrich their accomplices who cannot be held liable for the proceeds which have accrued as a result of the scheme implemented by the violator along with the said third party accomplice who might have played a separate role as assigned to him to act upon the fraudulent scheme which may be different from the role played by another accomplice. For e.g. one person who has access to the non-public information may share the said information with other while another person has the funds to execute the front running trades based on the said information and both get enriched together by their act and but for each entity's act, the proceeds would not have been generated in the trading account of the person who traded based on the information provided by the other persons who had the non-public information about the impending trades of the Big Client. Therefore, to say that an entity who is instrumental / primarily responsible for the execution of the scheme cannot be held liable if he did not control the funds, is untenable. In the instant matter, but for the position of Mr. Bhavesh Gandhi as a Senior Dealer at RSL and his access to the non-public information regarding the impending order of the Big Client, the impugned trades would not have been executed from the trading accounts of his relatives and ABPL (discussed in subsequent paragraphs). Therefore, he is jointly and severally liable for the wrongful gains generated from the impugned trades executed from the aforesaid trading accounts.

105. In view of the aforesaid discussion and in the given facts and circumstances of the matter, the cumulative effect of the following undisputed factual evidences, as alluded to in the preceding paragraphs above, has to be considered as highlighted below:

105.1. Accessibility of Mr. Bhavesh Gandhi to the non-public information of the Big Clients.

105.2. The specific unusual pattern of trading executed from the trading accounts of the relatives of Mr. Bhavesh Gandhi when compared to the buy / sell trades of the Big Client.

Primary Evidence

105.3. Frequency of placement of orders in specific scrips which were in common with the impending orders of the Big Client.

105.4. Substantial increased in the trading activities in the derivative segment of the securities market from the trading accounts of the relatives of Mr. Bhavesh Gandhi during the investigation period, the segment of securities market in which the Big Client was trading.

105.5. Significant percentage of common scrip days' and intra-day scrip days with the Big Client.

105.6. Significant profits were made while trading on the days which were common with the trading days of the Big Client vis-a-vis other trading days which were not common with the Big Client.

105.7. Close family connection amongst the *Noticees* belonging to the BG Group wherein Mr. Dhimant Himmatlal Shah and Mr. Rajesh Himmatlal Shah had a common email id for trading purpose, the access to which was also with Mr. Rutul Shah (the former used to take the help of the latter to operate it) and the family had a common Dealer in the form of Mr. Rutul Shah who was an authorised person of SMC Global Securities Ltd. having the expertise / experience of dealing in the securities market.

105.8. Similarity in the trading pattern followed by the relatives of Mr. Bhavesh Gandhi who have all claimed to execute the impugned trades independently and based on their own research.

Corroborative Evidence

106. When the aforesaid undisputed factual observations are seen holistically, a picture that emerges on the basis of preponderance of probability is that the orders placed /

trades executed from the trading accounts of the relatives of Mr. Bhavesh Gandhi during the investigation period, were placed in specific scrips/segment due to the nexus amongst Mr. Dhimant Himmatlal Shah, Mr. Rajesh Himmatlal Shah, Mr. Rutul Shah, Mr. Sanket Shah and Mr. Bhavesh Gandhi and the impugned trades would not have been placed / entered into from the trading accounts of the relatives of Mr. Bhavesh Gandhi, had Mr. Bhavesh Gandhi not been in possession of or privy to the non-public information about the impending trade orders of the Big Client in the specific scrips/segment. Further, considering the fact that the issue pertaining to knowledge of the non-public information by Mr. Bhavesh Gandhi has not been denied or refuted by him and there is a very discernible pattern of placing of orders from the trading accounts of the relatives of Mr. Bhavesh Gandhi just prior to the impending trade orders of the Big Client on a regular basis during the investigation period, it constrains me to conclude that the impugned trades executed from the trading accounts of the relatives of Mr. Bhavesh Gandhi during the investigation period, were in fact front running trades for which Mr. Dhimant Himmatlal Shah, Mr. Rajesh Himmatlal Shah, Mr. Rutul Shah, Mr. Sanket Shah and Mr. Bhavesh Gandhi are liable. Further, from the records, it is observed that the aforesaid front running trading activities in the trading accounts of Mr. Dhimant Himmatlal Shah, Mr. Rajesh Himmatlal Shah and Mr. Sanket Shah have resulted in earning of wrongful gains. The details of the same are shown as follows:

Table No. 38

Front Runner *Noticees*	**Total Unlawful Gains (INR)**
Dhimant Himmatlal Shah	1,41,93,007.84
Rajesh Himmatlal Shah	15,38,589.89
Sanket Shah	4,06,226.25

Across Broking Pvt. Ltd.

107. It has been alleged in the SCN that front running trades were executed during the investigation period from the trading account of ABPL which belonged to BG Group.

108. To examine whether the trades executed from the trading account of ABPL had the undue advantage of access to the non-public prior information about the impending orders of the Big Client, following aspects were analysed:

108.1. **Means to access the non-public information**: It is observed from the records that there were fund transfers between the Promoter - Director of ABPL, Mr. Mukesh Jain and Mr. Dhimant Himmatlal Shah's wife, Ms. Jyoti Dhimant Shah and also between Mr. Mukesh Jain and Mr. Rajesh Himmatlal Shah's wife, Ms. Ketana Rajesh Shah. Further, there were CDRs between Mr. Mukesh Jain and Mr. Rajesh Himmatlal Shah and between Mr. Mukesh Jain and Mr. Rutul Shah during the investigation period. It has already been noted in the preceding paragraphs that the impugned trades that were executed from the trading accounts of Mr. Dhimant Himmatlal Shah and Mr. Rajesh Himmatlal Shah which were punched in by Mr. Rutul Shah had the advantage of the non-public information of the impending orders of the Big Client. Thus, Mr. Dhimant Himmatlal Shah, Mr. Rajesh Himmatlal Shah and Mr. Rutul Shah who are part of the same joint family and with whom Mr. Bhavesh Gandhi, the Senior Dealer of RSL who had access to the non-public information of the impending orders of the Big Client, is also connected based on family ties, were not only seen to be in regular communication with Mr. Mukesh Jain but also had monetary transactions with him during the investigation period, which leads to a compelling inference that Mr. Mukesh Jain had the means / sources to have access / privy to the non-public information of the impending orders of the Big Client

108.2. **Particulars and pattern of trading**: It is observed from the summary of trades executed from the trading account of ABPL during the investigation period, which is given below at Table No. 39, that a significant percentage of scrip days of the trades executed from the trading account of ABPL in the derivative segment of the securities market, are in common with the scrip days of Big Client. A similar substantial trend is observed in the intra-day trading activities executed from the trading account of ABPL. The same are depicted in the tables below:

Table No. 39

Derivative Segment			
Noticee	**Scrip Days traded (No. of instances)**	**Common Scrip days with Big Client (No. of instances)**	**%**
ABPL	3594	1577	43.87

Table No. 40

Derivative Segment			
Noticee	**No. of instances - Scrip Days – intra-day trades**	**No. of instances - Common Scrip days with Big Client for intra-day trades**	**%**
ABPL	2506	1168	46.60

108.3. From the above tables, it is observed that there is a significant overlap in the scrip days between the trading activities of ABPL and those of the Big Client. Further, on a scrutiny of the intra-day trades executed from the trading account of ABPL, it is observed that there is a very specific trading pattern which has been repeated throughout the investigation period for the orders placed from the aforesaid trading accounts. The pattern that is followed is either a Buy-Buy-Sell pattern or Sell-Sell-Buy pattern having nexus with respect to the impending trade order of the Big Client. In other words, the order for the first leg of the intra-day trade (the front running leg) gets placed from the trading account of ABPL prior to the impending buy / sell order of the Big Client and the second leg of the intra-day trade (squaring off of trade) is set in motion by placing the sell / buy order prior to the execution of or immediately after the execution of the buy / sell order of the Big Client, in the same order limit price range similar to that of the Big Client, so that ABPL's sell / buy orders get executed immediately / around the time of execution of buy / sell order of the Big Client. One such illustrative trade executed from the trading account of ABPL as noticed on March 16, 2020 in the scrip of Muthoot Finance Ltd., the details of which is depicted below:

Table No. 41

Particulars	**Type of Order**	**Order Vol.**	**Order Start Time**	**Order End Time**	**Start Price (INR)**	**End Price (INR)**
ABPL	Buy	12,000	9:55:40	9:56:22	729	-
Big Client	Buy	30,000	9:56:43	-	729.65	732
ABPL	Sell	12,000	9:56:41	-	731.90	-

108.4. The above illustration shows that buy order for 12,000 shares of Muthoot Finance Ltd., was placed from the trading account of ABPL. The order was placed at

9:55:40 hours which is prior to the impending buy order of the Big Client for 30,000 shares of Muthoot Finance Ltd. which was placed at 9:56:43 hours. Sell order for 12,000 shares was put from the trading account of ABPL at 9: 56:41 hours and were squared off immediately when the Big Client order was placed. Thus, both legs of the intra-day trading activity executed from the trading account of ABPL was designed in a manner to follow a Buy-Buy-Sell pattern with respect to the impending buy order of the Big Client, wherein the first leg of the trade was a front running leg.

109. In view of the aforesaid discussion, it is observed that the order for first leg of the intra-day trades (the front running leg) was placed on a regular basis / on numerous occasions, sometimes even multiple times on the same day, prior to the placement of the impeding orders of the Big Client or before the last tranche of the order of the Big Client. Similarly, order for the second leg of the intra-day trade on numerous occasions was placed prior to the last tranche of the order of the Big Client. In a universe of numerous securities/derivative contracts being traded on stock exchange platform, it is surprising to observe that the trades executed from the trading account of ABPL are not only being executed in the same scrip on the same day as that of the Big Client on a regular basis, but also such orders are placed from the trading account of ABPL in the same securities by following either Buy-Buy-Sell pattern or Sell-Sell-Buy pattern on a consistent basis. The frequency with which the matching of trades was taking place on both buy side and sell side, shows that the same was being executed consciously under a well thought out design/ scheme or artifice and such execution of trades from the trading account of ABPL in the same scrip on a regular basis as that of the Big Client cannot be seen as a mere coincidence.

110. Credence to the aforesaid finding is further lent from the examination of profits earned from the trades executed from the trading account of ABPL, when one examines the trades that were executed on the days, which were common with the execution days of trades of the Big Client vis-à-vis the days which were not common with the trading days of the Big Client. The details with respect to such profits earned in the account of ABPL, are reproduced below:

Table No. 42

Particulars	Derivative Segment					
	Noticee	**Calendar days**	**No of instances**	**Gross Traded Value (INR in lakh)**	**Average Gross Traded Value (INR in lakh)**	**Square off earned (INR in lakh)**
Common Scrip days with Big Client	ABPL	155	1577	168451.58	106.82	126.37
No of Other Scrip days not common with Big Client	ABPL	173	2017	102793.48	50.96	(16)

Thus, from the above table it is observed that an entity which was making extensive losses suddenly starts churning astronomical profits on those scrip days which are common with the Big Client.

