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National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/55814	Date: February 28, 2023
Circular Ref. No: 59/2023	

To All NSE Members,

Sub: SEBI Interim Order-cum-Show Cause Notice in the matter of Front Running of the Trades of Axis Mutual Fund

SEBI vide its order no. WTM/SM/ISD/ISD-SEC-3/24180/2022-23 dated February 28, 2023, has hereby restrained following entities from buying, selling or dealing in the securities market or associating themselves with the securities market, either directly or indirectly, in any manner whatsoever until further orders. If the entities have any open position in any exchange traded derivative contracts, as on the date of the order, they can close out /square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. The entities are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this order.

Sr. no.	Name of Entity	PAN
1	Viresh Joshi	AAEPJ2694R
2	Sumit Desai	ADQPD3744F
3	Pranav Vora	ACYPV7581R
4	Vaibhav Pandya	APPPP9112C
5	Prijesh Kurani	AIQPK8093D
6	Dharini Kurani	DAEPK6510G
7	Rekha Kurani	AQCPK5061H
8	Bharti Navnit Godaya	AAIPG6387Q
9	M K B Bespoke Audio General	AANCM1557E
10	Bindesh Kurani	ALHPK0623M
11	Nishil Surendra Marfatia	ADWPM9452H
12	Olga Trading Pvt. Ltd.	AACCO8900C

National Stock Exchange of India

Sr. no.	Name of Entity	PAN
13	Krunal Khamar	BAQPK2530J
14	Kamlesh Arjundas Dhanrajani	AGZPD1657P
15	Bhavin Shah	AAKPS2177G
16	Rupal Bhavin Shah	AUWPS1058E
17	Visa Capital Partners	AAGFV6839A
18	Suresh K Jajoo	AAFPJ0070J
19	Vimla S Jajoo	ADAPJ8747J
20	Ankit Jajoo	AIZPJ2803R
21	Sheepra Sumeet Kabra	ADOPJ3255B

The order comes into force with immediate effect.

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

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

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

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

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

Mr. Neerav Dharod (Extension: 25187), 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

National Stock Exchange of India

ANNEXURE: SEBI Interim Order-cum-Show Cause Notice in the matter of Front Running of the Trades of Axis Mutual Fund

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: S.K. MOHANTY, WHOLE TIME MEMBER
AD INTERIM EX PARTE 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 Entity	PAN
1.	Viresh Joshi	AAEPJ2694R
2.	Sumit Desai	ADQPD3744F
3.	Pranav Vora	ACYPV7581R
4.	Vaibhav Pandya	APPPP9112C
5.	Prijesh Kurani	AIQPK8093D
6.	Dharini Kurani	DAEPK6510G
7.	Rekha Kurani	AQCPK5061H
8.	Bharti Navnit Godaya	AAIPG6387Q
9.	M K B Bespoke Audio General	AANCM1557E
10.	Bindesh Kurani	ALHPK0623M
11.	Nishil Surendra Marfatia	ADWPM9452H
12.	Olga Trading Pvt. Ltd.	AACCO8900C
13.	Krunal Khamar	BAQPK2530J
14.	Kamlesh Arjundas Dhanrajani	AGZPD1657P
15.	Bhavin Shah	AAKPS2177G
16.	Rupal Bhavin Shah	AUWPS1058E
17.	Visa Capital Partners	AAGFV6839A
18.	Suresh K Jajoo	AAFPJ0070J
19.	Vimla S Jajoo	ADAPJ8747J
20.	Ankit Jajoo	AIZPJ2803R

21.	Sheepra Sumeet Kabra	ADOPJ3255B

In the matter of Front Running of the Trades of Axis Mutual Fund

Background

1. The surveillance system in SEBI generated certain alerts indicating that trades by certain suspected entities executed during the period between September 1, 2021 to March 31, 2022 appeared to have been not executed in the normal course of trading and were apparently in the nature of trades that were executed for front running the trades of Axis Mutual Fund (hereinafter referred to as "**Axis MF**" / "**Big Client**"). These alerts also showed that not only numerous entities were suspected to be front running the trades of the Big Client but several trading members of Stock Exchanges were also suspected to be involved with those suspected entities in executing those front running trades. Based on the aforesaid alerts, Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") initiated multiple investigative actions against those suspected entities and the trading members including conducting search and seizure operations in the premises of the suspected entities during which various digital records, mobile phones, laptops etc. were seized from the custody of the suspected entities, the data/information/ WhatsApp chats etc. stored in those electronic gadgets were retrieved and depositions were taken from the suspected entities based on the digital evidence and other materials collected during such investigative actions. I understand that the investigation that initially started and was conducted by SEBI has now widened its span and has led to initiation of multiple proceedings against a large number of additional entities based on *prima facie* information gathered by SEBI apart from the entities against whom the investigation was initially conducted.

2. It is clarified here that pending a number of parallel and separate proceedings that are in progress in SEBI at different stages of investigation involving different entities, the present proceedings involving the front running of trades of Axis MF (Big Client) where *prima facie* examination and investigation are complete, deal with a few suspected entities and trading members who appeared to have been working in close coordination with each other to front run the trades of the Big Client during the period September 1, 2021 to March 31, 2022 (hereinafter referred to as

"**Investigation Period**"). SEBI conducted an investigation in this matter to look into the possible violations of provisions of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act**") and various regulations framed thereunder including SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**") by those suspected entities and trading members.

3. It is also clarified that since the suspected period of front running spans for almost two years and a host of entities and trading members are suspected to be involved in the front running activities at various points in time during the said two years' period, there could be instances where certain entities and trading members who are already part of one investigation could also be part of some other investigation being conducted separately depending on the circumstances of a particular investigation. Thus, each investigation has to be treated separately and independently and has to be seen in the light of the facts and circumstances of that particular investigation irrespective of the overlapping of identities of some of the suspected entities and trading members involved in that particular investigation.

SEBI's Investigation

4. The investigation conducted by SEBI against the suspected entities and trading members involved in this particular investigation as listed out in the first page of this order, brought out the following *prima facie* observations:

4.1. Axis Asset Management Company Ltd. (hereinafter referred to as "**AMC**") manages investment portfolios of the schemes launched by Axis MF. As on March 31, 2022, the AMC had around INR 2.52 lakh crore of total Asset Under Management.

4.2. It was noted that the trading members (25 in nos.) through which the Big Client was placing its orders were diversified. The fact that there were numerous trading members through which the Big Client was placing its orders, it was suspected that the leakage of information about the impending orders of the Big Client was possibly done at the end of the Big Client.

4.3. During the course of investigation, it was noted that the *Noticees* connected to **Mr. Viresh Joshi**, the then Chief Dealer of Axis MF were observed to have traded in different securities ahead of the impending orders placed on behalf of the Big Client. Subsequently, soon after the Big Client's orders were placed, these connected

Noticees squared off their earlier trade positions taken on the Exchange platform. In the process, substantial proceeds of profit were generated in the trading accounts of these connected *Noticees,* by placing orders ahead of and in anticipation of the price movement of scrips in a certain direction on account of the impending large buy / sell orders of the Big Client. The aforesaid trades that were executed to front run the trades of the Big Client in the aforesaid manner from the trading accounts of the connected *Noticees* were done in similar manner on numerous occasions during the Investigation Period.

4.4. It was also noted that the trading accounts of the connected *Noticees* from which the front running trades were executed, were arranged by Mr. Sumit Desai, apparently a market operator at the behest of Mr. Viresh Joshi. Mr. Sumit Desai had also introduced Mr. Prijesh Kurani (based out of Dubai) to Mr. Viresh Joshi who was entrusted with the task of placing the orders for front running the trades of the Big Client in the trading accounts of the connected *Noticees* arranged by Mr. Sumit Desai, under instructions of Mr. Viresh Joshi.

4.5. In the light of the aforesaid *prima facie* findings of the investigation, it was observed that a scheme was hatched by Mr. Viresh Joshi wherein he had approached Mr. Sumit Desai for arranging trading accounts of certain individuals who would play a very specific role as conduits in the said scheme. The role of Mr. Sumit Desai involved arranging for such conduit trading accounts and installation of trading terminal software in the computer system of Mr. Prijesh Kurani, located at Dubai. Thereafter, Mr. Prijesh Kurani used to punch the orders for execution of the front running trades. The said actions of the *Noticees* were apparently neither in conformity with the relevant securities laws nor were in conformity with the integrity of the securities market.

Consideration and Prima Facie Findings

5. I have carefully perused and considered the above narrated findings of SEBI's investigation and have also considered various materials and evidence available on record. On a perusal of the same, I find that essentially, the issue that *prima facie* requires to be addressed in the present matter is whether Mr. Viresh Joshi, pursuant to a scheme designed by him, with the assistance of Mr. Sumit Desai and other connected *Noticees* in the matter, have 'front run' the impending orders of the Big

Client. To that extent, it will be relevant here to appreciate the definition and implication of the term '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 observed 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 prices 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."*

6. From the above, it can be stated that the following two factors are considered important in order to classify a trading activity as front running trades:

6.1. That there should be an information regarding an impending large order of the investor (Big Client) in a particular security that is not publicly available;

6.2. That the order placed by the alleged front runner in the said security 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.

7. In the light of the aforesaid discussion, I note that in order to *prima facie* allege front running, following ingredients have to be satisfied:

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

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

7.3. Additional corroborative evidence, if any.

Access to non-public information

8. As stated in the beginning, during the Investigation Period, the Big Client had traded through 25 different trading members. The highest concentration of trades in terms of traded value of the Big Client was with Emkay Global Financial Services Ltd. to the extent of 10.38%, while amongst the rest of the trading members the concentration in terms of traded value was dispersed in the range of 0.01% to 8.65%. Considering that the orders of the Big Client were spread across numerous trading members, under the circumstances, taking in view the volume and frequency of the front running trades that were *prima facie* executed around the impending orders of the Big Client, on a preponderance of probability basis, one can upfront infer that the breach of non-public information about the impending orders of the Big Client could not have happened at the end of those large number of empaneled trading members of Axis MF through whom it was placing its order in a disperse manner and rather such non-public information could have possibly been leaked out from a source prior to the said non-public information used to reach those large number of empaneled trading members of Axis MF.

9. To find the veracity of the above inference, it becomes imperative to examine the trade order flow process followed in Axis MF for trading in equity and derivative segment so as to zero in on the possible source of leakage of the non-public information about the impending trade orders of the Big Client. In this regard, Axis MF vide its emails dated September 22, 2022 and November 17, 2022 submitted that the designated Fund Manager of a Scheme is responsible for taking the day-to-day investment decisions and is *inter alia* responsible for the scrip selection and portfolio creation. The Fund Manager records the relevant information of the trade order i.e., scheme name, stock name, buy / sell, quantity, price limit etc. with a short reason and is required to place the orders as decided by him in the Bloomberg Order Management System. On the other hand, the Dealing team is responsible for execution of trades. Upon receiving the order on Bloomberg Order Management System, the Dealer routes the said order to a specific / selected stock broker at his/her discretion out of the many empaneled stock brokers of Axis MF. Depending on various factors including market situation, stock liquidity and order size, the Dealer may either split the order across multiple stock brokers or may execute the said order through one stock broker. These are day-to-day operational decisions taken by the Dealer, driven by the need to execute the desired quantity at the best available price in the best interest of Axis MF. Further, the Dealer monitors and reviews the ongoing trades and carries out appropriate modifications of the orders wherever required (e.g. with respect to price limit given to a stock broker(s), quantity based on availability of liquidity, execution style, and any other relevant factors) within the parameters already provided by the Fund Manager through Bloomberg Order Management system or otherwise.
10. Based on the above, it is *prima facie* observed that on a given trading day it is the Fund Manager who decides the crucial aspects of an order on behalf of the Big Client viz., the specific stock to purchase, buy / sell, quantity and price limit for the stock etc. while it is the Dealer who decides the timing and manner of execution of the order, depending upon the liquidity aspects of stock, flows available, volume etc. observed for the said selected stock in the securities market. In the matters of front running, it is the timing of the placement of the impending orders on behalf of the Big Client which assumes importance as the size of the order of a Big Client like Axis MF would be large enough to create an impact on the price movement of the

specified scrip which can be taken advantage of by a trader possessing advance knowledge of the impending order of the Big Client. Hence, it is quintessential that the order of the alleged front runner is placed at least prior to the execution of last tranche of the order of the Big Client or else the whole purpose of executing the front running trades would be nugatory.

11. In the light of the aforesaid discussion, it is *prima facie* observed that it was the Dealer of the Big Client who had the discretion to decide as to when the orders of the Big Client would be placed. This when coupled with the fact that the *prima facie* front running trades were executed from the trading accounts of the conduit *Noticees* who are found to be indirectly connected to the Dealer, Mr. Viresh Joshi (discussed in subsequent paragraphs), on a preponderance of probability basis, it can be *prima facie* inferred as follows: -

11.1. It was Mr. Viresh Joshi who 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 and which was not available in public domain.

11.2. It was Mr. Viresh Joshi who would have passed on / leaked the confidential non-public information regarding the impending trade orders of the Big Client to individuals other than for whom it was intended for i.e., other than the empaneled stock brokers of Axis MF.

12. The aforesaid inference is further corroborated from the following facts and circumstances: -

12.1. **Private / isolated work environment of Mr. Viresh Joshi** – It is noted from the emails dated September 22, 2022 and November 17, 2022 addressed by Axis MF that all their Dealers had Bloomberg installed on their laptops so that they could route the orders from their residences. Further, due to Covid pandemic apart from having an option to work from home, the Dealers of Axis MF were also given separate dealing rooms to ensure social distancing. The available records indicate that Mr. Viresh Joshi during the Investigation Period was working from home as well as from office where he had his own separate dealing room. From the above, it can be *prima facie* observed that Mr. Viresh Joshi had no immediate physical supervision both at home and in the dealing room in the office. Further, it is observed from the records that though Mr. Viresh Joshi had multiple mobile numbers in his possession, he had declared only one mobile number to Axis MF which was + 91 986XXXX922. Mr. Viresh Joshi, in his deposition, during investigation, admitted to possess another mobile number +91 851XXXX891 (details discussed in subsequent paragraphs). Analysis of the Tower ID of the location of the mobile number +91 851XXXX891 and + 91 986XXXX922, shows that the aforesaid two mobile numbers were simultaneously located and were functional at Tower ID 404924054204919300, having latitude and longitude of Axis MF office *inter alia* on several dates relevant to this case. A confirmation was taken from Axis MF that Mr. Viresh Joshi was present in office on those particular relevant dates. Therefore, not only Mr. Viresh Joshi *prima facie* had the opportunity to pass on the non-public information about the impending trade orders of the Big Client received by him from the Fund Manager through Bloomberg Order Management System, because of his private / isolated working environment both at his office and at home, but also had the means (i.e. the second undisclosed mobile number) to communicate the same to the outside world, as Axis MF would never inquire about his second mobile number (+ 91 851XXXX891). I would hasten to add that it is not SEBI's case that Mr. Viresh Joshi had *prima facie* communicated the non-public information **only** from his mobile bearing number +91 851XXXX891 or he has *prima facie* communicated the non-public information of the Big Client **only** from office. The aforesaid facts have been brought on record to suggest that on a preponderance of probability basis, it can be *prima facie* stated that Mr. Viresh Joshi had the opportunity and means to get in touch with the outside world while he was discharging his official duties as a Dealer of Axis MF.

12.2. **Trade negotiation both on behalf of Axis MF and in the names of connected *Noticees*** – Mr. Viresh Joshi in his deposition has admitted that he has negotiated deals for the connected *Noticees*. One such instance where the trade was negotiated by Mr. Viresh Joshi simultaneously on behalf of both Axis MF as well as for one of the several conduit *Noticees* whose trading account was seen to be used to execute *prima facie* front running trades in the scrip of Gland Pharma Ltd. on December 2, 2021 is illustrated below. The extract of the Bloomberg Chat between Mr. Viresh Joshi and Motilal Oswal Securities Ltd., the stock broker of the counterparty to the said conduit connected *Noticee* of Mr. Viresh Joshi namely Mr. Bhavin Shah for the buy trade in the scrip of Gland Pharma Ltd. on December 2, 2021, is placed below:

Table No. 1

<table>
<tr><th>Chat Time</th><th>From</th><th>To</th><th>Message</th><th>Remarks</th></tr>
<tr><td>14:38:50</td><td>Viresh</td><td>Motilal</td><td>Gland bol</td><td rowspan="27">The connected entity of Mr. Viresh Joshi was observed to have bought 2,89,517 shares of Gland Pharma Ltd. on December 2, 2021 on BSE. The details w.r.t. same is presented in the table below:

<u>Buy Trades of the connected entity (Mr. Bhavin Shah)</u>

<table><tr><th>Order Start to End Time</th><th>Trade Start to End Time</th><th>Traded Quantity</th><th>Average Traded Price (INR)</th></tr><tr><td>14:52:40 - 14:55:04</td><td>14:52:43 - 14:55:26</td><td>2,89,517</td><td>3,630.37</td></tr></table>
The aforesaid buy trade was observed to have matched to the extent of 2,88,384 shares where the trading member of the counterparty to the connected entity (Mr. Bhavin Shah) was Motilal Oswal Securities Ltd.

This prima facie shows that the trade negotiated by Mr. Viresh Joshi with Motilal Oswal Securities Ltd. (also an empaneled stock broker of Axis MF) was for his connected entity and not for Axis MF.</td></tr>
<tr><td>14:39:02</td><td>Motilal</td><td>Viresh</td><td>3635 ok</td></tr>
<tr><td>14:39:05</td><td>Motilal</td><td>Viresh</td><td>taking him online</td></tr>
<tr><td>14:39:30</td><td>Viresh</td><td>Motilal</td><td>Ask best offer 275 to 300 k between</td></tr>
<tr><td>14:39:34</td><td>Motilal</td><td>Viresh</td><td>sure</td></tr>
<tr><td>14:42:10</td><td>Motilal</td><td>Viresh</td><td>he has 200k on his pad. he has gone to check for our size. 2 mnspls</td></tr>
<tr><td>14:43:48</td><td>Viresh</td><td>Motilal</td><td>Qty?</td></tr>
<tr><td>14:44:03</td><td>Motilal</td><td>Viresh</td><td>he has 200k on his pad</td></tr>
<tr><td>14:44:05</td><td>Motilal</td><td>Viresh</td><td>he can offer</td></tr>
<tr><td>14:44:12</td><td>Motilal</td><td>Viresh</td><td>at market</td></tr>
<tr><td>14:44:18</td><td>Viresh</td><td>Motilal</td><td>3630?</td></tr>
<tr><td>14:44:22</td><td>Motilal</td><td>Viresh</td><td>can try\</td></tr>
<tr><td>14:44:24</td><td>Motilal</td><td>Viresh</td><td>for sure</td></tr>
<tr><td>14:44:27</td><td>Motilal</td><td>Viresh</td><td>fair price</td></tr>
<tr><td>14:46:16</td><td>Motilal</td><td>Viresh</td><td>300k offer in GLAND IN at 3630</td></tr>
<tr><td>14:46:26</td><td>Motilal</td><td>Viresh</td><td>cmp : 3634.55</td></tr>
<tr><td>14:46:31</td><td>Viresh</td><td>Motilal</td><td>Closed</td></tr>
<tr><td>14:46:40</td><td>Viresh</td><td>Motilal</td><td>285 k types</td></tr>
<tr><td>14:46:50</td><td>Motilal</td><td>Viresh</td><td>sure..</td></tr>
<tr><td>14:47:15</td><td>Motilal</td><td>Viresh</td><td>thank you V much bhai for your support</td></tr>
<tr><td>14:47:42</td><td>Viresh</td><td>Motilal</td><td>BSE will do outside ready kar</td></tr>
<tr><td>14:48:01</td><td>Motilal</td><td>Viresh</td><td>ok 2 mins</td></tr>
<tr><td>14:48:08</td><td>Motilal</td><td>Viresh</td><td>after I get the ticket</td></tr>
<tr><td>14:48:10</td><td>Motilal</td><td>Viresh</td><td>will ping you</td></tr>
<tr><td>14:49:02</td><td>Motilal</td><td>Viresh</td><td>what size ticket should I ask?</td></tr>
<tr><td>14:49:17</td><td>Motilal</td><td>Viresh</td><td>285 or 300?</td></tr>
<tr><td>14:49:28</td><td>Viresh</td><td>Motilal</td><td>275k</td></tr>
</table>

Chat Time	From	To	Message	Remarks
14:49:32	***Motilal***	***Viresh***	***ok***	
14:50:41	***Motilal***	***Viresh***	***am ready on BSE***	
14:50:52	***Viresh***	***Motilal***	***Wait 5 min more***	
14:50:57	***Motilal***	***Viresh***	***ok***	
14:52:30	***Viresh***	***Motilal***	***Ready BSE 3630?***	
14:52:35	***Motilal***	***Viresh***	***yes***	
14:52:38	***Motilal***	***Viresh***	***ready on BSE***	
14:52:43	***Viresh***	***Motilal***	***Go ahead***	
14:52:48	***Motilal***	***Viresh***	***am in***	
14:53:01	***Motilal***	***Viresh***	***150k pending***	
14:53:04	***Viresh***	***Motilal***	***Remove***	
14:53:06	***Viresh***	***Motilal***	***bal***	
14:53:07	***Motilal***	***Viresh***	***ok***	
14:53:08	***Viresh***	***Motilal***	***Fast***	
14:53:11	***Motilal***	***Viresh***	***removed***	
14:53:56	***Viresh***	***Motilal***	***Ready kar ?***	
14:53:58	***Viresh***	***Motilal***	***Bal ?***	
14:54:08	***Motilal***	***Viresh***	***am ready for bal***	
14:54:11	***Motilal***	***Viresh***	***on BSE***	
14:54:13	***Motilal***	***Viresh***	***3630***	
14:55:19	***Viresh***	***Motilal***	***Go ahead 130k***	
14:55:23	***Motilal***	***Viresh***	***ok***	
14:55:38	***Motilal***	***Viresh***	***done***	
14:55:44	*Motilal*	*Viresh*	*Thank you v much bhai*	
14:57:08	*Motilal*	*Viresh*	*V Power! V Dhamaka!*	
15:09:27	*Motilal*	*Viresh*	*Thank you Very much again bhai _/_*	
15:11:57	*Motilal*	*Viresh*	*GLAND IN 3645 block going through*	This chat indicates that another block trade of GLAND at INR 3645 was executed at BSE just after the trade negotiated by Mr. Viresh Joshi with Motilal Oswal Securities Ltd.
15:11:58	*Motilal*	*Viresh*	*bse*	

The extract of the Bloomberg Chat between Mr. Viresh Joshi and HDFC Securities Ltd. (another empaneled stock broker of Axis MF) for the buy trades of Axis MF is placed below:

Table No. 2

<table>
<tr><th>Time</th><th>From</th><th>To</th><th>Message</th><th>Remarks</th></tr>
<tr><td>11:05:32</td><td>HDFC</td><td>Viresh</td><td>see the GLAND trade, buying 20000 @ 3601, NSE OTD~</td><td rowspan="33">After the instruction of the Fund Manager Mr. Shreyash Devalkar, Mr. Viresh Joshi initiated discussion with HDFC Securities Ltd. to buy Gland Pharma Ltd. for Axis MF.

However, Mr. Viresh Joshi executed buy trades of Gland Pharma Ltd. on BSE for Axis MF through HDFC Securities Ltd. between 15:11:18 and 15:12:12 at an average price of INR 3,644.95. The details w.r.t. same is presented in tables below:

<u>Buy Trades of Axis MF</u>
<table><tr><th>Order Start to End Time</th><th>Trade Start to End Time</th><th>Traded Quantity</th><th>Average Traded Price (INR)</th></tr><tr><td>15:11:18 - 15:11:18</td><td>15:11:18 - 15:12:12</td><td>2,84,449</td><td>3,644.95</td></tr></table>
<u>Sell Trades of the connected entity (Mr. Bhavin Shah)</u>
<table><tr><th>Order Start to End Time</th><th>Trade Start to End Time</th><th>Traded Quantity</th><th>Average Traded Price (INR)</th></tr><tr><td>15:04:01 - 15:15:18</td><td>15:04:01 - 15:15:18</td><td>2,79,517</td><td>3,644.53</td></tr></table>
The aforesaid buy trade of Axis MF was observed to have matched to the extent of 2,50,669 shares with the connected entity <u>(Mr. Bhavin Shah)</u> of Mr. Viresh Joshi on BSE.</td></tr>
<tr><td>11:08:59</td><td>HDFC</td><td>Viresh</td><td>GLAND cmp 3613</td></tr>
<tr><td>11:09:20</td><td>HDFC</td><td>Viresh</td><td>GLAND lmt rev to 3615</td></tr>
<tr><td>11:09:25</td><td>Viresh</td><td>HDFC</td><td>CD NSE oTD</td></tr>
<tr><td>11:09:29</td><td>HDFC</td><td>Viresh</td><td>yes sir</td></tr>
<tr><td>11:13:09</td><td>HDFC</td><td>Viresh</td><td>GLAND limit revised to 3620</td></tr>
<tr><td>11:24:14</td><td>HDFC</td><td>Viresh</td><td>GLAND cmp 3626</td></tr>
<tr><td>11:33:17</td><td>HDFC</td><td>Viresh</td><td>GLAND cmp 3632</td></tr>
<tr><td>11:43:05</td><td>HDFC</td><td>Viresh</td><td>GLAND limit revised to 3630</td></tr>
<tr><td>11:47:28</td><td>HDFC</td><td>Viresh</td><td>23k block just traded in GLAND @ 3625... Fyi</td></tr>
<tr><td>12:14:01</td><td>HDFC</td><td>Viresh</td><td>GLAND cmp 3633</td></tr>
<tr><td>13:03:35</td><td>HDFC</td><td>Viresh</td><td>GLAND limit revised to 3645</td></tr>
<tr><td>13:08:27</td><td>HDFC</td><td>Viresh</td><td>GLAND cmp 3650</td></tr>
<tr><td>14:50:14</td><td>HDFC</td><td>Viresh</td><td>GLAND qty rev to 16000</td></tr>
<tr><td>14:53:42</td><td>HDFC</td><td>Viresh</td><td>GLAND 165k block just traded on BSE @ 3630...fyi</td></tr>
<tr><td>14:56:37</td><td>Viresh</td><td>HDFC</td><td>Ready kar block</td></tr>
<tr><td>14:56:41</td><td>HDFC</td><td>Viresh</td><td>yes</td></tr>
<tr><td>14:56:44</td><td>Viresh</td><td>HDFC</td><td>Wait</td></tr>
<tr><td>15:04:19</td><td>Viresh</td><td>HDFC</td><td>wait</td></tr>
<tr><td>15:04:27</td><td>HDFC</td><td>Viresh</td><td>ok</td></tr>
<tr><td>15:10:34</td><td>Viresh</td><td>HDFC</td><td>HTF BSE 3645 kar</td></tr>
<tr><td>15:10:39</td><td>HDFC</td><td>Viresh</td><td>ok</td></tr>
<tr><td>15:10:59</td><td>HDFC</td><td>Viresh</td><td>ok we r ready</td></tr>
<tr><td>15:11:12</td><td>Viresh</td><td>HDFC</td><td>Ready go ahead</td></tr>
<tr><td>15:11:15</td><td>HDFC</td><td>Viresh</td><td>ok</td></tr>
<tr><td>15:11:17</td><td>Viresh</td><td>HDFC</td><td>Stand full Qty</td></tr>
<tr><td>15:11:20</td><td>HDFC</td><td>Viresh</td><td>in</td></tr>
<tr><td>15:11:26</td><td>HDFC</td><td>Viresh</td><td>yes full qty</td></tr>
<tr><td>15:11:29</td><td>Viresh</td><td>HDFC</td><td>Stand</td></tr>
<tr><td>15:11:36</td><td>HDFC</td><td>Viresh</td><td>standing on BSE</td></tr>
<tr><td>15:11:40</td><td>Viresh</td><td>HDFC</td><td>Stand</td></tr>
<tr><td>15:12:19</td><td>HDFC</td><td>Viresh</td><td>GLAND done</td></tr>
<tr><td>15:14:05</td><td>HDFC</td><td>Viresh</td><td>GALND IN bot 15551 @ 3635.8286 on NSE, 284449 @3644.95 on BSE for AEF</td></tr>
</table>

13. From the Bloomberg chats extracted in the aforesaid two tables, it can be seen that Mr. Viresh Joshi had negotiated with Motilal Oswal Securities Ltd. for his connected *Noticee* (Mr. Bhavin Shah) and not for Axis MF, though Motilal Oswal Securities Ltd. was apparently under the impression that it has negotiated with Mr. Viresh Joshi for the buy trades of Axis MF. However, as can be seen from the chat of Motilal Oswal Securities Ltd. with Mr. Viresh Joshi at 15:11:57 in Table No. 1, another block trade was happening in Gland Pharma Ltd. which in fact was observed in the investigation to be the actual trade executed by Mr. Viresh Joshi on behalf of Axis MF, whose counterparty turned out to be the connected *Noticee* of Mr. Viresh Joshi (Mr. Bhavin Shah).

14. To summarise, on a preponderance of probability basis, it can be *prima facie,* strongly inferred that Mr. Viresh Joshi had passed on / leaked the confidential non-public information regarding the impending orders of the Big Client (Axis MF) to individuals other than for whom the said information was intended for i.e., other than the empaneled stock brokers of Axis MF, because of the following circumstances: -

14.1. Mr. Viresh Joshi had undeniably access to the non-public information about the impending orders of the Big Client in his official capacity as the Dealer of the Big Client, Axis MF.

14.2. Mr. Viresh Joshi as a Dealer was having discretion as to when to place the orders of the Big Client on the Exchange platform i.e., timing of placement of orders of the Big client was in the hands of Mr. Viresh Joshi, thereby giving him opportunity / latitude to work around the impending orders of the Big Client.

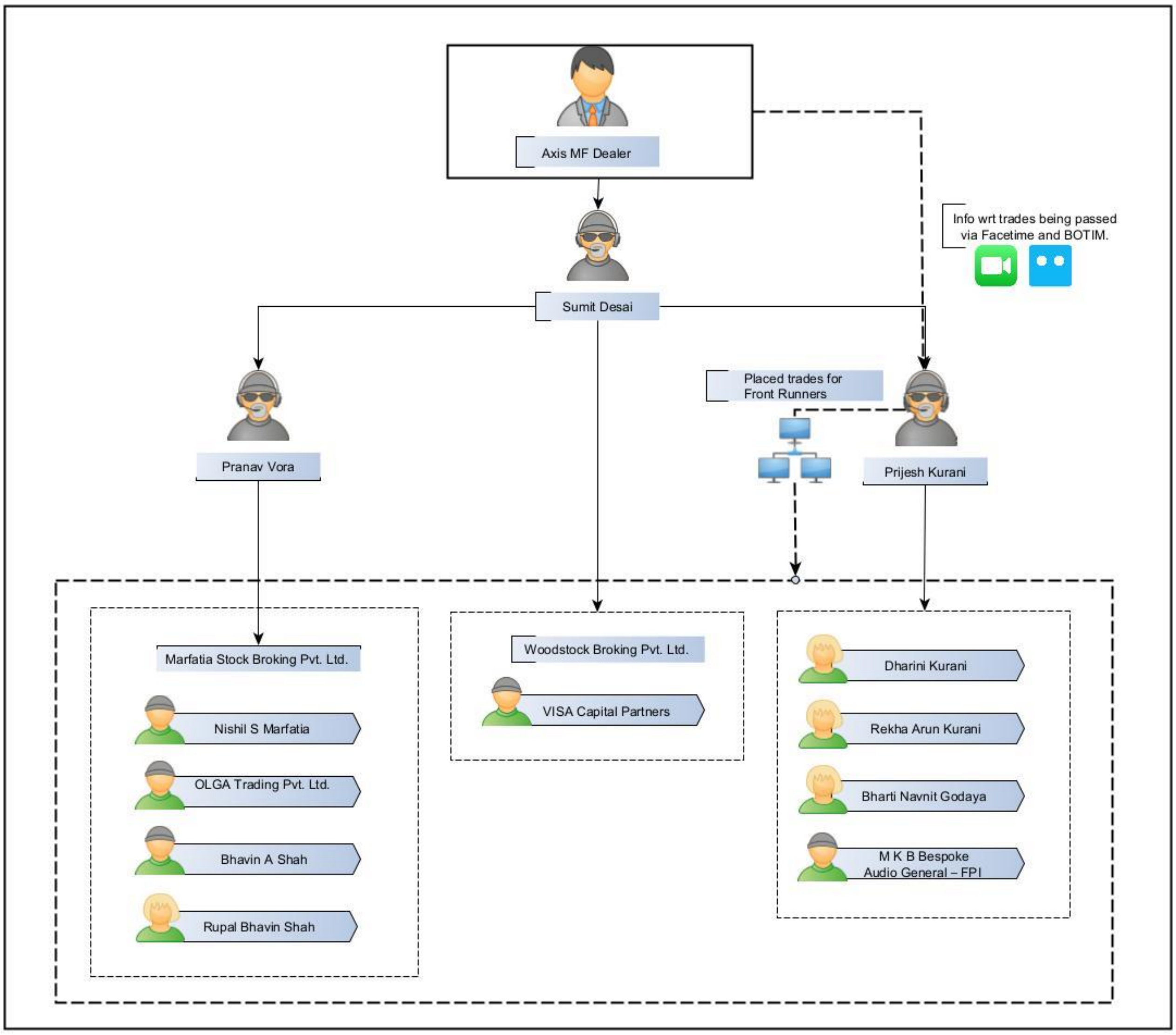
14.3. The private / isolated work environment made available to Mr. Viresh Joshi due to Covid-19 situation, resulted in the absence of any immediate physical supervision over him while he performed the job of a Dealer of Axis MF, thereby giving Mr. Viresh Joshi the opportunity to work around his official duties. This coupled with the fact that he was *prima facie* having access to a mobile while in his office which he had not disclosed to Axis MF, also gave him the necessary means to be in touch with the outside world to indulge in private dealings without the knowledge of his employer.

14.4. There existed indirect connection of the conduit *Noticees* whose trading accounts were used to execute the *prima facie* front running trades in the instant matter, with Mr. Viresh Joshi.

14.5. There are instances found during investigation which show that the trades were negotiated by Mr. Viresh Joshi on behalf of his connected *Noticees* prior to executing the order of Axis MF.

15. The next aspect that has to be examined in the matter is as to what kind of connection both direct or indirect existed between Mr. Viresh Joshi and various other *Noticees* who are also involved in front running activities being dealt with in the present proceedings. The said *Noticees* along with Mr. Viresh Joshi who are allegedly involved in the present matter, are depicted pictorially, as under: -

Figure No. 1



16. From the above figure, it can be seen that each *Noticee* involved in the extant matter had a distinct role to play as part of a *prima facie* fraudulent scheme devised for front running the impending orders of the Big Client. Based on the said roles played by the *Noticees*, they can be broadly classified under three categories: -

16.1. **<u>Information Carrier</u>** - Mr. Viresh Joshi being the Chief Dealer of Axis Mutual Fund had *prima facie* access to the non-public information about the impending trade orders of the Big Client. Since he was in possession of the non-public information about the orders of the Big Client, he is *prima facie* classified as an Information Carrier (hereinafter referred to as '**IC**').

16.2. **<u>Arrangers</u>** – These are the *Noticees* who have *prima facie* assisted Mr. Viresh Joshi in arranging / recruiting persons who would act as conduits and lend their trading accounts and trading terminals to execute the trades which were *prima facie* based on the instructions of the IC, i.e. Mr. Viresh Joshi (discussed in subsequent paragraphs). The said *Noticees* who arranged the conduit *Noticees* for Mr. Viresh Joshi are as follows:

16.2.1. **<u>Mr. Sumit Desai a.k.a. Pintu Bhai</u>** – From the depositions of Mr. Viresh Joshi and Mr. Sumit Desai, it is noted that Mr. Viresh Joshi had approached Mr. Sumit Desai in September 2021 wherein he had asked Mr. Sumit Desai to arrange some trading accounts in which he could place orders.

16.2.2. **<u>Mr. Pranav Vora</u>** – From the depositions of Mr. Sumit Desai and Mr. Pranav Vora, it is noted that they know each other for more than ten years. As per Mr. Pranav Vora, he was approached by Mr. Sumit Desai in October 2021 to arrange some trading accounts where large intraday trades could be placed. Mr. Sumit Desai has also in his deposition admitted of having approached Mr. Pranav Vora to arrange some trading accounts for placing large intraday trades.

16.3. **<u>Enablers</u>** – The third category of *Noticees* are those *Noticees* who were *prima facie* instrumental in the execution of the orders for the *prima facie* front running trades. Without the said *Noticees* providing the necessary tools viz. trading account and trading terminal, the instructions / orders *prima facie* provided by Mr. Viresh Joshi apparently to front run the trades of the Big Client would not have fructified or had seen the daylight. The said *Noticees* are as follows: -

16.3.1. **Mr. Prijesh Kurani** – From the depositions of Mr. Viresh Joshi and Mr. Sumit Desai, it is noted that Mr. Sumit Desai who knew Mr. Prijesh Kurani for the last five years, introduced him to Mr. Viresh Joshi. Mr. Prijesh Kurani is the person who *prima facie,* on the instructions of Mr. Viresh Joshi used to place the *prima facie* front running orders as he had access to the trading terminals of the Trading Members viz., Marfatia Stock Broking Pvt. Ltd. and Woodstock Broking Pvt. Ltd. (discussed in subsequent paragraphs).

16.3.2. **Ms. Dharini Kurani, Ms. Rekha Arun Kurani, Ms. Bharti Navnit Godaya and MKB Bespoke Audio General** – From the records, it is observed that the first three *Notice*es are the family members of Mr. Prijesh Kurani (wife, mother and mother-in-law, respectively), while the fourth *Noticee* is an FPI wherein Mr. Bindesh Kurani, brother of Mr. Prijesh Kurani is the Director and the Authorised Signatory. The aforesaid four *Noticees* had lent their trading account to Mr. Prijesh Kurani wherein the orders for the *prima facie* front running trades could be placed.