111. Not only there was a huge jump in the in the profits earned by ABPL during the investigation period on the common scrip days with the Big Client but also the trading activities of ABPL had substantially increased in the derivative segment in comparison to its trading activities prior to the investigation period. The details are as follows:

Table No. 43

Period	Derivative Segment
	Gross Traded Value (INR in Crore)
Pre- Investigation Period 1/6/2019 - 1/12/2019	1380.44
Relevant Period during the Investigation Period 2/12/2019 - 10/8/2020	2712.45

112. It is noted from the analysis of the bank account statement of HUF of Mukesh Jain that certain fund transactions were observed between him and the immediate relatives (wife) of Mr. Dhimant Himmatal Shah and Mr. Rajesh Himmatal Shah. The details of the said fund transfers are as follows:

Table No. 44

Transaction Date	Particulars	Remarks
8/4/2020	Online Transfer- INR 5,00,000 transferred to Ketana Rajesh Shah account.	Ketana Rajesh Shah is wife of Rajesh Himmatal Shah
9/4/2020	Online Transfer- INR 5,00,000 transferred to Ketana Rajesh Shah account.	
9/4/2020	Online Transfer- INR 5,00,000 transferred to Jyoti Dhimant Shah account.	Jyoti Dhimant Shah is wife of Dhimant Himmatal Shah

113. With respect to the aforesaid fund transfers, Mr. Mukesh Jain has submitted that Mr. Rajesh Himmatlal Shah was in need of immediate funds and the same was transferred to his wife's account. In this regard, it is observed that Mr. Mukesh Jain has not explained as to what exactly was the immediate need of Mr. Rajesh Himmatlal Shah or Mr. Dhimant Himmatlal Shah that he had to transfer the funds. The submission of the *Noticee* is not supported by any documents viz. any kind of communication between the two nor the copies of relevant bank statement(s) of Mr. Rajesh Himmatlal Shah or Mr. Dhimant Himmatlal Shah showing low amount of funds available in their accounts have been produced to show that they were indeed in need of funds. Further, no plausible explanation has been submitted by Mr. Mukesh Jain as to why he transferred the funds to the wife of Mr. Rajesh Himmatlal Shah or to the wife of Mr. Dhimant Himmatlal Shah instead of directly transferring to their bank accounts especially to the account of Mr. Rajesh Himmatlal Shah who was his employee as per his own submission and the employee's bank account details would be readily available with him. Moreover, Mr. Mukesh Jain has also not submitted or explained the reason which gave him the confidence to extend a loan of INR 15 lakh to his employee and to his relative without any collateral or agreement, who as per his submission had approached him only in March 2020 and the loan was given within a period of a month. No other instance of advancing any loan to anyone except for these particular transfers wherein Mr. Mukesh Jain has extended loans not only to his employee but also to employee's extended family members, has been brought on record by him to explain that he has been extending personal loans like this as a

matter of his business/professional practice. Thus, Mr. Mukesh Jain's submission with respect to the aforesaid fund transfers cannot be accepted on its face value, rather it raises a red flag as the funds were transferred to the close relatives of Mr. Bhavesh Gandhi who is already found to be an IC in the extant matter coupled with the fact, that the trades executed from the trading account of ABPL had on a regular basis followed a very specific pattern of Buy-Buy-Sell or Sell-Sell-Buy around the impending orders of the Big Client during the investigation period. As noted above that the relevant *Noticees* have not come up with an explanation and supporting documents to show that Mr. Rajesh Himmatlal Shah or Mr. Dhimant Himmatlal Shah were short of funds and it was under the compelling circumstances, they were constrained to enter into such fund transaction. In addition to the above, it is further pertinent to note that as per the allegation in the SCN, the aforesaid transfer of funds shows that the *Noticees* are very closely known to each other. Under the circumstances, when *Noticees* have not disputed the transaction, nor furnished any acceptable justification, I don't need to labour much to infer that the *Noticees* have strong connection amongst them. Hence, the scope of the present proceedings gets confined to examine whether in the light of such strong connection among the *Noticees*, the abnormal and unusual trading pattern of trades executed from the trading account of ABPL show a preponderance of probability of being carried out under the influence of information about the impending orders of the Big Client, that were being regularly exchanged between Mr. Mukesh Jain and Mr. Rajesh Himmatlal Shah / Mr. Rutul Shah or not.

114. Further, as noted above, with respect to loan amount being repaid by Mr. Rajesh Himmatlal Shah and Mr. Dhimant Himmatlal Shah, it is observed that the relevant question that needs to be answered is whether the existence of a loan transaction, absolves ABPL from the allegation of execution of front running trades from its trading account. I note that existence of a loan transaction between the entities, *prima facie* establishes a connection between them, which in the instant matter is found to be a strong one. Once a connection has been established, then the various facts and circumstances of the case have to be examined to see as to whether the combined effect of the attending circumstances viz. frequency of trades, timing of the order placement, increased trading activity etc. are independently be considered self-

evident of the existence of front running activities on the part of the *Noticees* irrespective of the existence of a fund transfer / loan transaction. Therefore, a loan transaction cannot on a standalone basis, support a conclusion that the trades executed are not front running trades outweighing so many factual and circumstantial factors as highlighted above which strongly indicate the indulgence of *Noticee* in front running activities. Moreover, when it comes to establishing genuineness of a loan transaction, the fact that the amount was credited back to the creditor would not in any manner automatically lead to an inference that initially when the amount was transferred it was necessarily a loan and further can't serve as a ground to rule out the probability of execution of those alleged front running trades. One of the parameters to establish genuineness of loan can be the credit of the amount in the account of the creditor but that cannot be the sole criteria. As noted above, existence of a loan agreement, collateral, previous such instances etc. are also relevant criterion to establish the genuineness of a loan transaction. In the given matter, transfer of funds indirectly to Mr. Rajesh Himmatlal Shah and Mr. Dhimant Himmatlal Shah through their respective wives assumes significance, because during the same period when the funds were transferred in the month of April 2020, high value trades (gross traded value) were being executed from the trading accounts of the said two *Noticees* which as noted in the preceding paragraphs were not only in variance with their normal trading behaviour but were also beyond their annual income. Therefore, the aforesaid fund transfers made indirectly to Mr. Rajesh Himmatlal Shah and Mr. Dhimant Himmatlal Shah (through their wives' accounts) appear to be for the purpose of enabling the above two *Noticees* to meet their margin money requirement for executing their impugned trades and the money that was returned back, appear to be made after the requirement for the margin was over and / or the proceeds from the impugned trade were credited to the bank accounts of Mr. Rajesh Himmatlal Shah and Mr. Dhimant Himmatlal Shah. Furthermore, another plausible reason for the aforesaid fund transfer between them could be because ABPL and Mr. Rajesh Himmatlal Shah and Mr. Dhimant Himmatlal Shah were hand in glove with each other for the purpose of execution of the impugned trades from the trading account of ABPL. The same can be inferred from the similarity in the trading pattern of the trades

executed from the trading accounts of the relatives of Mr. Bhavesh Gandhi and ABPL which were executed during the same time of the investigation period and it is quite clear that but for Mr. Mukesh Jain's connection with the relatives of Mr. Bhavesh Gandhi, the impugned trades could not have had been placed from the trading account of ABPL.

115. As per the other fund transfer details, it is also noted that funds were transferred from the bank account of ABPL to the joint a/c (Indian Overseas Bank A/c No.: 091301000009769) of Mr. Mukesh Jain and Ms. Anita Mukesh Jain in March 2020 and in April 2020. The funds from this joint account were further transferred to the account of Mr. Rahul Doshi (Union Bank of India A/c No. 316002010070537), the other Director of ABPL on March 20, 2020 and on April 7 - 8, 2020 and to the account of Mukesh Jain HUF (Bank of India, A/c No.008610110004723) on April 9, 2020. With respect to these fund transfers it has been submitted by Mr. Mukesh Jain and Mr. Rahul Doshi that the funds were transferred by Mr. Rahul Doshi, as Mr. Mukesh Jain was in need of funds for pay-in obligations. Mr. Rahul Doshi has submitted his bank statements (Union Bank of India A/c No. 316002010070537) for the period April 2019 to June 2020 in support of his submission.

116. With respect to the bank statement submitted by Mr. Rahul Doshi, the following is noted:

116.1. Majority of the transactions in the said bank account (A/c no.: 316002010070537; Union Bank of India) involve Ms. Pankhudi Rahul Doshi, ABPL and Mr. Mukesh Jain. There are hardly any third party payments noted from these bank statements e.g., payments for electricity, telephone bills, credit cards etc., normally expected in the bank accounts of people.

116.2. A repeated pattern is seen in the bank statements for the period April 2019 to June 2020 submitted by Mr. Rahul Doshi showing that whenever a substantial deposit is made, the same is withdrawn on the same day. For instance, a deposit is made by Mr. Rahul Doshi or by Ms. Pankhudi Rahul Doshi, the same will be withdrawn on the same day either by ABPL or by Mr. Mukesh Jain. Similarly, if a deposit is made by ABPL, the same will be withdrawn by Mr. Rahul Doshi or Mr.

Mukesh Jain, on the same day. This pattern happens on multiple instances in every month for the aforementioned period.

116.3. It is also further noted that an individual like Mr. Rahul Doshi whose gross total income annual is between INR 10 lakh to INR 12 lakh (submitted during *Confirmatory Order* stage and also seen from ITRs for Assessment Years 2019-2022), is seen to have deposited in his account in one month, amounts of money which are more than his gross annual income. For, e.g., in May, 2019, he had deposited around INR 40 lakh between May 3, 2019 to May 17, 2019. Next month also i.e., in June 2019, he has deposited around INR 18 lakh in his account. Substantial deposits have been made by Mr. Rahul Doshi almost every month during the period April, 2019 to June, 2020.

116.4. Mr. Mukesh Jain has not submitted his bank statement(s) and bank statement(s) of ABPL for the period May 2019 to September 2019 (the period when he took loan from Mr. Rahul Doshi) to demonstrate that he had no means to pay for his own / ABPL's pay-in obligations.