16.3.3. **Marfatia Stock Broking Pvt. Ltd. and Mr. Nishil Surendra Marfatia** – It is noted from the records that one of the trading terminals which was *prima facie* used by Mr. Prijesh Kurani to place the orders for the said front running trades was that of Marfatia Stock broking Pvt. Ltd. It is further noted from the depositions of Mr. Sumit Desai and Mr. Pranav Vora that on the request of Mr. Sumit Desai, Mr. Pranav Vora had given access to the said trading terminal which was under his control, to Mr. Prijesh Kurani. Moreover, from the deposition of Mr. Nishil Surendra Marfatia, it is noted that he had given access of CTCL terminal belonging to Marfatia Stock broking Pvt. Ltd. to Mr. Pranav Vora and he had also given access of his trading account to Mr. Pranav Vora. Thus, *prima facie* Mr. Pranav Vora who was given access to the CTCL terminal of Marfatia Stock broking Pvt. Ltd. by its Director, Mr. Nishil Surendra Marfatia and also had access to Mr. Nishil Surendra Marfatia's trading account, had on the request of Mr. Sumit Desai further provided access of the said CTCL terminal of Marfatia Stock Broking Pvt. Ltd. and trading account of Mr. Nishil Surendra Marfatia to Mr. Prijesh Kurani, who in turn, used it as a conduit trading account to *prima facie* place the front running orders on the instructions of Mr. Viresh Joshi (details are discussed in subsequent paragraphs).

16.3.4. **<u>Mr. Bahvin Shah, Ms. Rupal B. Shah and Olga Trading Pvt. Ltd.</u>** – From the deposition of Mr. Pranav Vora, it is noted that he, on the request of Mr. Sumit Desai had arranged the trading accounts of Mr. Bahvin Shah, Ms. Rupal B. Shah and Olga Trading Pvt. Ltd. wherein the orders for the *prima facie* front running trades could be placed. Further, from the deposition of Mr. Nishil Surendra Marfatia, it is noted that the aforesaid three trading accounts arranged by Mr. Pranav Vora were also the clients of Ms. Vilpa Pranav Vora who is an Authorised Person of Marfatia Stock broking Pvt. Ltd. and importantly, the wife of Mr. Pranav Vora, who as noted above is closely connected with Mr. Sumit Desai. Moreover, from the depositions of Mr. Bhavin Shah and Mr. Krunal Khamar, the Director of Olga Trading Pvt. Ltd., it is noted that Mr. Bhavin Shah on his behalf and on his wife's behalf and Mr. Krunal Khamar on behalf of Olga Trading Pvt. Ltd. had lent the respective trading accounts to Mr. Pranav Vora.

16.3.5. **<u>Mr. Suresh K. Jajoo, Visa Capital Partners and Woodstock Broking Pvt. Ltd.</u>** – From the deposition of Mr. Suresh K. Jajoo, it is noted that he had given access of the trading account of Visa Capital Partners and the trading terminal of Woodstock Broking Pvt. Ltd. to Mr. Darshan Desai for the period from November 2021 to February 2022. It is noted from the records that Mr. Suresh K. Jajoo is the Director of the trading member, Woodstock Broking Pvt. Ltd. and one of the partners of Visa Capital Partners (the other three partners are his family members). Further, it is noted from the deposition of Mr. Suresh K. Jajoo that he knows Mr. Darshan Desai (brother of Mr. Sumit Desai) for the last 5-6 years. Moreover, from the deposition of Mr. Sumit Desai, it is corroborated that he had approached Mr. Suresh K. Jajoo through his brother, Mr. Darshan Desai to lend the trading account of Visa Capital Partners and the trading terminal of Woodstock Broking Pvt. Ltd. to him. Thus, *prima facie* on the instructions of Mr. Sumit Desai, the trading account of Visa Capital Partners and the trading terminal of Woodstock Broking Pvt. Ltd. was made available to Mr. Prijesh Kurani to place the orders for the *prima facie* front running trades under instructions of Mr. Viresh Joshi.

16.3.6. **<u>Mr. Vaibhav Pandya</u>** – From the deposition of Mr. Viresh Joshi, it is noted that Mr. Vaibhav Pandya is an employee of Mr. Sumit Desai. In this respect, it is also observed from the WhatsApp chats available on records that Mr. Vaibhav Pandya had shared login id and password of the trading terminal software (ODIN) of Marfatia Stock Broking Pvt. Ltd. and Woodstock Broking Pvt. Ltd. with Mr. Prijesh Kurani. Further, there are WhatsApp chats available on records which show that Mr. Prijesh Kurani had shared trade details of certain *prima facie* front running trades with Mr. Vaibhav Pandya. Thus, *prima facie,* it can be stated that Mr. Vaibhav Pandya who was associated with Mr. Sumit Desai was acting as an intermediary between Mr. Sumit Desai and Mr. Prijesh Kurani with respect to the execution of the *prima facie* front running trades.

16.4. The aforesaid *Noticees* who have been labelled as the Enablers at paragraph no. 16.3 could be further grouped under three heads; the first group, called 'Marfatia Group' consists of Marfatia Stock Broking Pvt. Ltd., Mr. Nishil Surendra Marfatia, Mr. Bahvin Shah, Ms. Rupal B. Shah and Olga Trading Pvt. Ltd, the second group called 'Woodstock Group' consists of Visa Capital Partners and Woodstock Broking Pvt. Ltd. and the third group called 'Kurani Group' consists of Ms. Dharini Kurani, Ms. Rekha Arun Kurani, Ms. Bharti Navnit Godaya and MKB Bespoke Audio General for better appreciation and understanding the roles *prima facie* played by them in the scheme of front running the trades of the Big Client as unearthed by SEBI's investigation.

17. I have taken note of the *prima facie* connections as elucidated above amongst the various *Noticees* involved in the instant matter. I now proceed to examine the trading behaviour of the said connected *Noticees*. As noted in the preceding paragraphs, Mr. Viresh Joshi who had *prima facie* access to the non-public information regarding the impending orders of the Big Client, had approached Mr. Sumit Desai to arrange some trading accounts in which orders for the *prima facie* front running trades could be placed. It is also seen that in the said arranged / recruited trading accounts, the front running trades as identified during the investigation were apparently executed. The said *prima facie* front running trades are now being examined below broadly based, on the following two criteria, viz.: -

17.1. Access to non-public information about the impending trade orders of the Big Client by the registered owners of the trading accounts or the individuals who were punching the orders on behalf of those trading account holder(s).

17.2. Analysis of the pattern and peculiarities of the trades executed from the respective trading accounts to see as to whether the orders from the said trading accounts were placed prior to the last tranche of the impending order of the Big Client, apparently for the purpose of front running the trades of the Big Client.

18. Now coming to the first criterion of access to the non-public information of impending orders of the Big Client, I note that it has already been discussed in the preceding paragraphs that Mr. Viresh Joshi had *prima facie* access to the non-public information regarding the impending orders of the Big Client and he also *prima facie* had the opportunity and means to stay in touch with the outside world while discharging his official duties as a Dealer of Axis MF. The next sub-issue that needs to be addressed is who in the outside world was Mr. Viresh Joshi in touch with, regarding the non-public information about the trade orders of the Big Client. It is noted from the deposition of Mr. Viresh Joshi that he used to pass on the non-public information about the impending orders of the Big Client to the people connected with Mr. Sumit Desai, either as an employee or otherwise and the said non-public information was shared through Apple FaceTime / BOTIM. One of such connected person of Mr. Sumit Desai was Mr. Prijesh Kurani with whom Mr. Viresh Joshi has shared the non-public information about the impending orders of the Big Client. As per the deposition of Mr. Sumit Desai, Mr. Viresh Joshi used to pass on the non-public information about the Big Client to Mr. Prijesh Kurani through Apple FaceTime. Mr. Pranav Vora also in his deposition has confirmed that he had lend the terminal of Marfatia Stock Broking Pvt. Ltd. to Mr. Prijesh Kurani who used to work for Mr. Viresh Joshi and Mr. Sumit Desai. Thus, the above three depositions read together *prima facie* reveal that Mr. Viresh Joshi used to pass on the non-public information of the Big Client to Mr. Prijesh Kurani among others, if any.

19. Besides the aforesaid depositions, I would like to examine as to whether there are any other circumstances or evidence which would independently ascertain that Mr. Viresh Joshi used to pass on the non-public information of the Big Client to Mr. Prijesh Kurani. From the available records, I note that the following circumstances / evidence as mentioned below, which have emanated from various sources

(whistleblower complaint, call data records, WhatsApp chats etc.) and have come to the notice of SEBI at different points of time, when seen holistically, give rise to a preponderance of probability that leads to an irresistible inference that Mr. Viresh Joshi used to directly pass on the non-public information regarding the impending trade orders of the Big Client to Mr. Prijesh Kurani. The said circumstances / evidence are as follows:

19.1. Whistleblower complaint dated January 19, 2022

19.2. Call data records and WhatsApp chats of Asdfg

19.3. Trade related conversations of Mr. Prijesh Kurani with Mr. Bindesh Kurani, Mr. Sumit Desai and Mr. Vaibhav Pandya

20. Before proceeding further, I would like to note that in the cases like suspected front running activities, direct substantive evidence may not always be present as the passing on of the non-public information about the impending trade orders of the Big Client happens in a secret and private manner, that may not have a trace of evidence to be unearthed even during an investigation. Hence, in the absence of a direct evidence, one has to infer the exchange / communication of non-public information based on the immediate and proximate facts and circumstances surrounding the events. 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 <u>direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof</u> 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.*"

21. In the backdrop of the above judicially held principle, I proceed to examine as to whether apart from the aforesaid depositions made by the three *Noticees,* the investigation of SEBI, has been successful in bringing out adequate corroborating evidence, sufficient enough to compel the *prima facie* inference made above that Mr. Viresh Joshi had passed on / communicated the non-public information regarding the impending orders of the Big Client directly to Mr. Prijesh Kurani.

22. **Whistleblower complaint dated January 19, 2022** – It is noted from available records that Axis MF during their internal investigation had unearthed an email dated January 19, 2022 from the inbox of official email address of Mr. Viresh Joshi wherein the allegation of executing illegal trades was levelled against Mr. Viresh Joshi. The said email was sent from ibhavinshah@gmail.com (quite apparently from Mr. Bhavin Shah). The contents of the said email in brief is as under –

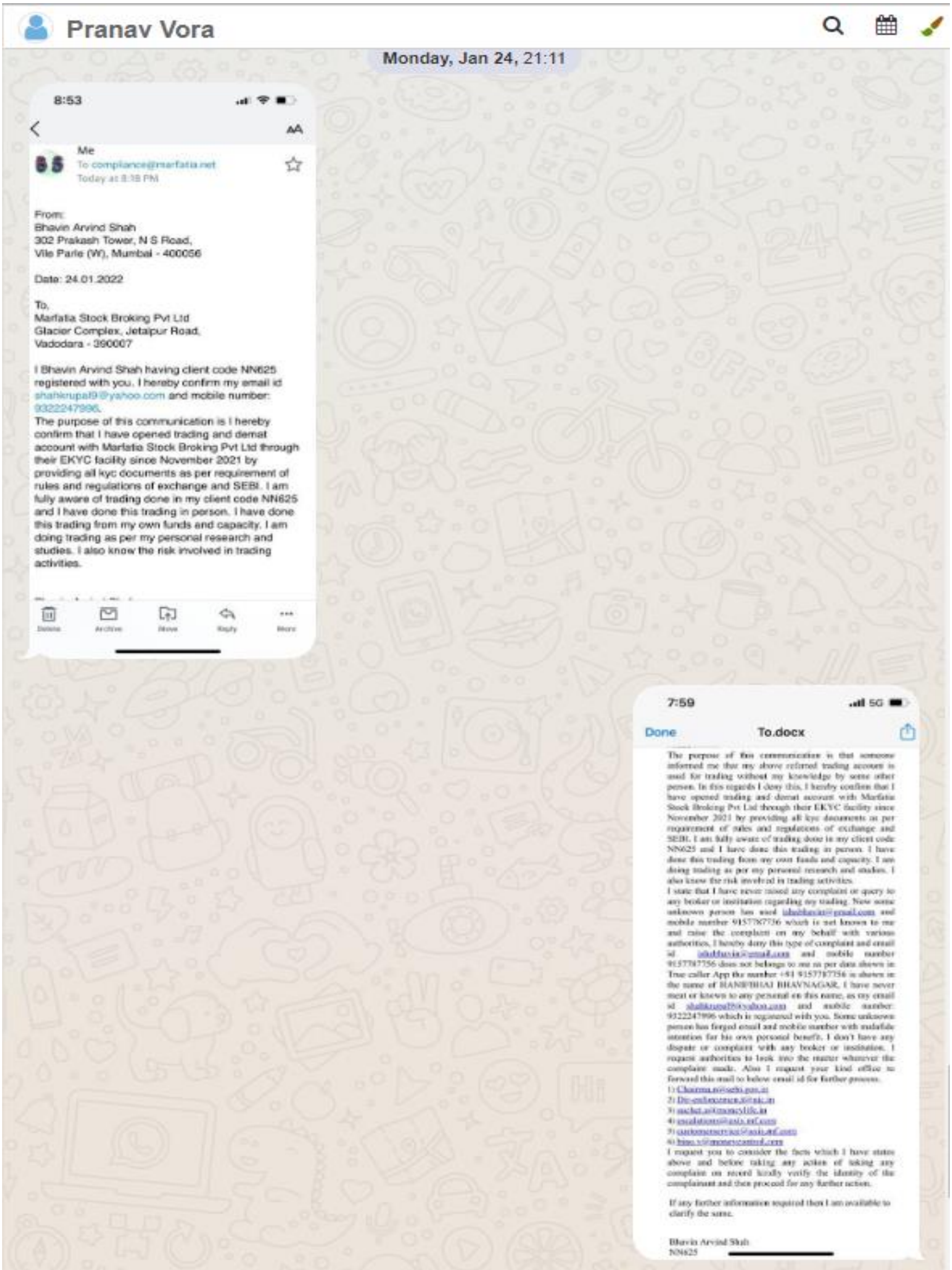
    "My name is Bhavin Shah and I am having my demat account in Marfatia Stock Broking. I want to report that my demat account has been misused by Mr. Viresh Joshi, Chief Trader & Fund Manager of Axis Mutual Fund.