117. In the light of the aforesaid discussions, it is noted that the frequency of banking transaction between family friends, Mr. Rahul Doshi and ABPL / Mr. Mukesh Jain is extremely high. Further, as opposed to a loan transaction where the loan is transferred either at one go or at regular intervals, in the instant matter, the loan transaction as claimed by Mr. Rahul Doshi has happened between him and Mr. Mukesh Jain frequently on numerous occasions in every month during the period April 2019 to June 2020. Therefore, the claimed loan transaction by Mr. Rahul Doshi which took place between May 8, 2019 to September 30, 2019 is no different from any other credit-debit transactions that happen in a running account between two parties on a regular basis, which infact took place between them during the period April 2019 to June 2020. For instance, on May 8, 2019 Mr. Rahul Doshi claims to have loaned INR 9 lakh to Mr. Mukesh Jain. However, just prior to the aforesaid debit transaction, on the same day itself, a deposit of INR 12 lakh is made by Mr. Rahul Doshi. The remaining INR 3 lakh is debited by ABPL. On May 6, 2019 and on May 7, 2019 (days prior to the claimed loan transaction), amounts of INR 5 lakh and INR 2 lakh were credited by Mr. Rahul Doshi which were instantly debited on the same day by ABPL, whose Promoter-

Director is Mr. Mukesh Jain and majority shareholding (91.7%) of ABPL is held by Mr. Mukesh Jain's family. Thus, the above illustration for the period between May 6-8, 2019 would demonstrate that the moment the money is credited in the said bank account (A/c no.: 316002010070537; Union Bank of India) it gets debited instantly or within few days by either ABPL or Mr. Mukesh Jain, if the credit transaction is under the name of Mr. Rahul Doshi. Therefore, the particulars of the banking transactions, as noted above, do not evidence a genuine loan transaction, rather it leads to an inference that the aforesaid Union Bank of India account of Mr. Rahul Doshi, is intrinsically linked to trading operations of ABPL and between these two accounts constant debit and credit transactions were going on during the said relevant period.

118. Mr. Rahul Doshi has submitted that though the purported front running trades were executed during December 2019 to August 2020, SEBI is relying on the banking transactions which took place even before the period of purported front running trades. Further, the short term funds provided to Mr. Mukesh Jain were not for the first time that were given and got repaid. Moreover, the absence of any utility bill payments or credit card payments in his bank statement is due to the reason that he stays in a joint family. With respect to the aforesaid submissions of Mr. Rahul Doshi, I note that the purpose for which reliance has been placed on the banking transactions that took place in the personal bank account of Mr. Rahul Doshi (A/c no.: 316002010070537; Union Bank of India) is to show that the said bank account of Mr. Rahul Doshi is intrinsically linked with the operations of ABPL for a considerable period of time. Consequently, the same shows that the claim of Mr. Rahul Doshi that he was handling only the back office operations and compliance related matters of ABPL, is not entirely correct as the frequent credit and debit transactions in his bank account shows that he was also aware of and in a way implicitly involved in the trading operations (at least execution part) of ABPL, as the frequency of the credit and debit transaction in his account vis-à-vis the account of ABPL that was going on a regular basis over a period of 4-5 years and the time gap between the credit and debit transaction which used to span not more than 3-4 days, does not evince of a personal loan transaction between him and ABPL. The very fact that the short term funds were not provided by him for the first time further buttresses the inference that

he was long involved with the execution of trades of ABPL and it is not the case of either Mr. Rahul Doshi or ABPL/ Mr. Mukesh Jain that the said money transfers between them were being effected for the personal use of Mr. Mukesh Jain. It is clarified that the purpose of showing fund transfers between Mr. Rahul Doshi and Mr. Mukesh Jain / ABPL is not to allege that the wrongful gains made by executing the impugned front running trades was shared between them. Finally, the submission of Mr. Rahul Doshi that there is no utility bill payments or credit card payments in his bank statement as he stays in a joint family, is also not acceptable in the given facts and circumstances of the case, as the absence of any kind of personal payments show the exclusivity of the said bank account of Mr. Rahul Doshi being maintained solely for the purpose of dealing with / to have fund transactions with Mr. Mukesh Jain and / or ABPL.

119. It has been contended by Mr. Rahul Doshi that the SCN is silent on his role or his participation or his involvement in the purported front running trades. Further, SCN is also silent on the nature and instances of fraud which was allegedly committed by him. The aforesaid contention of the *Noticee* is factually incorrect. It has never been SEBI's case that Mr. Rahul Doshi was the recipient of non-public information regarding the impending orders of the Big Client based on which the impugned trades were executed from the trading account of ABPL. The SCN has unequivocally alleged in no uncertain terms about his role in ABPL as a person who used to manage its operations and handle its compliance related matters including having access to the email account of ABPL. If he had carried out his duty diligently and with due care, he would have certainly noticed the increased trading activities and generation of consistent regular profits in the trading account of ABPL. The same would have raised red flags for him and would have made him to make meaningful noises before Mr. Mukesh Jain and he would have made necessary inquiries with respect to involvement of his bank account in the trading activities of ABPL (It was alleged in the SCN that his bank account [Union Bank of India] was intrinsically linked to the operations of ABPL). Since he neglected his duty as a Director of ABPL, Mr. Rahul Doshi has enabled the execution of those impugned trades, thereby perpetuating the fraud in the securities market.

120. I have taken note of the submissions of Mr. Rahul Doshi with respect to the allegation of his failure to exercise due care and diligence. In this regard, I note that though the proprietary trading in F&O segment was carried out in the past too but the considerable increase (96.49%) in trading activity of ABPL in terms of gross traded value coupled with the generation of consistent profits should have made him notice the sudden deviation in the trading profile/strategy of ABPL and would have prompted to examine the rational or reasons behind such sudden change in investment profile and pattern of trades executed from the trading account of ABPL. Considering that Mr. Rahul Doshi was handling the compliance related matters of ABPL which would have drawn his attention to the impugned trades and the fact that during the relevant period there were fund transactions between him and Mr. Mukesh Jain / ABPL on a regular basis which as noted above could be only related to the trading operations (execution) of ABPL, these factors should have made him at least question the investment strategy of ABPL. Further, as stated in the preceding paragraphs, it has not been alleged in the SCN that he was privy to the proprietary trading decisions of ABPL rather, if he would have carried out his duty as a Director of ABPL with due care and diligence, he would have noticed the abnormality that was writ large in the trading pattern followed in the trades executed from the trading account of ABPL on a regular basis, more so when, any considerable increase in trading activity of ABPL will also come with increased compliance requirements which fall within his job domain. Furthermore, he had all the reasons to question the trading activities of ABPL because there were regular fund transfers between him and Mr. Mukesh Jain /ABPL which apparently as noted above, was not for meeting any personal need of Mr. Mukesh Jain but apparently for meeting the operational requirements of ABPL. The aforesaid factors gave Mr. Rahul Doshi adequate reasons to question the trading activities of ABPL but he has failed to do so for reasons best known to him only.

121. It is submitted by Mr. Mukesh Jain that Mr. Rajesh Himmatlal Shah and Mr. Rutul Shah had approached ABPL in the month of March 2020 as jobbers and due to sudden announcement of nationwide lockdown, ABPL was not able to enter into any formal agreement with them. From the materials made available on record and in the given

facts and circumstances of the case, it is observed that Mr. Mukesh Jain has not been able to prove with any evidence that Mr. Rajesh Himmatlal Shah and Mr. Rutul Shah were the persons who were placing the orders for the impugned trades in the trading account of ABPL on the basis of their informal appointment as jobbers by ABPL. The reason being that no physical or electronic correspondences has been submitted by Mr. Mukesh Jain which would demonstrate that Mr. Rajesh Himmatlal Shah and Mr. Rutul Shah were really employed at ABPL as jobbers during the said period. No jobbing agreement has been signed by Mr. Rajesh Himmatlal Shah and Mr. Rutul Shah nor Mr. Mukesh Jain has submitted any correspondences with Mr. Rajesh Himmatlal Shah and/or Mr. Rutul Shah in connection with entering into a jobbing agreement. In the absence of any supporting evidence, the submission of Mr. Mukesh Jain that Mr. Rajesh Himmatlal Shah and Mr. Rutul Shah were employed at ABPL as jobbers, is untenable. Be that as it may, I note from the submissions of ABPL and Mr. Mukesh Jain that they have accepted the responsibility for the impugned front running trades as they were executed under ABPL's name using its terminal.

122. Though Mr. Mukesh Jain has accepted the responsibility for the impugned front running trades as they were executed under ABPL's name using its terminal, he has denied having any knowledge of those trades when they were being purportedly executed by Mr. Rajesh Himmatlal Shah and Mr. Rutul Shah. The aforesaid submission of Mr. Mukesh Jain cannot be accepted for the following reasons:

122.1. He is the Promoter-Director of ABPL and a part of the majority shareholder of ABPL. Thus, by virtue of his position in the company, it can be easily inferred that he had an influence over the affairs of ABPL.

122.2. There was one more Director in ABPL apart from him, Mr. Rahul Doshi. As per Mr. Mukesh Jain, Mr. Rahul Doshi did not play an active role in the management of the affairs of ABPL. Corollary to the same would be that Mr. Mukesh Jain was actively managing the affairs of ABPL including the trading activity of ABPL. The same implies that he had knowledge of the trading activities of ABPL.

122.3. Mr. Mukesh Jain was in regular communication with Mr. Rajesh Himmatlal Shah and / or Mr. Rutul Shah who as observed in preceding paragraphs had access to the non-public information about the impending trade orders of the Big Client.

Further, during the relevant period he had fund transactions with the relatives of Mr. Bhavesh Gandhi for which he has not been able to furnish any plausible explanation. The aforesaid shows that during the relevant period Mr. Mukesh Jain was closely connected with the relatives of Mr. Bhavesh Gandhi, which provided him the means to access the non-public information about the impending trade orders of the Big Client which was the sole material reason for placing of the orders for the impugned trades in the trading account of ABPL.

122.4. As noted in the preceding paragraphs, Mr. Mukesh Jain has not been able to substantiate his claim that Mr. Rajesh Himmatlal Shah and Mr. Rutul Shah were employed as jobbers at ABPL. Further, he has also not identified who was the person who was placing those orders during the period December 2019 – February 2020 from the trading account of ABPL which were similar, rather almost identical to the trades and trading pattern followed in the trading accounts of other FRs as discussed at length in the preceding paragraphs of this order. The aforesaid observations lead to an unavoidable inference that it was Mr. Mukesh Jain who was in-charge of the trading activities of ABPL, had placed those orders himself or has directed one of his employee to do the same.

122.5. Even for a moment assuming that Mr. Rajesh Himmatlal Shah and Mr. Rutul Shah were employed by ABPL as a jobber, still as an employer, Mr. Mukesh Jain cannot escape from the liability for the unlawful activities of his employees which the employees have carried out in the course of their employment. If Mr. Rajesh Himmatlal Shah and Mr. Rutul Shah were employed by ABPL to carry out jobbing activities and in the course of jobbing, Mr. Rajesh Himmatlal Shah and Mr. Rutul Shah have executed the impugned front running trades, ABPL as an employer and Mr. Mukesh Jain as a Director in-charge of its trading activities, should have put appropriate systems in place which could have alerted him, of the possible malpractices that can be engaged by the employees, especially when Mr. Rajesh Himmatlal Shah and / or Mr. Rutul Shah were generating astronomical proceeds for ABPL, consistently over a period of 4-5 months. Mr. Mukesh Jain is not a novice in the market and is associated with the securities market for more than 30 years. Considering the market dynamics, a consistent generation of positive proceeds

coupled with a sudden 96.49% increase in trading activity of ABPL in terms of gross traded value including the considerable number of common scrip days happening only with the Big Client in a universe of numerous scrips and investors participating on anonymous trading platforms of stock exchanges, ought to have made Mr. Mukesh Jain to make meaningful inquiries with Mr. Rajesh Himmatlal Shah and / or Mr. Rutul Shah (if at all they were his employees), which he deliberately ignored to do, as he had the knowledge of what was going on in the trading account of ABPL.

122.6. From the bank statements of ABPL, Mr. Mukesh Jain and Mr. Rahul Doshi, it is noted that on a regular basis during the investigation period money was being credited by either of the three *Noticees* and simultaneously money was being debited by either of the three *Noticees* on a regular basis in quick succession, indicating that the aforesaid three *Noticees* had knowledge of the trading activities being carried out in the trading account of ABPL as the funds that were credited and debited in the respective bank accounts of either of the three *Noticees,* was nothing but the proceeds of such trading activities of ABPL or were related to the trading activities of ABPL.

123. Here, it will be apt to refer to the submissions of ABPL and Mr. Mukesh Jain regarding their request for cross examination of Mr. Rajesh Himmatlal Shah. The aforesaid *Noticees* have submitted as follows:

123.1. Based on the statement recording of Mr. Mukesh Jain that he was interacting with Mr. Rajesh Himmatlal Shah/ Mr. Rutul Shah 2-3 times a day, SEBI has presumed that via calls Mr. Rajesh Himmatlal Shah / Mr. Rutul Shah were conveying non-public information of the upcoming impending orders of the Big Client to Mr. Mukesh Jain. According to *Noticees*, the same is not true as Mr. Rajesh Himmatlal Shah was a jobber with ABPL at the relevant time and he was given a proprietary account having user id NITIN-3306. He was also operating from a different location and not from the office premises of ABPL. Therefore, if it is established that Mr. Rajesh Himmatlal Shah was employed as a jobber, the *Noticees* can't be made liable for fraud.

In the aforesaid submission of the *Noticees,* I note that it is Mr. Mukesh Jain who has himself stated that he was interacting with Mr. Rajesh Himmatlal Shah / Mr. Rutul

Shah 2-3 times a day and no such assertion has been made either by Mr. Rajesh Himmatlal Shah or Mr. Rutul Shah. Further, the assumption which has been drawn by the *Noticees* that SEBI believes that the non-public information regarding the impending orders of the Big Client was communicated by Mr. Rajesh Himmatlal Shah through the said calls only, is incorrect as no such assumption has been drawn either in the investigation report or in the SCN. The inference that the impugned trades that were executed from the trading account of ABPL had the advantage of the access to the non-public information regarding the impending orders of the Big Client has been made based on a host of circumstantial evidence as noted in the preceding paragraphs. Moreover, the purpose for which reliance has been placed on the CDRs (to demonstrate connection amongst *Noticees*) has already been explained in the preceding paragraph no. 43 and the same does not require reiteration. Furthermore, it is the *Noticees* case that Mr. Rajesh Himmatlal Shah was a jobber at ABPL and not SEBI's case. Even, Mr. Rajesh Himmatlal Shah has not stated before SEBI that he was employed as a jobber at ABPL nor SEBI during its investigation has found any material demonstrating that Mr. Rajesh Himmatlal Shah was employed as a jobber at ABPL. It is the *Noticees* case that Mr. Rajesh Himmatlal Shah was employed as a jobber at ABPL, therefore the burden of proof is on them in the first place to establish the same with independent verifiable evidence or documentary evidence in support of their claim. *Noticees* without first establishing their claim cannot seek to use the tool of cross examination to bring evidence on record when there is neither any statement taken by SEBI on the lines wherein Mr. Rajesh Himmatlal Shah has deposed that he was employed as a jobber at ABPL nor Mr. Rajesh Himmatlal Shah has himself stated in his submission that he was employed as a jobber at ABPL.

The need for cross examination arises only if a statement of a third person is relied upon solely in support of a charge being determined through a quasi-judicial proceeding. In the instant matter, the charge of the alleged front running qua ABPL is neither based on the statement of Mr. Rajesh Himmatlal Shah nor is based on the assertion that he was employed as a jobber at ABPL at the relevant time (SEBI did not come across any evidence in this regard during its investigation). In any case

the allegation of front running against the *Noticees* does not rest solely on the connection between Mr. Mukesh Jain and Mr. Rajesh Himmatlal Shah, which is not disputed by either of the *Noticees.* Under the circumstances, when the fact of him being connected to Mr. Rajesh Himmatlal Shah or Mr. Rutul Shah or the fact that the trades have been executed in the trading account of ABPL or the fact that there are fund transactions between him and the family member of Mr. Rajesh Himmatlal Shah and Mr. Dhimant Himmatlal Shah, have not been disputed, the submission of cross examination is untenable. As noted above that no deposition was made either by Mr. Rajesh Himmatlal Shah or Mr. Dhimant Himmatlal Shah or Mr. Rutul Shah for implicating ABPL that has been relied upon in the SCN to establish the charge or to prove a fact, therefore, any request of seeking cross examination of a person either to prove a fact which though not disputed or has no relevancy to the proceeding is neither justified nor can be acceded to within the four corners of law. The aim and object of proving that the alleged front running trades were carried out by Mr. Rajesh Himmatlal Shah or Mr. Rutul Shah as jobber, can in any case be proved by way of documentary evidence also. However, I find that no such efforts have been made when more than two years have lapsed since the passing of the *Interim Order*.

123.2. As regards the contention of ABPL that SEBI has not asked pertinent questions to Mr. Rajesh Himmatlal Shah as to whether he shared the information pertaining to the orders of Big Client with the *Noticees* and whether, Mr. Rajesh Himmatlal Shah was acting as a jobber with ABPL, I note that there is no doubt left now that front running trades have been executed in the trading account of ABPL which are also not disputed by ABPL. Without advancing sufficient justification for refuting the alleged trades, it has been submitted that those trades were executed by Mr. Rajesh Himmatlal Shah, who was employed as a jobber and those trades were executed through a terminal or system used exclusively by Mr. Rajesh Himmatalal Shah. Having gone through the records and submissions of the *Noticees*, it is observed that there is no specific allegation in the SCN as to who executed those impugned trades. The SCN alleges ABPL for execution of those trades in its trading account and two of its Directors have been proceeded against for the said act as they

were the Directors of ABPL during the relevant time, which has not been disputed by them. When after appreciation of all the factual and circumstantial evidence on record, it has been found sufficient to hold the allegations against the *Noticees*, it is not relevant anymore for the purpose of the present proceedings to get into the nitty-gritties of who has punched those orders for those impugned front running trades, as the same is also not an allegation in the SCN. Though it has been vehemently submitted that trades were placed by Mr. Rajesh Himmatlal Shah in the trading accounts of ABPL however, no evidence in the form of salary, commission, correspondences or any other independently verifiable piece of document has been produced to justify such a claim. Even if assuming the above submission of the *Noticees* to be true, I see no merit in the contention that investigation should have asked the above question from Mr. Rajesh Himmatlal Shah to elicit from him as to whether he was employed by ABPL or whether he was punching the trades/ Mr. Rutul Shah behalf of ABPL. Moreover, considering the fact of the matter and nature of allegations made against respective *Noticees*, I see no merit in the above submission as the answer to the above questions from Mr. Rajesh Himmatlal Shah would not have changed the outcome of the proceedings and therefore, the aforesaid submission of seeking cross examination of Mr. Rajesh Himmatlal Shah is without any merit and irrelevant to the allegations made against ABPL and its Directors in the SCN.

Looking from another perspective, in the matters of front running trades, direct evidence of communication of the non-public information regarding the impending orders of the Big Client would be difficult to gather. However, the same does not prohibit the Regulator to proceed against the *Noticees* based on circumstantial evidence which in the given case is overwhelming, leading to an irresistible inference based on the basis of preponderance of probability that front running trades were executed from the trading account of ABPL. Therefore, at the time of investigation, because of the availability of adequate factual as well as circumstantial evidence against the *Noticees* for the impugned trades coupled with the absence of any material to the contrary which would show that Mr. Rajesh Himmatlal Shah was a jobber at ABPL, there was no necessity or ground to question

Mr. Rajesh Himmatlal Shah on the lines as suggested by the *Noticees* above. Hence, the afore stated submissions of the *Noticees* are misplaced on facts and are not maintainable.

123.3. The *Noticees* have contended that through cross examination, *Noticees* want to prove that it was Mr. Rajesh Himmatlal Shah whose mind was at play and the *Noticees* were in no way participating in those fraudulent front running transactions**.**

It has already been noted in the preceding paragraph that the request of cross examination of the *Noticees* is not tenable. Even if for a moment, it is accepted that Mr. Rajesh Himmatlal Shah was employed as a jobber, still the *Noticees* would be liable for the front running charges made against them in the SCN as noted in paragraph number 122.5 above. Moreover, the participation of the *Noticees* in those front running trades is undeniable and is not even open for any interpretation as *Noticees* as per their own admission have provided the trading terminal to Mr. Rajesh Himmatlal Shah which has resulted (if *Noticees* version has to be accepted) in the execution of the impugned trades in the proprietary trading account of ABPL and the wrongful gains that have accrued as a result of the impugned trades have gone into the coffers of the *Noticees.* In other words, the *Noticees* have equipped Mr. Rajesh Himmatlal Shah with the means to execute the impugned trades, have reaped the rewards of the said trades and yet want to dissociate themselves from the charges pertaining to those front running trades levelled against them in the SCN. As noted in the preceding paragraphs, there are in any case a host of factual and circumstantial evidences which in effect, cumulatively lead to a strong inference on the basis of preponderance of probability that Mr. Mukesh Jain had knowledge of those impugned trades the profits of which have already been reaped by ABPL. Thus, in the given facts and circumstances of the case, even if the version of the *Noticees* is accepted for a moment which they have put up before me with a view to get exonerated from the charges of front running by deflecting those charges onto Mr. Rajesh Himmatlal Shah., it would rather show that the *Noticees*

were in fact hands in glove with Mr. Rajesh Himmatlal Shah in executing those impugned trades.

123.4. Without prejudice, *Noticees* have argued that taking cross examination is the right of the *Noticees* as SEBI has relied upon the statement made by various entities on oath.