    Mr. Viresh Joshi is the only one responsible for all illegal trades in my trading account. They used to login to my account through a Dubai IP address to execute all the aforesaid illegal trades."

23. On a perusal of the aforesaid email, it was observed that the same was addressed simultaneously to 9 different email ids. Out of the said 9 email ids on the face of them, 6 email ids belonged to regulatory agencies, 1 email id belonged to Mr. Jinesh Gopani (CIO of Axis MF), 1 email id (gmail id) belonged to Mr. Viresh Joshi and 1 email id was the official email id of Mr. Viresh Joshi which was assigned to him by Axis MF. Interestingly, all the email ids as mentioned in the said email were incorrectly mentioned except for the official email id of Mr. Viresh Joshi assigned to him by Axis MF. For e.g. the email id of Chairman, SEBI is mentioned as chairma.n@sebi.gov.in whereas the correct email id is chairman@sebi.gov.in. Since the aforesaid email was received by Mr. Viresh Joshi, he knew who all are the people / authorities to whom the aforesaid complaint email was also addressed to. In this connection, it may be noted that, as per the WhatsApp chat dated January 24, 2022 between Mr. Prijesh Kurani and Mr. Pranav Vora, a draft letter was exchanged between them which was written apparently by Mr. Bhavin Shah in connection with the aforesaid complaint addressed to the Compliance Department of Marfatia Stock Broking Pvt. Ltd.

wherein he was clarifying that he (Mr. Bhavin Shah) operates his trading account and the aforesaid complaint email dated January 19, 2022 was not addressed by him. The said letter/ email from Mr. Bhavin Shah was addressed to only the Compliance Department of Marfatia Stock Broking Pvt. Ltd. from his original email id, shahkrupal9@yahoo.com requesting Marfatia Stock Broking Pvt. Ltd. to also forward the said letter/ email to the 6 email ids of different regulatory agencies. WhatsApp chat dated January 24, 2022 between Mr. Prijesh Kurani and Mr. Pranav Vora is produced below:

Figure No. 2



Pranav Vora

Monday, Jan 24, 21:11

8:53

Me
To compliance@marfatia.net
Today at 8:18 PM

From:
Bhavin Arvind Shah
302 Prakash Tower, N S Road,
Vile Parle (W), Mumbai - 400056

Date: 24.01.2022

To,
Marfatia Stock Broking Pvt Ltd
Glacier Complex, Jetalpur Road,
Vadodara - 390007

I Bhavin Arvind Shah having client code NN625 registered with you. I hereby confirm my email id shahkrupal9@yahoo.com and mobile number: 9322247996.
The purpose of this communication is I hereby confirm that I have opened trading and demat account with Marfatia Stock Broking Pvt Ltd through their EKYC facility since November 2021 by providing all kyc documents as per requirement of rules and regulations of exchange and SEBI. I am fully aware of trading done in my client code NN625 and I have done this trading in person. I have done this trading from my own funds and capacity. I am doing trading as per my personal research and studies. I also know the risk involved in trading activities.

Delete Archive Move Reply More

7:59

Done To.docx

The purpose of this communication is that someone informed me that my above referred trading account is used for trading without my knowledge by some other person. In this regards I deny this. I hereby confirm that I have opened trading and demat account with Marfatia Stock Broking Pvt Ltd through their EKYC facility since November 2021 by providing all kyc documents as per requirement of rules and regulations of exchange and SEBI. I am fully aware of trading done in my client code NN625 and I have done this trading in person. I have done this trading from my own funds and capacity. I am doing trading as per my personal research and studies. I also know the risk involved in trading activities.
I state that I have never raised any complaint or query to any broker or institution regarding my trading. Now some unknown person has used [illegible] and mobile number 9157787736 which is not known to me and raise the complaint on my behalf with various authorities. I hereby deny this type of complaint and email id [illegible] and mobile number 9157787756 does not belongs to me as per data shown in True caller App the number +91 9157787756 is shown in the name of HANIFBHAI BHAVNAGAR. I have never meet or known to any personal on this name, as my email id [illegible] and mobile number 9322247996 which is registered with you. Some unknown person has forged email and mobile number with malafide intention for his own personal benefit. I don't have any dispute or complaint with any broker or institution. I request authorities to look into the matter whenever the complaint made. Also I request your kind office to forward this mail to below email id for further process.
1) [illegible]
2) [illegible]
3) [illegible]
4) [illegible]
5) [illegible]
6) [illegible]
I request you to consider the facts which I have states above and before taking any action of taking any complaint on record kindly verify the identity of the complainant and then proceed for any further action.

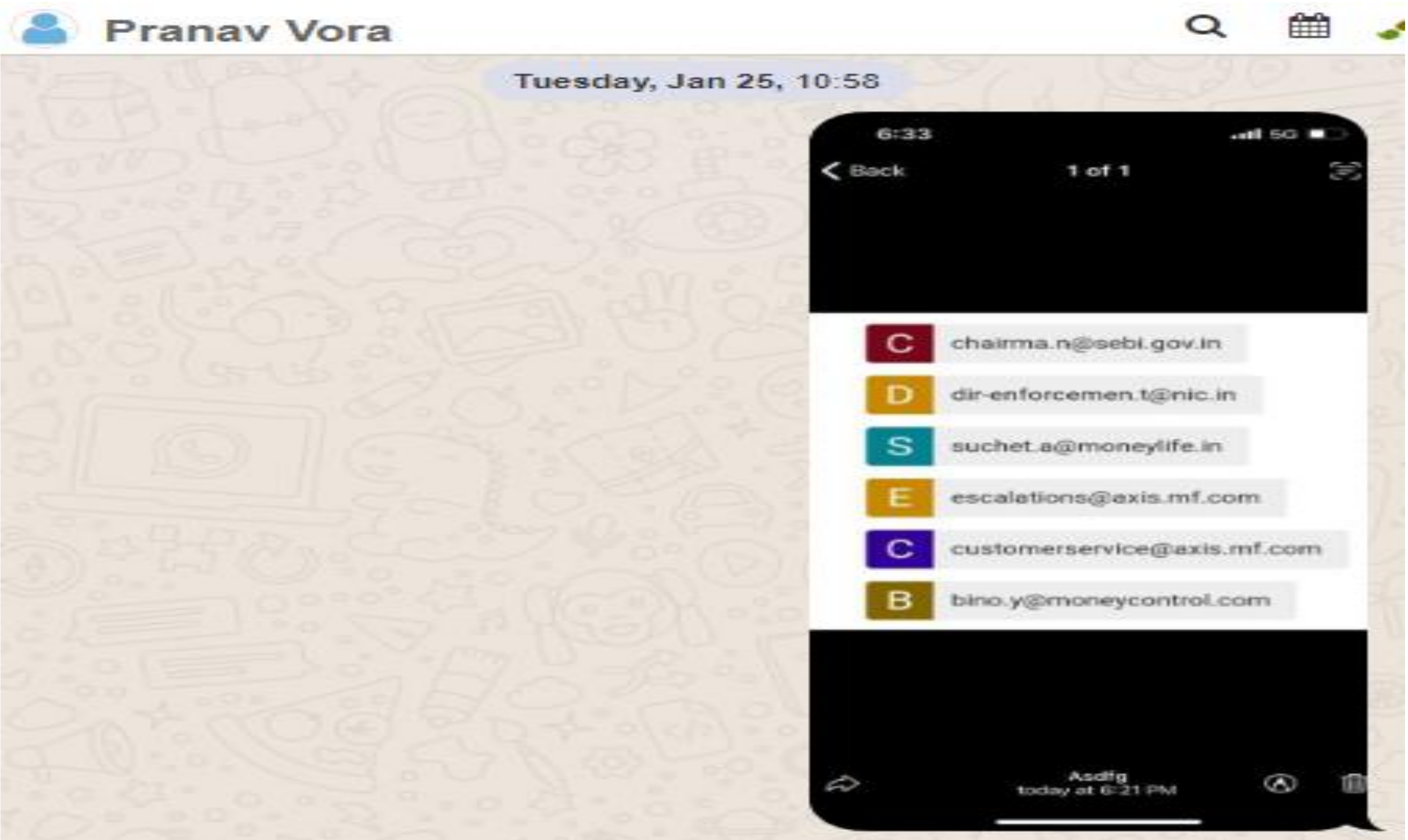
If any further information required then I am available to clarify the same.

Bhavin Arvind Shah
NN625

24. Further, a video clip was also discovered from the seized device of Mr. Prijesh Kurani. The said video clip captures the conversation dated January 25, 2022, in relation to the aforesaid whistleblower complaint, between Mr. Prijesh Kurani and Mr. Pranav Vora. In the said conversation, Mr. Prijesh Kurani is observed to be stating that the content of the letter which has been prepared by **Jadugar** (‘**Jadugar**’ is identified as Mr. Viresh Joshi, details about which are discussed in subsequent paragraphs) has to be shared by Mr. Bhavin Shah with his stock broker. The QR scan code of the video is placed below- HyperLink1 of the video:

25. In addition to the above, it can be observed that all the 6 email ids mentioned in the above draft letter / email written apparently by Mr. Bhavin Shah were also incorrectly spelled out and were exactly the same incorrect email ids as were mentioned in the complaint email dated January 19, 2022 which was marked correctly only to Mr. Viresh Joshi. It now appears that no one else could have provided those 6 incorrect email ids of different regulatory agencies but for Mr. Viresh Joshi, who had shared those email ids with Mr. Prijesh Kurani, as can be noted from one of the screenshot of WhatsApp chat between Mr. Prijesh Kurani and Mr. Pranav Vora held on January 25, 2022. The said screenshot is reproduced below:

Figure No. 3



In the screenshot of the above noted WhatsApp chat as shared by Mr. Prijesh Kurani with Mr. Pranav Vora, the sender details of the said screenshot forwarded to Mr. Prijesh Kurani was also captured as 'Asdfg' who has been unambiguously identified during the investigation as Mr. Viresh Joshi (details discussed in subsequent paragraphs). The aforesaid *prima facie* fact that it was Mr. Viresh Joshi who had shared the details of the wrong email ids with Mr. Prijesh Kurani (Mr. Prijesh Kurani had saved the name of Mr. Viresh Joshi in his mobile as 'Asdfg') is corroborated from the deposition of Mr. Viresh Joshi wherein he had deposed that he had drafted the letter/ email on behalf of Mr. Bhavin Shah (the said draft letter / email also contained those wrong email ids of regulatory agencies) and had instructed Mr. Prijesh Kurani to ask Mr. Bhavin Shah to send it to the Compliance Department of Marfatia Stock Broking Pvt. Ltd. Therefore, it can be *prima facie* inferred that when it comes to trade related matters, Mr. Viresh Joshi was in direct communication with Mr. Prijesh Kurani, instead of talking to the registered owners of the trading accounts.

26. **Call data records and WhatsApp chats of Asdfg** - The KYC details of mobile phone number +91 851XXXX891 from which the screenshot of the WhatsApp message as

captured above under Figure No. 3 was forwarded to and which was saved as 'Asdfg' by Mr Prijesh Kurani in his mobile, was sought from telecom service provider. It was observed that the said number belonged to a person named Mr. Deven Jotaniya who is based out of Rajkot, Gujarat. The KYC details of the mobile number +91 851XXXX891 were compared with the KYC details of the mobile number (+91 846XXXX962) which is being currently used by Mr. Viresh Joshi and accepted by him in his deposition before SEBI. Interestingly, it was observed that the KYC details of the mobile number +91 846XXXX962 also belonged to Mr. Deven Jotaniya of Rajkot, Gujarat. Thus, based on the details of KYC documents which are found to be common for both Asdfg and Mr. Viresh Joshi, it can be *prima facie* held that both Asdfg and Mr. Viresh Joshi are one and the same person, connected with each other.