The aforesaid submission of the *Noticees* is factually incorrect as no statements have been relied upon to make the allegation of front running against the *Noticees.* The entire case against the *Noticees* is based on multiple factual and circumstantial evidence and the peculiar trading pattern followed by the *Noticees* having close nexus with the impending trade orders of the Big Client. Further, *Noticees* have not been able to show from the depositions of either Mr. Rajesh Himmatlal Shah or from the deposition of his family / relatives, wherein any of them have stated on oath that Mr. Rajesh Himmatlal Shah was working as a jobber at ABPL during the investigation period or he had communicated the non-public information regarding the impending orders of the Big Client to Mr. Mukesh Jain. Rather, it is the *Noticees* who have been asserting that Mr. Rajesh Himmatlal Shah was working as a jobber at ABPL during the investigation period and the onus is on them to prove the same. With respect to the submission of the *Noticees* that taking cross examination is their right, I note that the said right is not unfettered. Here, I would like to place reliance upon the order of the Hon'ble Supreme Court of India in the matter of *Bareilly Electricity Supply Co. Ltd.* vs. *The Workmen* AIR 1972 SC 330, wherein the learned judges held as follows:

"The application of the principle of natural justice does not imply that <u>what is not evidence can be acted upon.</u> On the other hand what it means is that <u>no material can be relied upon to establish a contested fact which are not spoken to by persons who are competent to speak about them</u> and are subjected to cross-examination by the party against whom they are sought to be used."

Further, Hon'ble SAT in the matter of *Bharat Jayantilal Patel* vs. *SEBI and Ors.* decided on September 15, 2010 has held as follows:

"We have time and again observed that when a fact is sought to be established on the basis of the statement of a person which is refuted by the delinquent, the latter

has a right to cross examine the person whose statement is sought to be relied upon. This is the bare minimum requirement of the principles of natural justice which needs to be complied with in all quasi judicial proceedings that are conducted by the Board."

From the aforesaid two Orders, I note that a right to cross examination kicks in only when the statement of a person is adduced in evidence in order to establish a fact or a circumstance. Cross-examination then becomes a powerful weapon for showing the untruthfulness of that evidence. However, in the present matter, no statements have been relied upon by SEBI to prove that since Mr. Rajesh Himmatlal Shah was employed as a jobber at ABPL, he had communicated the non-public information regarding the impending orders of the Big Client to Mr. Mukesh Jain. Therefore, in the present proceedings no situation has arisen for the *Noticees* to controvert anyone's statement by asking for an opportunity of cross examination.

124. ABPL and Mr. Mukesh Jain have submitted that they are retracting every averment in their reply dated August 10, 2022 which is contrary to the contentions raised in the additional submissions, as the averments in their reply dated August 10, 2022 were based on the charges which the *Noticees* have been advised are not complete as the same are not supported with any documents, data and/or information quantifying the loss and damage to the market and neither do such charges quantify the unlawful gain of the *Noticees.* The aforesaid submission of the *Noticees* is liable to be rejected forthright for being vague without implying anything specific. *Noticees* have not been able to demonstrate how the charge in the SCN is incomplete. All the supporting documents for levelling the allegations have been provided to the *Noticees*. All the circumstantial evidence, be it the *Noticees* pre-investigation trading volume or increase in the profit figures during the investigation period or the number of common scrip days with the Big Client or the trading pattern of the trades executed from the trading account of ABPL, all the above have been backed by data including the disgorgement amounts which have been determined as per the findings of investigation. Moreover, to allege front running against any entity, it is not required to quantify the loss and damage which may have taken place in the securities market due to the alleged front running activities. Furthermore, the *Noticees* have been

trading in the securities market for 30 years and are no novices when it comes to understanding the charge of front running, more so when they were adequately represented by their Authorised Representatives since the *Confirmatory Order* stage which is much prior to filing of their additional submissions. Hence, the retractions of their submissions which is contrary to their additional submissions, is belated and is nothing but an afterthought exercise and therefore, is not permissible. Similarly, the contention of the *Noticees* that the questions asked to them during the investigation were put to them with an intent to curb the lacunae of the investigation as the same were framed and put to the *Noticees* without explaining to them the nature and definition of front running, is also incorrect statement as the *Interim Order* which was passed much prior to the investigation, has at length, explained the definition of front running, the factors which are considered to classify a trade as a front running trade and the pattern of executing front running trades etc. Therefore, the *Noticees* who were served a copy of the *Interim Order* had very well the knowledge of various facets of a front running trade.

125. It has been argued by Mr. Mukesh Jain that there is a mismatch in the period mentioned in the *Interim Orde*r as taken for examination and the period that is mentioned in the SCN as investigation period. The said argument lacks merit as both the *Interim Order* and the *Confirmatory Order* had made it crystal clear that the *prima facie* findings of the *Interim Order* is based on the preliminary examination carried out by SEBI and a detailed investigation has been ordered by the Competent Authority in the matter which will investigate the matter in greater detail. In the course of the investigation, there were certain findings which required the Examination Period to be expanded and I see no illegality in the same.

126. Further, it has been contended by Mr. Mukesh Jain that the trades that have been alleged to have been executed from the trading account of ABPL during the period December 2, 2019 to March 12, 2020 are not front running trades as those trades are not in the pattern of either Buy-Buy-Sell or Sell- Sell-Buy around the orders of the Big Client. It has been submitted vehemently in support of the above submission that those trades were executed prior to the time, when the alleged ICs (Mr. Rajesh Himmatlal Shah / Mr. Rutul Shah) came in contact / touch with Mr. Mukesh Jain.

Further, in the post hearing submission, ABPL has submitted a list of such trades contending that they do not satisfy the basic requirement to be categorised as front running trades as known and understood in general parlance in the securities market and the Big Client also having traded on those days in the scrip/contract is a mere coincidence. I have gone through the order log and trade log for the period December 2, 2019 to March 12, 2020 submitted before me to support the aforesaid contention of the *Noticees* and observe as under:

126.1. All the trades pertain to the derivative segment and more precisely the trades were executed in the future segment of the derivative market barring three trades in the option segment of the securities market.

126.2. There are indeed some instances where the first order placed from the trading account of ABPL is contrary to the order placed by the Big Client in particular securities / contract. For e.g. on March 2, 2020 Big Client's first order in the contract of Jindal Steel & Power Ltd. was a sell order placed at 09:22:05 am whereas the first order in the contract of Jindal Steel & Power Ltd. of ABPL was a buy order placed at 09:16:14 am.

126.3. There are also instances where both the legs of the intra-day trades in particular securities / contract executed from the trading account of ABPL were completed prior to the placement of the 1st leg of the order by the Big Client in that particular securities / contract. In many such instances, the difference of time gap between the 2nd leg of the trade in the trading account of ABPL is much prior to the 1st leg of the order placed from the trading account of the Big Client. For e.g. on January 21, 2020 Big Client's first order in the contract of Aurobindo Pharma Ltd. was a buy order placed at 11:59:26 am and the first order in the contract of Aurobindo Pharma Ltd., from the trading account of ABPL was a buy order placed at 10:28:13 am. The said buy order from the trading account of ABPL was squared off at 10:29:56 am. Thus, not only 1st leg of the intra-day trade from the trading account of ABPL was executed before the order of the Big Client but the execution of the 2nd leg of the intra-day had started from the trading account of ABPL, 01:31:13 hours prior to the 1st order of the Big Client.

126.4. Similarly, there are also several instances where the orders were placed from the trading account of ABPL prior to the last tranche of the order of the Big Client in particular securities / contract but there is substantial time gap between the order placed from the trading account of ABPL and the first tranche of the order of the Big Client in that particular securities / contract. For e.g., on January 16, 2020, the Big Client had placed a buy order in the contract of Jindal Steel & Power Ltd. at 09:16:52 am and the buy order end time of the Big Client was 12:02:48 pm. The Big Client buy trade start time was 09:16:52 am. The buy order from the trading account of ABPL was placed at 10:37:50 am which is though prior to the last tranche of the buy order of the Big Client but there is a time difference of 01:20:58 hours between the placement of buy orders of the Big Client and ABPL.

Having observed the above instances of trades, it is also noticed that there are also orders which have been placed in close proximity to the orders of the Big Client as well. However, the instances of such orders are not much and majority of trades placed and executed during the aforementioned period fall under one of the instances as observed above. In this connection I note that the CDRs and fund transactions that have been observed between Mr. Mukesh Jain and family members of Mr. Ramesh Himmatlal Shah and Mr. Dhimant Himmatlal Shah including other corroborative evidence indicate that the scheme of front running based on the connections amongst the *Noticees* was beginning to unfold from March / April onwards. Under the circumstances, if I look at the afore stated factual observations from various instances of trades that happened from the trading account of ABPL during the period December 2, 2019 to March 12, 2020 holistically with the above noted observations about the CDRs and fund transactions, it is observed that there is no dispute to the fact that trades executed during the above mentioned period have coincided with the trading days of Big Client as well, however, upon a closure examination of the above noted instances of trades, it is observed that on preponderance of probability, the benefit of doubt gets tilted towards the submission advanced by ABPL. Therefore, for the reasons stated above, based on materials available on record and the submissions made by the *Noticee* before me , I am constrained to give benefit of doubt to ABPL only for the trades executed during the period December 2019 to March 2020 (details of

which were submitted in post hearing submissions) as these trades appear to have been executed prior to the time when ABPL got in touch with the IC (Mr. Rajesh Himmatlal Shah / Mr. Rutul Shah) and received those non-public information about the impending trade orders of the Big Client. It is however clarified that the aforesaid finding does not preclude SEBI to proceed against the ABPL for the trades that have been found to have been executed in the trading account of ABPL during the period December 2, 2019 to March 12, 2020, if any new material comes to the light.

127. ABPL and Mr. Mukesh Jain have stated that there is similarity between them and that of the other entities who were part of the Hon'ble SAT Order dated December 10, 2020 in Appeal No. 486 of 2020, hence they also deserve similar treatment and relief. In this respect, it is observed that the contention of the *Noticees* is far from being correct. The entities in the aforesaid Appeal matter were the partners (sleeping partners) of a partnership firm from whose trading account the alleged front running trades were executed. It was noted that neither the said partners were involved in the functioning of the partnership firm nor their trading accounts were called into question for execution of the alleged front running trades. Moreover, the partners had not any direct or indirect connection with the ICs of the present matter. Thus, on juxtaposing the facts and circumstances of the aforesaid Appeal matter with the facts and circumstances of the *Noticees*, it is noted that they are dissimilar in every aspect, hence are not comparable.

128. I note that ABPL and Mr. Mukesh Jain have contended that certain documents / information requested by them have not been provided to them. On a perusal of their request, I note that the said document / information are either not available with SEBI such as , contents of voice recording and entire account usage statement/ call log history of Mr. Rajesh Himmatlal Shah, Mr. Rutul Shah, Mr. Mukesh Jain (he wants his own call usage history from SEBI) and that of Mr. Rahul Doshi or the said document / information is not required to establish the charge of front running, hence is not available with SEBI such as the price impact analysis of the alleged front-running trades (front running trades are executed in anticipation of the impending orders of the Big Client which may have a price impact and not necessarily it has to have an impact) and IP details and MAC details for the front running trades (even though there

is no dispute from whose trading accounts the trades have been executed). Further, from the records I note that the *Noticees* have been provided with the complete trade log of the Big Client during the investigation period.

129. Mr. Mukesh Jain has raised an objection to the allegation of front running trades in the contracts of Nifty and Nifty Bank by arguing that the impending orders of the Big Client in these products cannot have any impact on price of Nifty and Bank Nifty index. The said objection of Mr. Mukesh Jain misses the point that in order to prove an allegation of front running what is essential is the placement of the orders of the alleged front running trade prior to the placement of the impending order of the Big Client in anticipation that post the execution of the order of the Big Client, it may impact the price of the security / contract in which the order was placed by the Big Client. Thus, whether or not there was any impact of the order of the Big Client is immaterial. What is material, is the timing of the placement of the order of the alleged front runner vis-a-vis the order of the Big Client. Similarly, the submission of the *Noticee* that since the volume of the Big Client was not substantial, the requirement of front running that impending transactions of the Big Client need to be substantial is not fulfilled, also lacks merit. In the first place, there cannot be a straitjacket definition of what is substantial in respect of securities / contracts in the securities market. What is substantial will depend not only on the securities / contracts in question but also on a host of factors associated with the securities / contracts and also with the securities market in general viz., corporate announcements made in that particular securities / contracts, liquidity in that particular securities / contracts, trading in the peer group securities / contracts, general trend in the securities markets, prevalent economic situation in the country etc. Moreover, the word substantial is a relative concept. For e.g. an order for 100 shares in an illiquid share would be treated as substantial by a particular person but the same person may not perceive it to be substantial when it comes to a liquid scrip. Thus, what is substantial when it comes to trading in a particular security / contracts is a very subjective assessment of that particular trader which may not be the same for every other trader in the securities market. Therefore, in cases of front running the focus is on the the timing of the placement of the order of the alleged front runner vis-a-vis the order of the Big Client

and the materiality is attached to the fact that the said order of the alleged front runner was placed based on the non-public information of the impending order of the Big Client which the alleged front runner in his assessment had perceived it to be substantial and had anticipated that it will lead to a price movement in that particular scrip / contract, post execution of the impending order of the Big Client. Hence, substantiality of the impending order of the Big Client is only one of the factors that has to be examined along with other essential requirements of establishing a charge of front running, as discussed in preceding paragraphs and post the cumulative analysis of all the factors, a finding with respect to front running has to be arrived at. In any case, the materiality and impact on the scrip is evident from the fact that the front run trades have ended up generating profits.

130. Mr. Rahul Doshi has submitted that he was not an employee of ABPL but was a Director and he had advanced money to Mr. Mukesh Jain. Further, he was not drawing any salary from ABPL. Moreover, due to Covid lockdown, he did not visit the office of ABPL and therefore, he had no access to the data of ABPL from home. Hence, he was unaware of any significant changes or trades and thus, did not make any meaningful inquiry. I note from the records that Mr. Rahul Doshi was the Director of ABPL from October 19, 2016 to January 11, 2022. Such a long association with ABPL of over three years (at the time of the impugned trades being executed in December 2019) as a person who was responsible for back office functions of ABPL and compliance related matters, would not be cognizant with the conduct of business of ABPL is very difficult to accept. Further, his role in the back office of ABPL would have given him access to the accounts of ABPL wherein if he would have exercised due care, skill and diligence, he would have noticed a sharp rise in the profits of ABPL that too on a consistent basis during the investigation period. Coupled with the fact that he was also in charge of compliance related matters which necessarily goes hand in hand with the trading activities of ABPL and its conformity with the existing securities laws, hence Mr. Rahul Doshi cannot feign ignorance that he was not aware of the trading activity of ABPL especially when there was sudden big increase in the trading activity of ABPL by 96.49% in terms of gross traded value and he had access to the email account of ABPL where the trade confirmations were being received. In addition, as per the KYC

documents of the bank account of ABPL, his mobile number is part of the documentation process and hence on the face of it, he is linked with the operations of the bank account of ABPL. Moreover, it has already been held in the preceding paragraphs that his Union Bank of India account is intrinsically linked with the operations of ABPL and on examination of the bank statement of the said bank account it can be noted that whenever during the investigation period he was making a deposit of substantial amount (amount in six figures or more), it was either withdrawn by / transferred to ABPL or Mr. Mukesh Jain and when ABPL was making a deposit it was withdrawn by / transferred to ABPL. The said withdrawals / transfers can nothing be but related to the trades of ABPL as either ABPL is involved in the transaction or its Promoter-Director in charge of its trading activity is involved and since the above noted credit/debit transactions were happening in the personal bank account of Mr. Rahul Doshi so frequently on a regular basis for which messages would be coming to his mobile number apart from messages/statements to his email address, he has to have firsthand knowledge of the said fund transfers.

131. Mr. Rahul Doshi has submitted that due to Covid lockdown he did not have access to the data of ABPL. The aforesaid submission of Mr. Rahul Doshi begs a question as to how the back office operations of ABPL was taken care of during the lockdown period especially when the data reveals that the trading activity of ABPL had increased several times compared to pre-lockdown period. In any case, he had access to his own bank account where deposits and withdrawals were made by ABPL / Mr. Mukesh Jain / himself. In view of the aforesaid discussions which highlights the significant material change in the earnings of ABPL and its trading activities during the investigation period and considering the fact that Mr. Rahul Doshi's role in ABPL permits him access to the data pertaining to the trading activity of ABPL, I note that if Mr. Rahul Doshi being a Director would have exercised his independent judgment and acted with due care, skill and diligence, he would have noticed the red flags, which in the instant matter, he has neglected to do. Therefore, his submission that he has no role in the trading activities of ABPL is not acceptable as he has even failed to demonstrate with substance that he was casual and for whatever reason, not attentive and careless in day to day operations of ABPL. In the absence of the same, even the

plea or submission of omission on his part is not acceptable to hold that he was completely ignorant of the above acts and trading transactions. Under the circumstances, I hold that his omission to act with due and reasonable care, skill and diligence and his failure to exercise his independent judgment which is expected from a Director of the company and as mandated under Section 166 (3) of the Companies Act, 2013, has been not by inadvertence but by deliberate design, which enabled the execution of the impugned trades from the trading account of ABPL. Therefore, I have to observe that this finding itself is sufficient to hold him liable for the alleged violations.

132. It has been submitted by Mr. Mukesh Jain that the basis of calculation of unlawful gains has not been provided to ABPL and ABPL disputes the amount of unlawful gains made by it. In this regard, it is observed that since the impugned trades were intra-day trades, the unlawful gains made by ABPL are nothing but the actual squared off difference between sell price and buy price made by executing the impugned intraday trades without taking into account the loss making impugned trades i.e., by considering only those impugned trades that have earned a positive squared off difference. Further, statutory charges and other charges have also not been considered to arrive at the final amount. Moreover, no grounds have been submitted by Mr. Mukesh Jain for disputing the determination of the amount of unlawful gain made by it. Thus, the submission of Mr. Mukesh Jain is unacceptable.

133. It has been submitted by Mr. Mukesh Jain that the disgorgement amount has been increased from the *Confirmatory Order* stage which amounts to double jeopardy. The submission of the *Noticee* is legally untenable as in the first place, present proceedings are not criminal proceedings rather it is a civil action for violation of the regulatory framework relating to the securities market and secondly, in any case increase in disgorgement amount is not a penal action. It is open for the *Noticee* to challenge the action of disgorgement proposed against him including the computation of the disgorgement amount but the enhancement of the disgorgement amount from the *Confirmatory Order* stage is not hit by the principle of double jeopardy.

134. In view of the aforesaid discussion and in the given facts and circumstances of the matter, the cumulative effect of the following undisputed factual evidences, as alluded to in the preceding paragraphs above, may be enumerated as follows:

134.1. Accessibility of Mr. Bhavesh Gandhi to the non-public information of the Big Client.	Primary Evidence
134.2. The connection between Mr. Mukesh Jain and the relatives of Mr. Bhavesh Gandhi (Mr. Dhimant Himmatlal Shah, Mr. Rajesh Himmatlal Shah and Mr. Rutul Shah).	
134.3. The specific unusual pattern of trading when compared to the buy / sell trades of the Big Client.	
134.4. Frequency of placement of orders in specific scrips in the trading account of ABPL which were in common with the impending orders of the Big Client.	Corroborative Evidence
134.5. Substantial increase in the trading activities in the derivative segment of the securities market from the trading account of ABPL during the investigation period, the segment of securities market in which the Big Client was trading.	
134.6. Significant percentage of common scrip days' and intra-day scrip days with the Big Client.	
134.7. Substantial profits were made while trading on the days which were common with the trading days of the Big Client vis-a-vis other trading days which were not common with the Big Client during which ABPL was in fact a loss making entity.	
134.8. Similarity in ABPL's trading pattern with the relatives of Mr. Bhavesh Gandhi.	

135. When the aforesaid undisputed factual observations are seen holistically, a picture that emerges on the basis of preponderance of probability is that the orders placed / trades executed from the trading account of ABPL during the investigation period, were placed in specific scrips due to the nexus amongst ABPL, its Directors, Mr. Rajesh Himmatlal Shah, Mr. Rutul Shah and Mr. Bhavesh Gandhi and the impugned trades would not have been placed / entered into from the trading account of ABPL, had Mr. Bhavesh Gandhi not been in possession of or privy to the non-public information

about the impending trade orders of the Big Client in the specific scrips. Further, considering the fact that the issue pertaining to knowledge of the non-public information by Mr. Bhavesh Gandhi has not been denied or refuted by him and there is a very discernible pattern of placing of orders from the trading account of ABPL just prior to the impending trade orders of the Big Client on a regular basis during the investigation period, it constrains me to conclude that the impugned trades executed from the trading account of ABPL during the investigation period, were in fact front running trades for which ABPL, its Directors (Mr. Mukesh Jain and Mr. Rahul Doshi), Mr. Rajesh Himmatlal Shah, Mr. Rutul Shah and Mr. Bhavesh Gandhi are liable. Further, from the records, it is observed that the aforesaid front running trading activities in the trading account of ABPL have resulted in earning of wrongful gains to the tune of INR 1,52,76,039.41/-.

136. To sum it up, following are my findings in the present matter with respect to the trading activities carried out in the trading accounts of the front runners which classifies them as front running trades:

136.1. 99% of trades of the Big Client were executed through the stock broker RSL where Mr. Harshal Vira was the Chief Dealer and Mr. Bhavesh Gandhi was the Senior Dealer. These were the Dealers with whom the Big Client was placing its orders.

136.2. The registered owners of the trading accounts from where the impugned trades were executed were connected to the aforesaid Dealers of RSL either by way of family connection or fund transfers or CDRs or as a long standing friend who have given the front runners and the persons who were trading on behalf of the front runners the means to access the non-public information about the impending trade orders of the Big Client.