27. In order to ascertain the identity of Asdfg, an analysis of the call data records (hereinafter referred to as "**CDRs**") of Asdfg (+91 851XXXX891) was undertaken. On a sample basis, three persons with mobile numbers +91 836XXXX414, +91 969XXXX967 and +91 982XXXX422, who were seen to be having frequent calls with Asdfg, were called to ascertain the identity of the person (saved as 'Asdfg by Mr. Prijesh Kurani) having the mobile number, +91 851XXXX891. The CDR analysis, (period: May 26, 2021 to May 9, 2022) of the aforesaid three persons and Mr. Prijesh Kurani, who were having calls with the person labelled as Asdfg (in Mr. Prijesh Kurani's mobile) threw the following results, as under: –

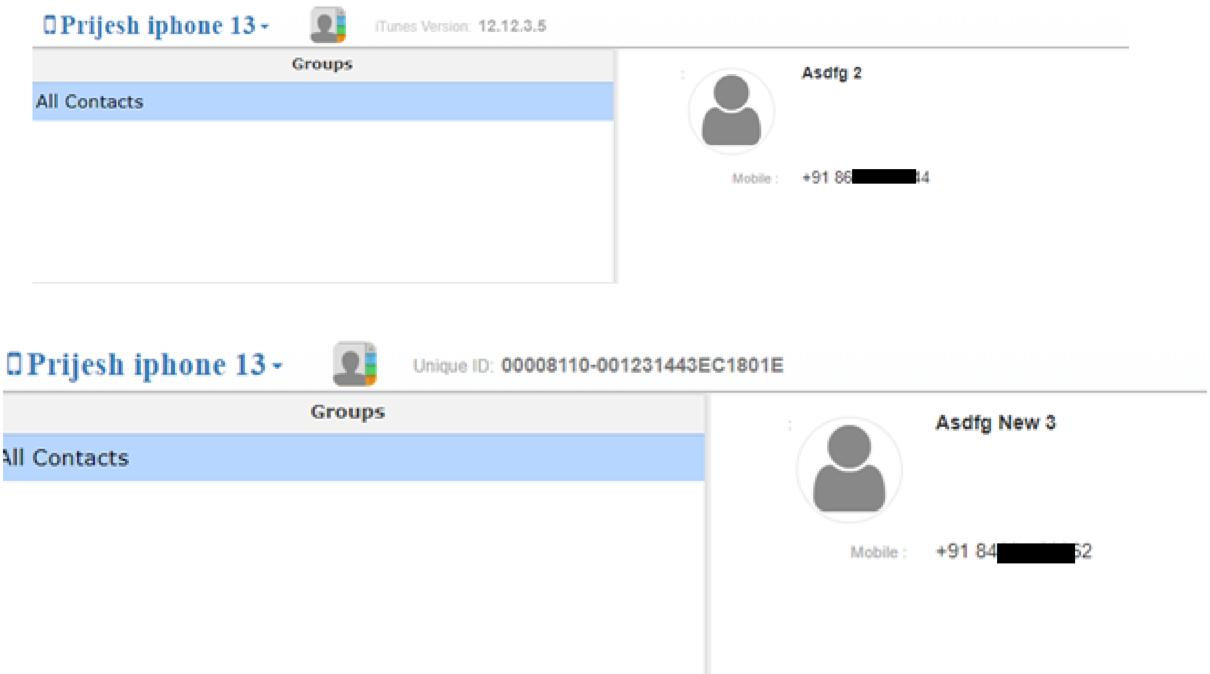
Table No. 3

Party A	Party B	A to B		B to A	
		Count	Duration (in secs)	Count	Duration (in secs)
+91 851XXXX891 (Asdfg)	+91 836XXXX414 (Vipul Joshi)	0	0	7	82
	+91 969XXXX967 (Sumit Desai)	4	162	0	0
	+91 982XXXX422 (official of Prabhudas Liladhar)	6	626	9	1199
	+971 521XXXXX661 (Prijesh Kurani)	0	0	28	17059

28. From the above CDRs, it is observed that the person possessing the mobile number +91 851XXXX891, whose name was saved as Asdfg (in the mobile of Mr. Prijesh

kurani), was in touch with Mr. Vipul Joshi (brother of Mr. Viresh Joshi), Mr. Sumit Desai and Mr. Prijesh Kurani. Further, an analysis was undertaken with respect to the physical movements of the mobile number +91 851XXXX891 and the mobile number +91 986XXXX922 which had been disclosed as his personal phone by Mr. Viresh Joshi to his employer Axis MF (as mentioned at paragraph no. 12.1 above). It was observed that on several occasions based on Tower ID analysis, both the mobile numbers were moving together, as noted in the preceding paragraphs. Moreover, the mobile number +91 865XXXX044 which pertains to Mr. Vipul Joshi (brother of Mr. Viresh Joshi) and +91 846XXXX962 (mobile number currently used by Mr. Viresh Joshi), were found to be saved in the mobile of Mr. Prijesh Kurani as Asdfg 2 and Asdfg New 3 respectively. The relevant screenshot of the phone contact list found in the mobile phone of Mr. Prijesh Kurani is placed below –

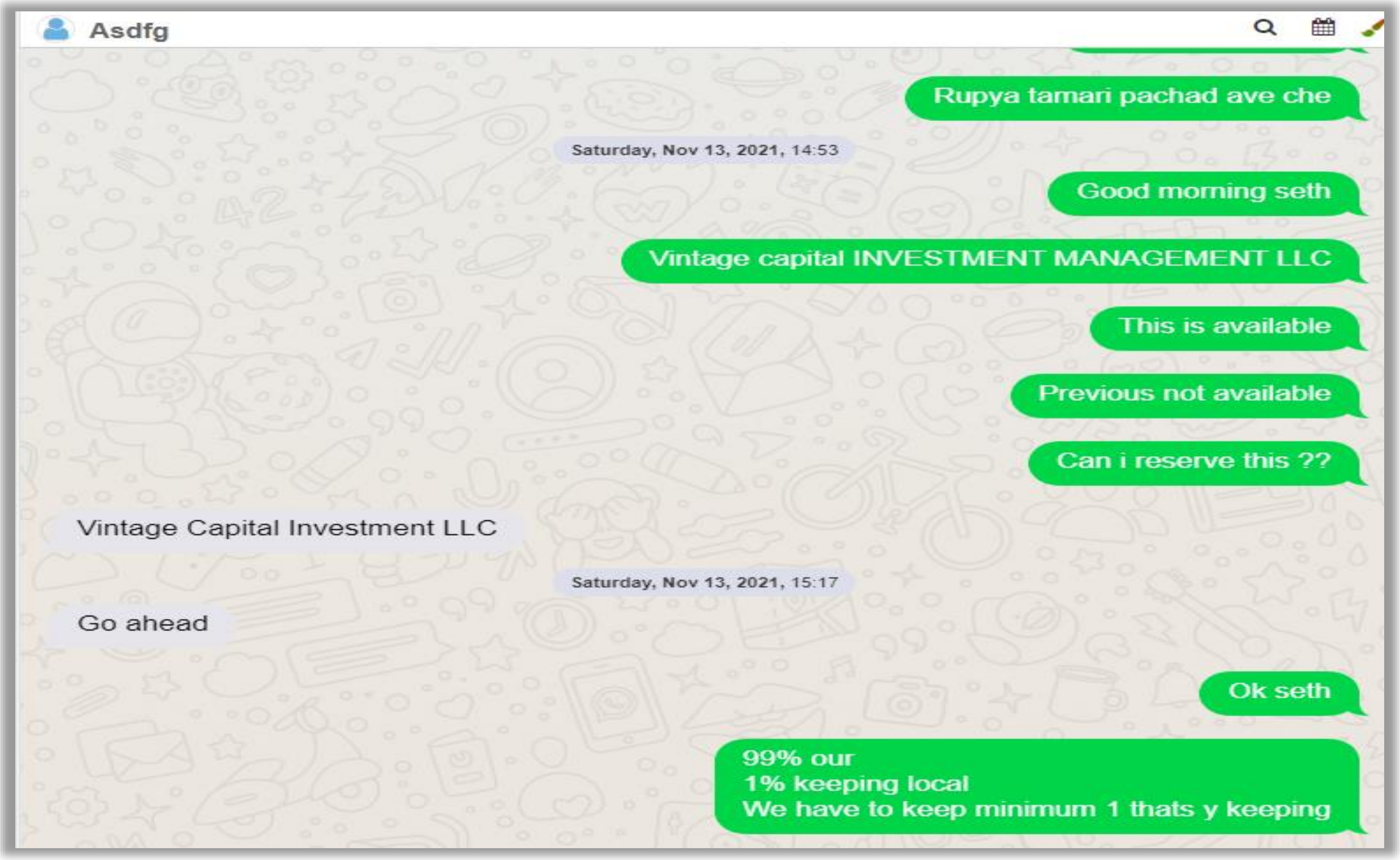
Figure No. 4



29. Thus, based on the cumulative findings from the analysis of KYC documents, examination of CDRs and Tower ID analysis as highlighted above, it can be *prima facie* observed that 'Asdfg' in whose name different phone numbers are found be saved in the contact list of Mr. Prijesh Kurani is none other than Mr. Viresh Joshi. The aforesaid *prima facie* inference is further strengthened from the WhatsApp chats found between Asdfg (Mr. Viresh Joshi) and Mr. Prijesh Kurani. It is noted from the WhatsApp chats between Asdfg (Mr. Viresh Joshi) and Mr. Prijesh Kurani that Asdfg

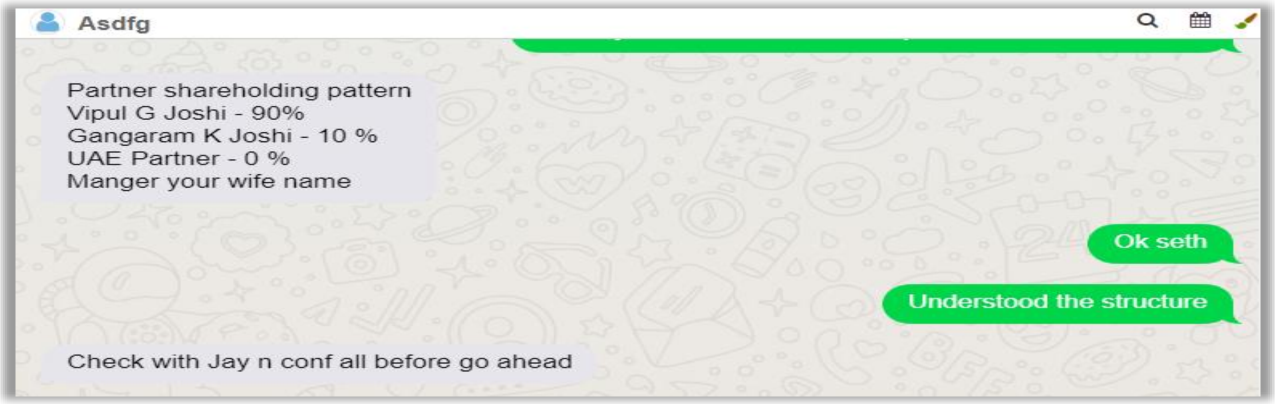
(Mr. Viresh Joshi) was giving directions to Mr. Prijesh Kurani regarding formation of a company named Vintage Capital Investment LLC in Dubai. The initial conversations between them were with respect to finalising the name of the company. The extract of the WhatsApp chat dated November 13, 2021 of their initial conversation is reproduced herein below:

Figure No. 5



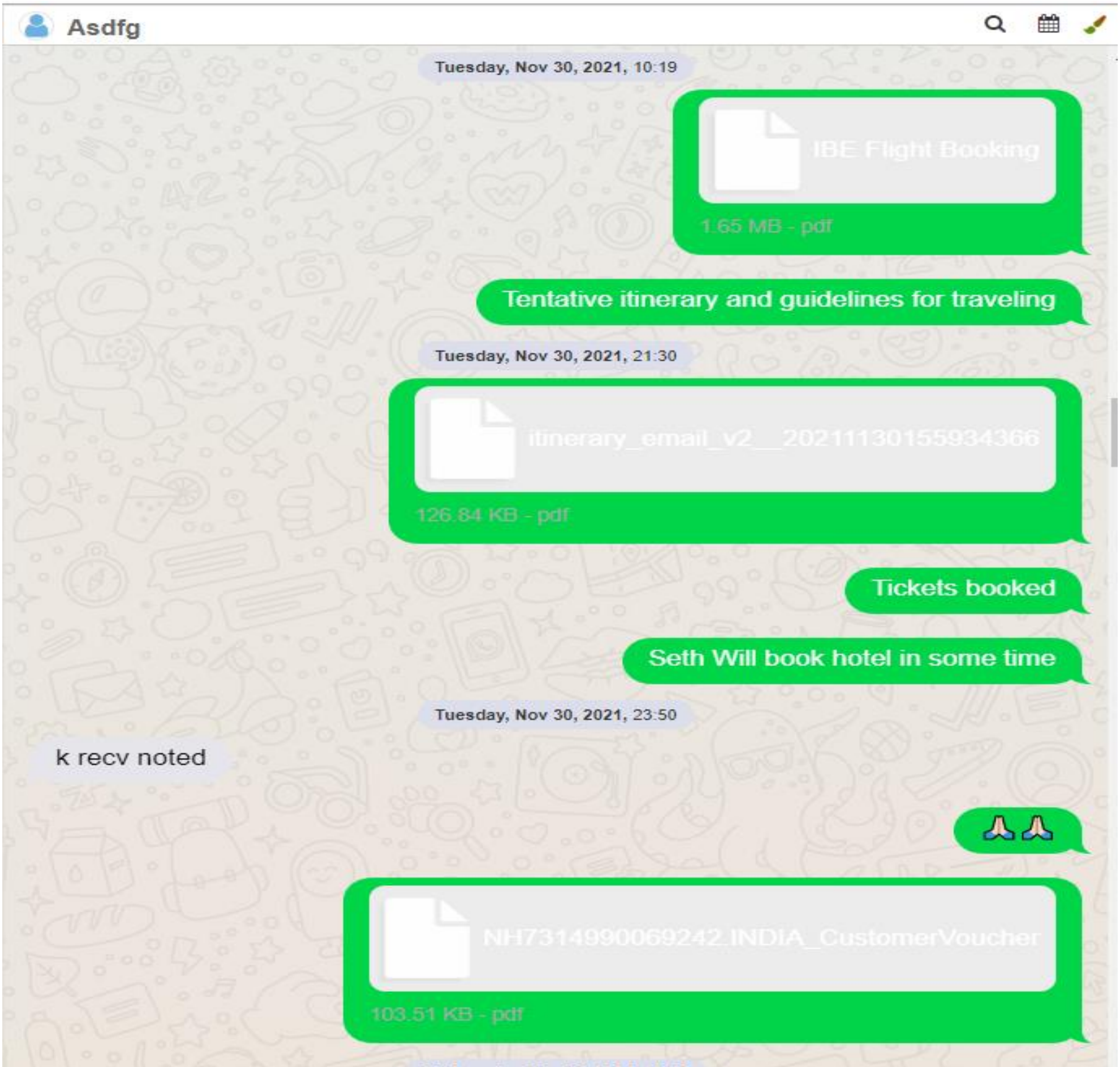
Further, in one of the WhatsApp chat, the proposed shareholding pattern of the company figured in the earlier chat between them, was discussed as follows:

Figure No. 6



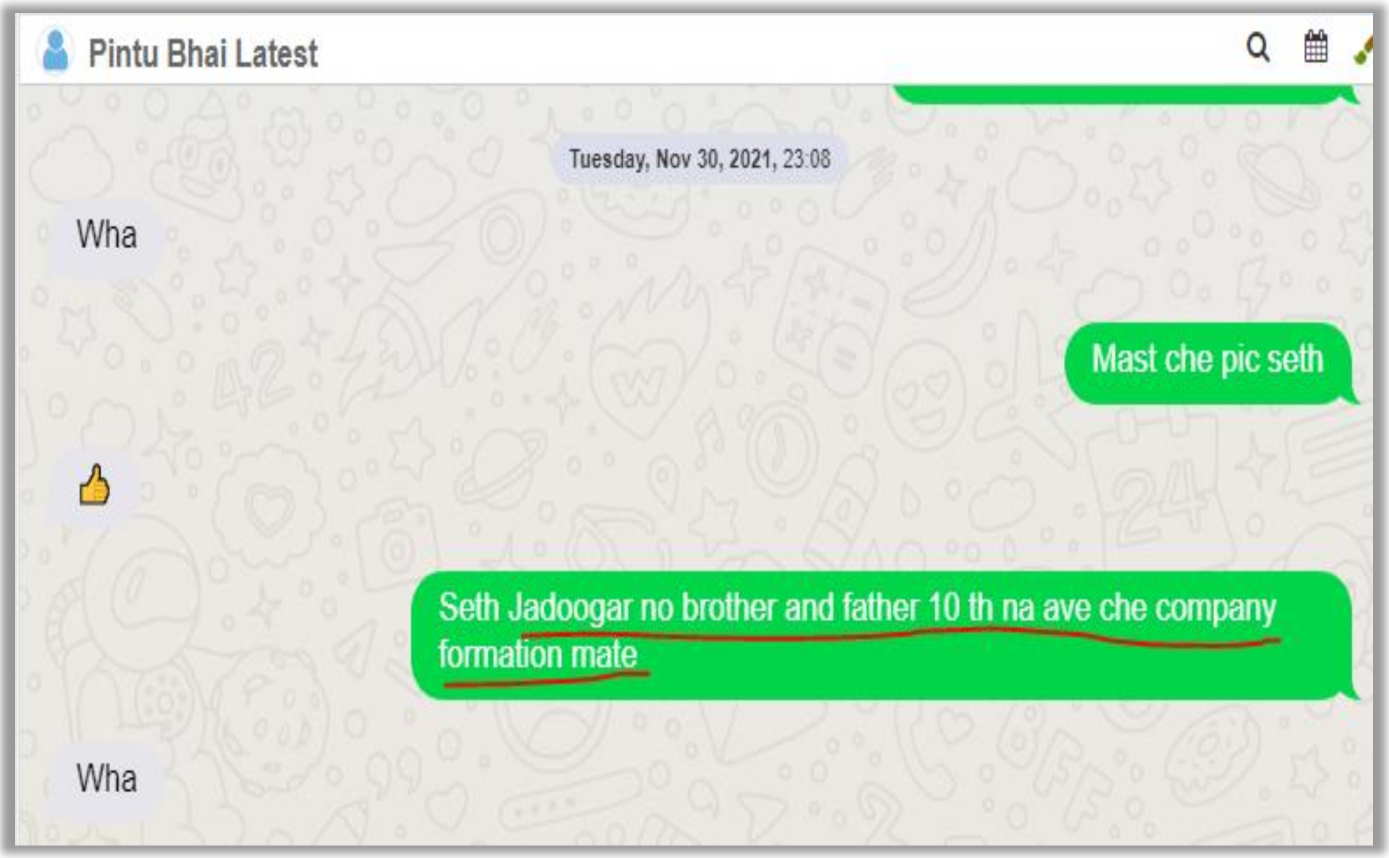
As seen from the above extract of WhatsApp chat, it was *prima facie* on the instructions of Asdfg (Mr. Viresh Joshi) that his brother (Mr. Vipul Joshi) and his father (Mr. Gangaram Joshi) were made partners of Vintage Capital Investment LLC and Ms. Dharini Kurani, wife of Mr. Prijesh Kurani, was decided to be appointed as the Manager of Vintage Capital Investment LLC. Not only this, the available records further reflect that in order to facilitate the formation of the aforesaid company, Mr. Viresh Joshi had decided to send his brother and his father to Dubai on December 10, 2021. The itinerary of the trip of Mr. Vipul Joshi and Mr. Gangaram Joshi along with the air tickets and hotel accommodation details were also shared in the WhatsApp chats between Asdfg (Mr. Viresh Joshi) and Mr. Prijesh Kurani. WhatsApp chat dated November 30, 2021 between Mr. Viresh Joshi and Mr. Prijesh Kurani wherein the air tickets and hotel booking details of the brother and father of Mr. Viresh Joshi were shared by Mr. Prijesh Kurani with Mr. Viresh Joshi, is reproduced below:

Figure No. 7



To confirm the identities of the people in the above cited WhatsApp chat dated November 30, 2021 between Asdfg (Mr. Viresh Joshi) and Mr. Prijesh Kurani, one has to refer to the WhatsApp chat dated November 30, 2021 between Mr. Sumit Desai a.k.a. Pintu Bhai and Mr. Prijesh Kurani wherein Mr. Prijesh Kurani is informing Mr. Sumit Desai that **Jadoogar's** brother and father ('**Jadoogar**' is identified as Mr. Viresh Joshi, details about which are discussed in subsequent paragraphs) are visiting Dubai on December 10, 2021 for the purpose of formation of the company. The extract of the said WhatsApp chat dated November 30, 2021 between Mr. Sumit Desai (Pintu Bhai Latest) and Mr. Prijesh Kurani is reproduced below:

Figure No. 8



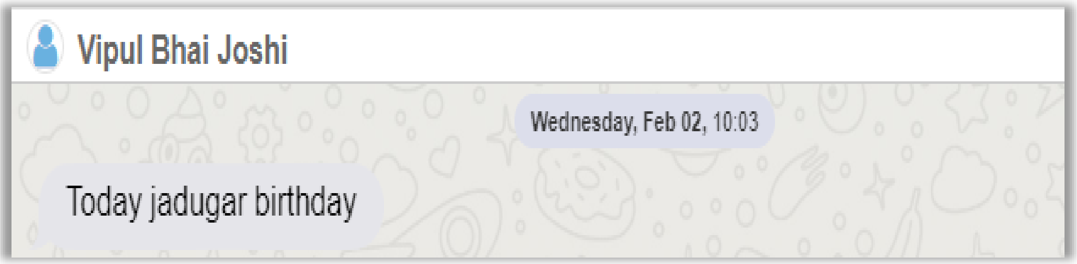
Thus from the above cited two separate WhatsApp chats which took place on the same date i.e., November 30, 2021, it can be *prima facie* inferred that it was Mr. Viresh Joshi's father and brother who were travelling to Dubai for the formation of the company, Vintage Capital Investment LLC in which they were also named as shareholders.

30. Keeping the aforesaid discussions in view, it can be *prima facie* inferred that the person whose name was saved as Asdfg in the phone contact list of Mr. Prijesh Kurani was none other than Mr. Viresh Joshi. Further, it can also be seen from the CDRs and WhatsApp chats referred to above, that Mr. Viresh Joshi was in direct communication with Mr. Prijesh Kurani during the Investigation Period and he had also made efforts to hide his communication with Mr. Prijesh Kurani by using SIM

cards that were registered under a fictitious person's name so as to avoid regulatory detection and to maintain anonymity in the securities market.

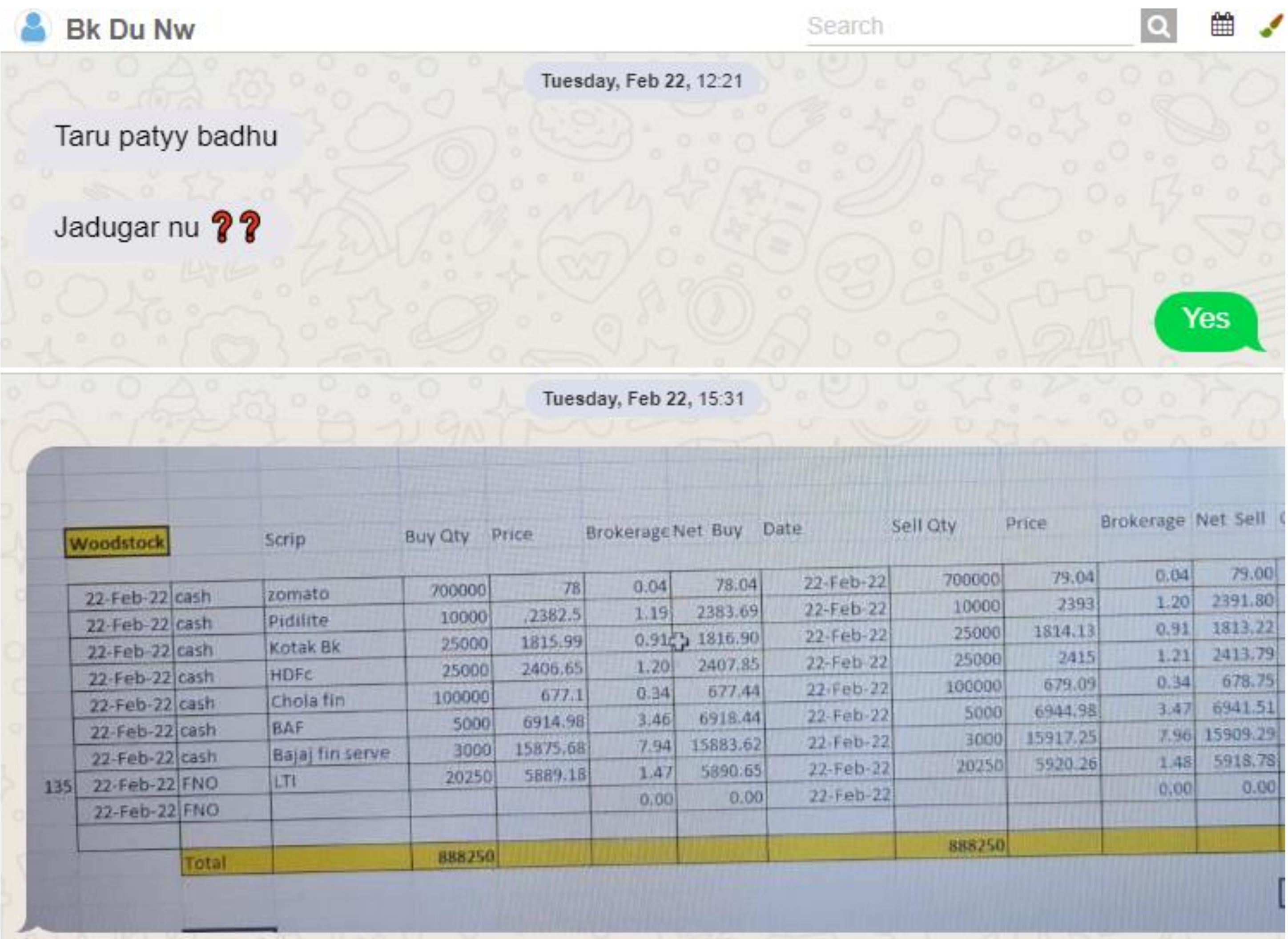
31. **<u>Trade related conversations of Mr. Prijesh Kurani with Mr. Sumit Desai and Mr. Vaibhav Pandya</u>** – In order to proceed further, it will be apt here to first ascertain the identity of the person referred to as '**Jadugar**' or '**Jadoogar**' frequently by Mr. Prijesh Kurani, Mr. Bindesh Kurani (brother of Mr. Prijesh Kurani), Mr. Sumit Desai and Mr. Vaibhav Pandya in their WhatsApp chats. It was noted in the preceding paragraphs (Figure Nos. 5 and 6) that Mr. Viresh Joshi was instructing Mr. Prijesh Kurani to incorporate a company in Dubai, wherein his father and his brother would be partners and for the said purpose they were also travelling to Dubai. This information was shared by Mr. Prijesh Kurani with Mr. Sumit Desai on the same day (November 30, 2021) on which it was initially shared between Mr. Viresh Joshi and Mr. Prijesh Kurani. While sharing the said information, Mr. Prijesh Kurani is informing Mr. Sumit Desai (Figure No. 8) that **Jadoogar's** brother and father are visiting Dubai on December 10, 2021 for the purpose of formation of the company. Further, Mr. Vipul Joshi (brother of Mr. Viresh Joshi) in his chat with Mr. Prijesh Kurani on February 2, 2022 had informed him that "*Today **jadugar** birthday*". As per the KYC details of Mr. Viresh Joshi, it is noted that February 2, 1974 is in fact Mr. Viresh Joshi's date of birth. The screenshot of the said WhatsApp chat between Mr. Vipul Joshi and Mr. Prijesh Kurani is as follows: –

Figure No. 9



32. Moreover, from the WhatsApp chat dated February 22, 2022 between Mr. Bindesh Kurani and Mr. Prijesh Kurani, it is observed that Mr. Bindesh Kurani is enquiring about trades of **Jadugar** and Mr. Prijesh Kurani is sharing the trades placed in the trading account of Visa Capital Partners with him. The said WhatsApp chat conversation is reproduced below –

Figure No. 10



	Woodstock		Scrip	Buy Qty	Price	Brokerage	Net Buy	Date	Sell Qty	Price	Brokerage	Net Sell
	22-Feb-22	cash	zomato	700000	78	0.04	78.04	22-Feb-22	700000	79.04	0.04	79.00
	22-Feb-22	cash	Pidilite	10000	2382.5	1.19	2383.69	22-Feb-22	10000	2393	1.20	2391.80
	22-Feb-22	cash	Kotak Bk	25000	1815.99	0.91	1816.90	22-Feb-22	25000	1814.13	0.91	1813.22
	22-Feb-22	cash	HDFc	25000	2406.65	1.20	2407.85	22-Feb-22	25000	2415	1.21	2413.79
	22-Feb-22	cash	Chola fin	100000	677.1	0.34	677.44	22-Feb-22	100000	679.09	0.34	678.75
	22-Feb-22	cash	BAF	5000	6914.98	3.46	6918.44	22-Feb-22	5000	6944.98	3.47	6941.51
	22-Feb-22	cash	Bajaj fin serve	3000	15875.68	7.94	15883.62	22-Feb-22	3000	15917.25	7.96	15909.29
135	22-Feb-22	FNO	LTI	20250	5889.18	1.47	5890.65	22-Feb-22	20250	5920.26	1.48	5918.78
	22-Feb-22	FNO				0.00	0.00	22-Feb-22			0.00	0.00
		Total		888250					888250			

It is noted from the records that the trading terminal software, ODIN was installed on the computer system of Mr. Prijesh Kurani. Further, it is also noted that the login ids and passwords of the said trading terminal software, ODIN were shared with Mr. Prijesh Kurani and it is observed that the orders in different trading accounts were placed from Dubai where Mr. Prijesh Kurani is geographically located (details discussed in subsequent paragraphs). It has been *prima facie* found that it was Mr. Prijesh Kurani who was placing the orders in the trading accounts of clients of Marfatia Stock Broking Pvt. Ltd. and Woodstock Broking Pvt. Ltd. The aforesaid *prima facie* findings when seen along with another *prima facie* observation that on the specific days when the trades of **Jadugar** were being placed by Mr. Prijesh Kurani, it was observed that on those specific days, the trades of the Big Client, Axis MF were being *prima facie* front run from the trading accounts of clients of Marfatia

Stock Broking Pvt. Ltd. and Woodstock Broking Pvt. Ltd. as well as from the trading accounts of *Noticees* pertaining to Kurani Group.

It has already been noted in preceding paragraphs that Mr. Viresh Joshi who was the Dealer of Axis MF had *prima facie* access to the non-public information about the impending orders of Axis MF. Therefore, in the aforesaid context in which Mr. Viresh Joshi is referred to as **Jadugar** in WhatsApp chats, when Mr. Bindesh Kurani is enquiring about trades of '**Jadugar**' in response to which Mr. Prijesh Kurani is sharing the trades executed in the trading accounts belonging to the Woodstock Group, the said trades were nothing but trades *prima facie* placed by Mr. Prijesh Kurani on the instructions of Mr. Viresh Joshi (**Jadugar**).

33. In view of the aforesaid discussions, based on the cumulative effect of the following attending circumstances on the basis of preponderance of probability, it can be sufficiently ascertained that '**Jadugar**' is none other than, Mr. Viresh Joshi:

33.1. Circumstances surrounding the formation of Vintage Capital Investment LLC and the WhatsApp chats pertaining to the same;

33.2. The chat about the birthday of Mr. Viresh Joshi;

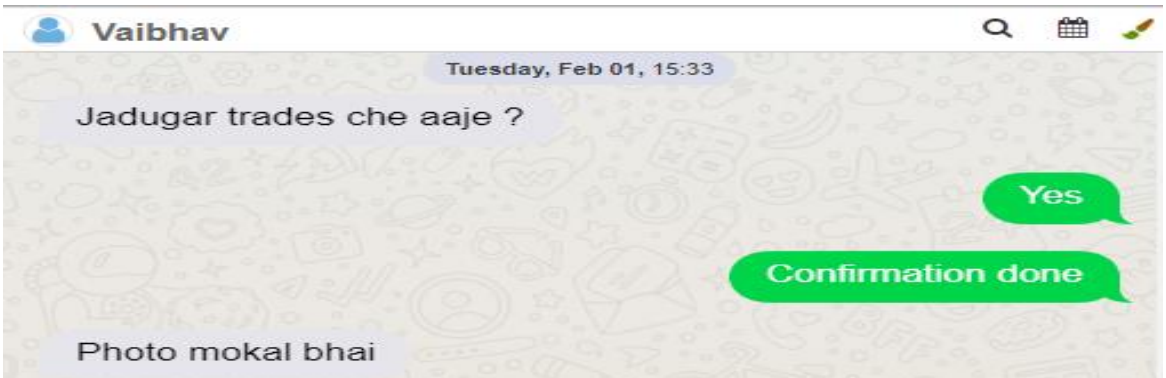
33.3. Similarity in the particulars of the *prima facie* front running trades that were executed in the accounts of various conduit trading accounts of clients of Marfatia Stock Broking Pvt. Ltd. and Woodstock Broking Pvt. Ltd. as well as in the trading accounts of *Noticees* pertaining to Kurani Group as referred to above.

34. Now that the identity of **Jadugar** has been ascertained, it is noted from the WhatsApp chat dated March 11, 2022 exchanged between Mr. Sumit Desai and Mr. Prijesh Kurani that, Mr. Prijesh Kurani is seen to be sharing the screenshot of the trade executed by him and he is also stating along with it that, he had executed the trades for **Jadugar**. The said chat is reproduced below:

Figure No. 11

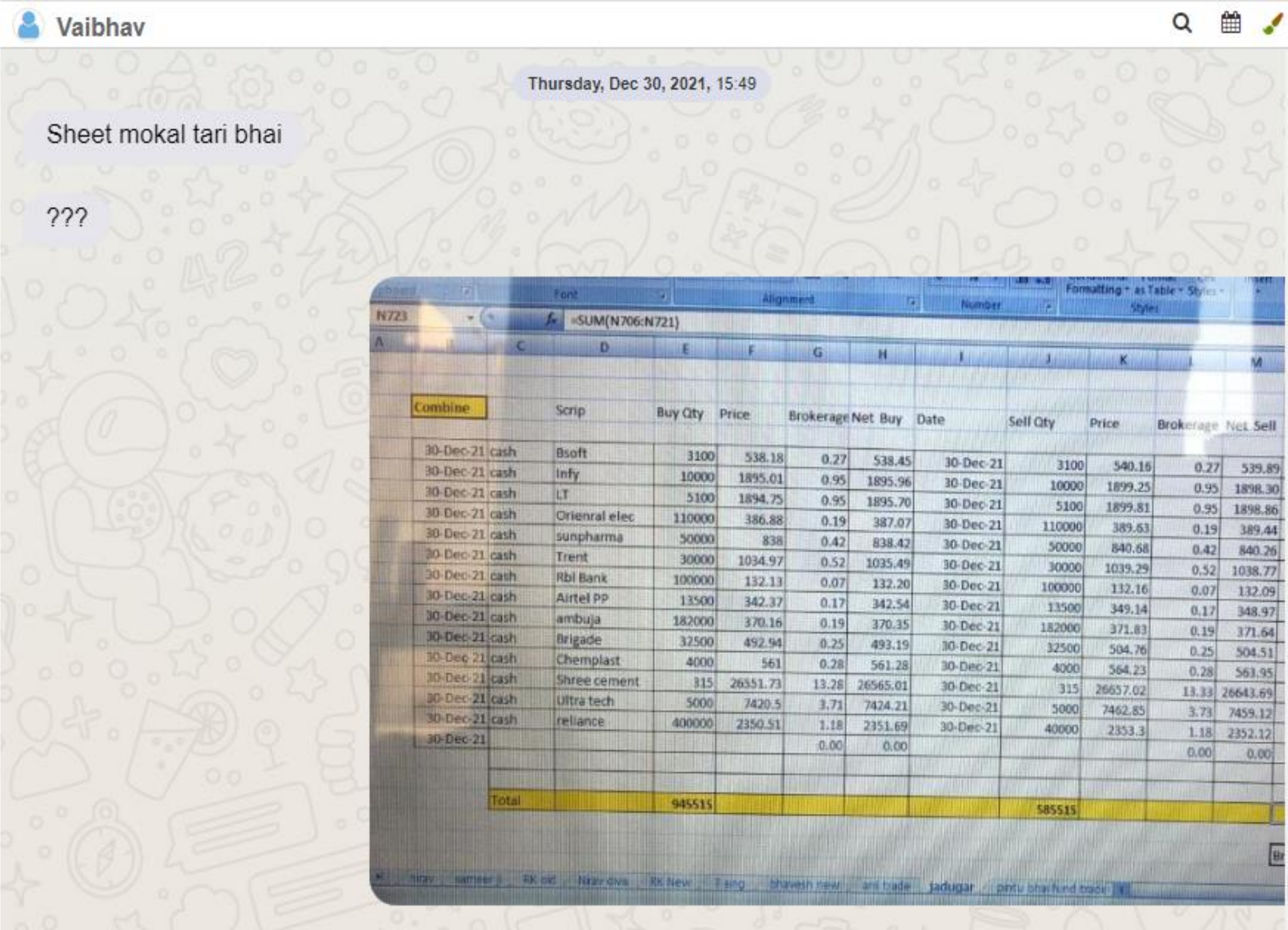
The above WhatsApp chat *prima facie* shows that Mr Prijesh Kurani was sharing the screen shots of trades executed for **Jadugar** (Viresh Joshi) to Mr. Sumit Desai. Similar, WhatsApp chat of Mr. Prijesh Kurani with Mr. Vaibhav Pandya, an associate of Mr. Sumit Desai was also found on February 1, 2022. In the said WhatsApp chat, Mr. Vaibhav Pandya is inquiring with Mr. Prijesh Kurani, whether there were any trades of **Jadugar** (Mr. Viresh Joshi) on that day. To that Mr. Prijesh Kurani is replying in the affirmative. The said chat is reproduced below: -

Figure No. 12



Thus, Mr. Vaibhav Pandya who is an associate of Mr. Sumit Desai and was acting as an intermediary in the instant matter, instead of seeking trade confirmations from Mr. Sumit Desai or any other *Noticees* involved in the matter, was seeking the same directly from Mr. Prijesh Kurani. This coupled with the fact that trade details were shared by Mr. Prijesh Kurani with Mr. Sumit Desai and Mr. Vaibhav Pandya as noted above in Figure No. 11 and also as noted below in Figure No. 13, lead to an inference that it was only Mr. Prijesh Kurani who was aware as to whether any trades were placed on behalf of Mr. Viresh Joshi or not on any particular trading day. If any other *Noticee* involved in the matter was aware about the same, then there would not have arisen any need to inquire the same from Mr. Prijesh Kurani with respect to the placement of *prima facie* front running orders on a particular trading day *prima facie* on behalf of and under instruction from Mr. Viresh Joshi (**Jadugar**).

Figure No. 13