136.3. On a closure scrutiny of the trading pattern of the impugned trades, it shows that the tranches of the orders of the first leg of intra-day trades of front runners (front running leg) have been invariably placed / executed just prior to the impending trade orders of the Big Client or just before the last tranche of the order placed by the Big Client and the second leg of the intra-day trades (squaring off of

trades) begins by placing orders prior to the last tranche of the orders of the Big Client or immediately after them . In other words, the trades executed from the trading accounts of the front runners follow either Buy-Buy-Sell pattern or Sell-Sell-Buy pattern, around the trade orders of the Big Client, as described in preceding paragraphs in greater details with illustrations in various table.

136.4. The frequency with which the first leg of the intra-day trades (the front running leg) were executed, shows that it was done on a numerous occasion, sometimes even multiple times during the same day, just prior to the placement of the impeding orders of the Big Client or before the last tranche of the orders of the Big Client. These undisputed findings from the trading pattern followed by the front runners, coupled with the other attending circumstances of the matter viz. increased in trading activities during the investigation period vis-à-vis pre-investigation period, substantial number of common scrip days and intra-day scrip days shared with the Big Client and increase in profit figures on common scrip days with the Big Client, lead to an unambiguous and compelling conclusion that the impugned trades cannot be called as mere coincidences that were executed in close proximity and prior to the placement of orders by the Big Client as those trades would not have been entered into, had the registered owners of those trading accounts from where the impugned trades were executed or the persons operating the said trading account, not been in possession of or privy to the non-public information about the impending trade orders of the Big Client.

136.5. A common thread that runs through all the groups and within different groups of *Noticees* as well, as discussed in the preceding paragraphs, is clearly visible in terms of pattern and particulars of trades, concentration of trading activities in the same segment/products of the securities market as that of the Big Client, sudden rise in trading activities during the investigation period vis-à-vis pre-investigation period, substantial number of common scrip days and intraday scrip days with the Big Client and increase in profit figures on common scrip days with the Big Client. Such kind of *sync* in trading activities of the *Noticees* across the groups and within different groups of *Noticees* as dealt with in the foregoing paragraphs and their act of working in tandem with each other which is similar in

nature not on one count but on several counts, lead to an uncontroverted conclusion that all the *Noticees* had common focal points that attracted them to either of the Dealers of RSL but for whose active collusion and support with different groups of *Noticees*, they would not have been able to execute the impugned trades so similarly, in the same securities/segment, on similar trading days and by following almost identical trading pattern and ultimately generate substantial wrongful gains. This was possible for all the *Noticees* to achieve as all of them came to be in possession of or privy to the non-public information of the impending orders of the Big Client, concurrently and simultaneously through the ICs (directly or indirectly) who worked in RSL as Dealers.

137. Based on the discussions in the preceding paragraphs, it is observed that Mr. Harshal Vira and Mr. Bhavesh Gandhi have used their family members' trading accounts to execute the front running trades and have also communicated the non-public information about the impending orders of the Big Client to their friends / connected entities based on which the latter have also executed the front running trades either in their own trading accounts or in the connected entities' trading accounts.

138. Therefore, I observe that the *Noticees* have not been able to provide any acceptable justifications so as to defend themselves from the charges made in the SCN that there was nexus between the ICs and the registered owners of the trading accounts based on which orders were placed from the trading accounts to front run the impending orders of the Big Clients. I find that sufficient level of degree of preponderance of probabilities has emerged from the factual matrix and the conduct of the *Noticees*, so as to bring home the charges made in the SCN.

139. As depicted through the factual matrix and various illustrations and also explained in details in the foregoing paragraphs of this order, Mr. Harshal Vira, Mr. Abhijt Jain and Mr. Bhavesh Gandhi (ICs), who were attached/employed/associated with the RSL were aware of the impending orders of Big Client and the said fact has not been disputed by any of them. It has been noticed that *Noticees* connected directly or indirectly through two of the above mentioned three ICs i.e., Mr. Harshal Vira and Mr.

Bhavesh Gandhi have indulged in front running the trades of the Big Client during the investigation period. It has also been highlighted in detail as to how, the *Noticees* who have front run the trades of the Big Client in their respective trading accounts have executed abnormally disproportionate trades in their trading accounts in comparison to their past experience and exposure in the securities market as well as risk taking abilities evident from their meagre to modest annual income and in fact some of them had transfer of funds between themselves. The *Noticees* are found to be connected through fund transfers, as family members, through email id and phone calls and when such connections are examined with the factual and circumstantial evidences pertaining to the unusual trading pattern seen in the trading accounts of the FRs during the investigation yielding in high profits to them as highlighted in preceding paragraphs, the impugned trades executed in the trading account of FRs clearly stand out as unfair trades as the same were executed based on the possession of non-public information relating to the impending orders of the Big Client.

140. There is no dispute to the fact that the investigation has not brought any direct evidence to establish the allegation of engaging in front running activity and therefore, one of submission is that in the absence of direct evidence, the allegation is bound to fail. In this respect, as noted in preceding paragraphs, it is trite law that direct and proximate evidence are considered to be the best, however, in the absence of such direct evidence, the matter can be proceeded with and further adverse inference could be drawn on the basis of proximity of relationships between various persons and events and after considering the attending facts and circumstances of the matter. It is permissible to have a proceeding and come to a finding after examining the immediate and proximate facts and circumstances surrounding the events. The Supreme Court in *Kanhaiyalal Patel (supra)* held that an inferential conclusion from proved and admitted facts would be permissible and legally justified so long as the same is reasonable. Therefore, upon considering the foundational facts and the circumstantial evidence, on preponderance of probability and by a logical process of reasoning, an irresistible inference can be drawn and there is nothing wrong and illegal in doing so even in the absence of direct evidence.

141. It has also been observed above that the *Noticees* have neither denied the connection, nor the fund transfers between them, nor any submission has been advanced disputing the execution of those impugned trades. Rather, a common submission made by all the *Noticees* is that there is no direct evidence of communication/sharing of non-public information, consequently the proceeding deserves to be dropped. Though, I have dealt with the above submission in detail, I find it relevant here to supplement my earlier observation with the findings of the Hon'ble SAT made in the matter of *Ameen Khwaja & Ors.* vs. *SEBI and other connected appeals* decided on June 15, 2022, where the Hon'ble Tribunal while dealing with the similar contention of absence of evidence of communication has held that even in the absence of direct evidence of communication, the attending facts and circumstances can be validly considered to come to a finding through a logical process of reasoning from the totality of attending facts and circumstances surrounding the allegations made and levelled. While dismissing the appeal, the Hon'ble Tribunal has observed that though there is no evidence of any nature to show that the appellant therein has provided the said unpublished price sensitive information to the other appellants, however, considering the fact they were relatives of the appellant coupled with the trading pattern of the other appellants, on preponderance of probability it is established that appellant no. 1 can "reasonably be expected to have access to the unpublished price sensitive information" and he being near relatives of the rest of the appellants who reside together with him can reasonably be expected to have imparted the said unpublished price sensitive information to the rest of the appellants. The finding of the Hon'ble SAT is as follows:

> *"The burden of proof of having reasonable expectation of having access to the UPSI is initially no doubt on respondent SEBI. Once the respondent SEBI place material/probabilities then onus to prove shifts to the other side i.e. the appellants to prove otherwise. Since, admittedly, respondent SEBI is required to establish the facts on preponderance of probability and not beyond reasonable doubt, the similar standard of proof would apply to the appellants to shift the onus.*
>
> …

As regards the other probabilities, however, the case of the respondent SEBI remained firm. Those probabilities as detailed earlier can be summarized as under to find out as to whether there is preponderance of probabilities i.e majority of the probabilities to conclude that it is reasonably expected that the appellants had access to the UPSI."

142. Similarly, in the matter of *Top Class Capital Markets Pvt Ltd* vs. *SEBI and other connected appeals*, decided on March 8, 2022, the Hon'ble Tribunal has also reiterated that in the absence of direct evidence, based on attending facts and circumstances, applying the process of logical reasoning, it can perfectly come to a finding whether the violations alleged are found to be established or not. In the aforesaid matter also while dealing with the submission that in the absence of an iota of evidence to show that the appellant therein had at any time received the unpublished price sensitive information either from Veritaz or from anybody and simply on the basis of fund transfer from Veritaz to it and purchase of the shares of Aurobindo Pharma during the relevant period, branding the appellant as an insider under the SEBI (Prohibition of Insider Trading Regulations), 1992 is wrong, the Hon'ble Tribunal has held as follows:

"*23. It is true that the respondent has not established as to from whom the appellant had received the insider information from any of the other noticee. The facts, however, highlighted in the orders, that the appellant had begun it's career as a trader in shares with these very shares of Aurobindo Pharma, that too after obtaining a fund of Rs. 10 crores from the closely connected entity of Aurobindo Pharma and other notices, that it has no other substantial business in trading shares during the period, that no sooner the shares of Aurobindo Pharma were purchased upon publication of this information the price of the share skyrocketed and stabilized at a higher price for a long period, in absence of any acceptable counter material would necessarily show that SEBI has proved the charge on preponderance of probability."*

The aforesaid findings of Hon'ble SAT though are based on matters related to insider trading, however, they clearly lay down the law when it comes to establishing a charge

in the absence of direct evidence for the violations pertaining to the securities laws. Taking strength from the above findings on law, I have while dealing with the submissions and arguments advanced by the *Noticees* in their defense, have apportioned sufficient reasoning with ample evidence to draw a reasonable inference that the *Noticees* who have been termed as ICs have passed on the non-public information relating to the impending orders of the Big Client and the front running trades were executed in the trading account of FRs based on the possession of those non-public information relating to the to the impending orders of the Big Client and for which, they have failed in discharging their liability by showing cogent and convincing evidence to the contrary, in support of the argument advanced by them.

143. In conclusion, I observe that the SCN has been successful in establishing the charge that *Noticees* with the help and cooperation of each other / by being in nexus with each other, in a pre-determined manner were successful in front running the impending orders of the Big Client. Pursuant to the said nexus, the *Noticees* have front run the orders of the Big Client on multiple occasions during the investigation period and have made considerable wrongful gains. At the same time, the *Noticees* have not been able to provide any plausible explanation with documentary evidence to defend their conduct and / or their trading behavior. On the contrary, based on the accessibility to the non-public information of Big Client, pattern and particulars of trading, repetition of similar trading pattern, number of common scrip days and intra-day scrip days with the Big Client, increase in trading activities during the investigation period in the same segment of the securities market in which the Big Client was trading, *inter-se* similarity in trading pattern and the quantum of wrongful gains generated, I am led to an irrefutable conclusion that the impugned trades are nothing but front running trades which would not have been executed if *Noticees* were not in possession of or privy to the information of the impending orders of the Big Client, during the investigation period. The scheme of events also amply explains the strategy adopted in the extant matter wherein the *Noticees* who were directly connected with the non-public information of the Big Client namely, Mr. Harshal Vira and Mr. Bhavesh Gandhi by virtue of their employment with RSL, have used their family and friends' trading accounts to execute the front running trades, which was

done not only to hide their identity / identity of the ultimate beneficiaries but also to escape regulatory detection. Moreover, the non-public information of the Big Client which was communicated by Mr. Harshal Vira and Mr. Bhavesh Gandhi to their friends' / family members was further communicated by them to their connected entities who also took advantage of the said non-public information about the impending trade orders of the Big Client and had executed the front running trades. The fraudulent, deceitful and manipulative device employed by the *Noticees* also demonstrates as to how superfluous and patently erroneous the claims of the *Noticees* are when they state that the trading pattern noticed in the impugned trades was their normal trading behavior and was based on their own research. However, when the same was tested against the anvil of their past trading behavior, a different picture emerged which was at a substantial variance with the trading behavior exhibited by the *Noticees* during the investigation period, in terms of average gross traded value and generation of proceeds. By employing a scheme to 'front run' the orders of the Big Client, *Noticees* have not only acted in a fraudulent manner but have also defrauded the Big Client and general investors, including misleading the general investors by distorting the price and volume of the scrips. The aforesaid acts of the *Noticees* have not only led to market abuse but also amount to unfair trade practice, as the use of non-public information gives the *Noticees* an unfair advantage over the general investors, thus undermining the ethical standards of dealing in securities markets.

144. In view of the afore said findings, I observe that the *Noticees,* except for Mr. Mukesh Jain and Mr. Rahul Doshi have, while acting in nexus with the other *Noticees* in a pre-determined manner, have violated Sections 12A (a), (b) and (c) of SEBI Act and regulations 3 (a), 3 (b), 3 (c), 3(d), 4(1) and 4(2)(q) of PFUTP Regulations. Further, Mr. Mukesh Jain being the Director of ABPL and in charge of ABPL's trading activities has violated Sections 12A (a), (b) and (c) of SEBI Act read with Section 27(1) of SEBI Act and regulations 3 (a), 3 (b), 3 (c), 3(d), 4(1) and 4(2)(q) of PFUTP Regulations. Moreover, Mr. Rahul Doshi being the Director of ABPL has neglected to perform his duty as a Director of ABPL and did not exercise due care, skill and diligence towards the discharge of his duty to the company and has also failed to exercise independent judgment which has led to the violation of Sections 12A (a), (b)

and (c) of SEBI Act read with Section 27(2) of SEBI Act and regulations 3 (a), 3 (b), 3 (c), 3(d) and 4(1) of PFUTP Regulations.

145. I note that Section 11 of SEBI Act casts a duty on the Board to protect the interests of investors in securities and to promote the development of and to regulate the securities market. For achieving such object, it has been authorised to take such measures as it thinks fit. Thus, power to take all measures necessary to discharge its duty under the statute which is a reflection of the objective disclosed in the preamble has been conferred in widest amplitude. Pursuant to the said objective, PFUTP Regulations have been framed. The said Regulations apart from bringing transparency and fairness among other things, aim to preserve and protect the market integrity in order to boost investors' confidence in the securities market. Since the conduct of the aforementioned *Notice*es, are not in the interest of investors and the securities market and considering the violations committed by the *Noticees*, I find that it becomes necessary for SEBI to issue appropriate directions against them. Further, for the acts of *Noticees* to front run the impending orders of the Big Clients which resulted in wrongful gain in their hands, appropriate directions including disgorgement of the wrongful gain need to be passed against them.

146. Moreover, as it has been found in the present case that *Noticees* have executed front running trades which are in violation of the provisions related to fraudulent and unfair trade practices under SEBI Act and PFUTP Regulations, the same also warrants imposition of monetary penalty under Section 15 HA of the SEBI Act. For imposition of penalty under the provisions of the SEBI Act and PFUTP Regulations, Section 15J of the SEBI Act provides as follows:

"***Factors to be taken into account while adjudging quantum of penalty****.*

15J. While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely:—

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default; (c) the repetitive nature of the default.

Explanation. — For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section."

147. I have in preceding paragraphs, taken note of the wrongful gains made by the *Noticees* in the extant matter. However, I also note that the proceeds as computed in the *Interim Order* have been deposited by the *Noticees* in an escrow account. Further, I find that allegations made in the SCN do not indicate the amount of specific loss caused to investors or group of investors as a result of the default by *Noticees*. Moreover, there is no allegation of repetitive nature of the default made by the *Noticees* in the SCN.

Order

148. In view of the foregoing, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4), 11(4A), 11A, 11B (1) and 11B (2) read with Section 19 of the Securities and Exchange Board of India Act, 1992 read with Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, pass the following directions:

148.1. *Noticees* except Mr. Abhieet Jain, are hereby restrained from accessing the securities market and are further prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever manner, for the period a period of four years. Further, it is hereby directed that the amount of wrongful gains as mentioned at Table No. 45 below is liable to be disgorged along with an interest of 12% from the *Noticees* mentioned at Table No. 46:

Table No. 45

Front Runner Noticees	Total wrongful gains (INR) that is to be disgorged	Amount already impounded	Interest on lower of Total wrongful gains / Amount already impounded *	Balance Amount	Interest on Balance amount #	Total Interest	Total Amount to be disgorged
Meena Vira	72,17,899	75,06,982	2,70,522.90	-	-	2,70,522.90	77,77,504.90
Anish Bagadia	3,81,517	3,90,000	14,299.05	-	-	14,299.05	4,04,299.05
Anish Pravin Bagadia HUF	2,34,086	2,56,000	8,773.42	-	-	8,773.42	2,64,773.42
Pravin Durlabhji Bagadia HUF	3,88,620	3,94,000	14,565.26	-	-	14,565.26	4,08,565.26
Dhimant Himatlal Shah	1,41,93,007.84	1,39,51,000	5,22,875.84	2,42,007.84	71,448.67	5,94,324.51	1,47,87,332.35
Rajesh Himmatla l Shah	15,38,589.89	14,64,000	54,869.92	74,589.89	22,021.39	76,891.31	16,15,481.20
Sanket Shah	4,06,226.25	4,30,571.18	15,225.14	-	-	15,225.14	4,45,796.32
Across Broking Pvt. Ltd.	1,52,76,039.41	1,22,35,000	4,58,561.10	30,41,039.41	8,97,814.81	13,56,375.91	1,66,32,415.32

* Simple Interest is calculated at 12% for the period of 15/4/2020 (last date of examination period in *Interim Order*) till 7/8/2020 (date of *Interim Order*).

Simple Interest is calculated at 12% for the period 10/8/2020 (last date of the investigation period) till date of Final Order.

Table No. 46

Front runner Noticees	Total wrongful gains (INR) that is to be disgorged	Noticees responsible for disgorgement of wrongful gains jointly and severally
Meena Vira	77,77,504.90	Meena Vira, Harshal Vira and Bhavesh Gandhi.
Anish Bagadia	4,04,299.05	Anish Bagadia and Harshal Vira.
Anish Pravin Bagadia HUF	2,64,773.42	Anish Pravin Bagadia HUF, Anish Bagadia and Harshal Vira.

Front runner Noticees	Total wrongful gains (INR) that is to be disgorged	Noticees responsible for disgorgement of wrongful gains jointly and severally
Pravin Durlabhji Bagadia HUF	4,08,565.26	Pravin Durlabhji Bagadia HUF, Anish Bagadia and Harshal Vira.
Dhimant Himatlal Shah	1,47,87,332.35	Dhimant Himmatlal Shah, Rutul Shah and Bhavesh Gandhi.
Rajesh Himmatlal Shah	16,15,481.20	Rajesh Himmatlal Shah, Rutul Shah and Bhavesh Gandhi.
Sanket Shah	4,45,796.32	Sanket Shah, Rajesh Himmatlal Shah, Rutul Shah and Bhavesh Gandhi
Across Broking Pvt. Ltd.	1,66,32,415.32	Across Broking Pvt. Ltd., Mukesh Jain, Rahul Doshi, Bhavesh Gandhi, Rutul Shah and Rajesh Himmatlal Shah.

148.2. It is hereby clarified that while calculating the period of debarment as directed above, the period already undergone by the respective *Noticees*, in pursuance of the *Interim Order* shall be taken into consideration and the same shall be set-off to give effect to the directions of restraint and prohibition as directed above.

148.3. *Noticees* are hereby imposed with, the monetary penalties, as specified hereunder, under Section 15HA of the SEBI Act:

Table No. 47

Sl. No.	Name of the Noticee	Penalty Amount (INR)
1.	Harshal Ramnik Vira	Ten Lakh
2.	Meena Ramniklal Vira	Five Lakh
3.	Anish Pravin Bagadia	Five Lakh
4.	Anish Pravin Bagadia HUF	Five Lakh
5.	Pravin Durlabhji Bagadia HUF	Five Lakh
6.	Ketan Bharat Parekh	Five Lakh
7.	Bhavesh Gandhi	Ten Lakh
8.	Dhimant Himmatlal Shah	Five Lakh
9.	Rajesh Himmatlal Shah	Five Lakh

Sl. No.	Name of the Noticee	Penalty Amount (INR)
10.	Sanket Rajeshkumar Shah	Five Lakh
11.	Rutul Rajeshbhai Shah	Five Lakh
12.	Across Broking Pvt. Ltd.	Five Lakh
13.	Mukesh Jain	Five Lakh
14.	Rahul Doshi	Five Lakh

149. *Noticees* are directed to pay their respective penalties within a period of forty-five days, from the date of receipt of this order, by way of Demand Draft in favour of "SEBI -Penalties Remittable to Government of India", payable at Mumbai or through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of Chairman/ Members -> PAY NOW. In case of any difficulties in online payment of penalties, the said *Noticees* may contact the support at portalhelp@sebi.gov.in. The demand draft or the details/ confirmation of e-payment should be sent to "The Division Chief, Investigation Department, ID-15, Securities and Exchange Board of India, SEBI Bhavan, Plot no. C 7 "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051" and also to e-mail id: - tad@sebi.gov.in in the format as given in table below:

Table No. 48

Case Name	
Name of payee	
Date of payment	
Amount paid	
Transaction no.	
Bank details in which payment is made	

Payment is made for	

150. The proceedings *qua* Mr. Abhijeet Jain is disposed of in terms of the observations made at paragraph number 42 above.

151. The Order shall come into force with the immediate effect.

152. A copy of this order shall be served on all *Noticees,* recognized stock exchanges, depositories and registrar and share transfer agents to ensure compliance with the above directions.

-Sd-

DATE: January 30, 2023 **S. K. MOHANTY**

PLACE: MUMBAI **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA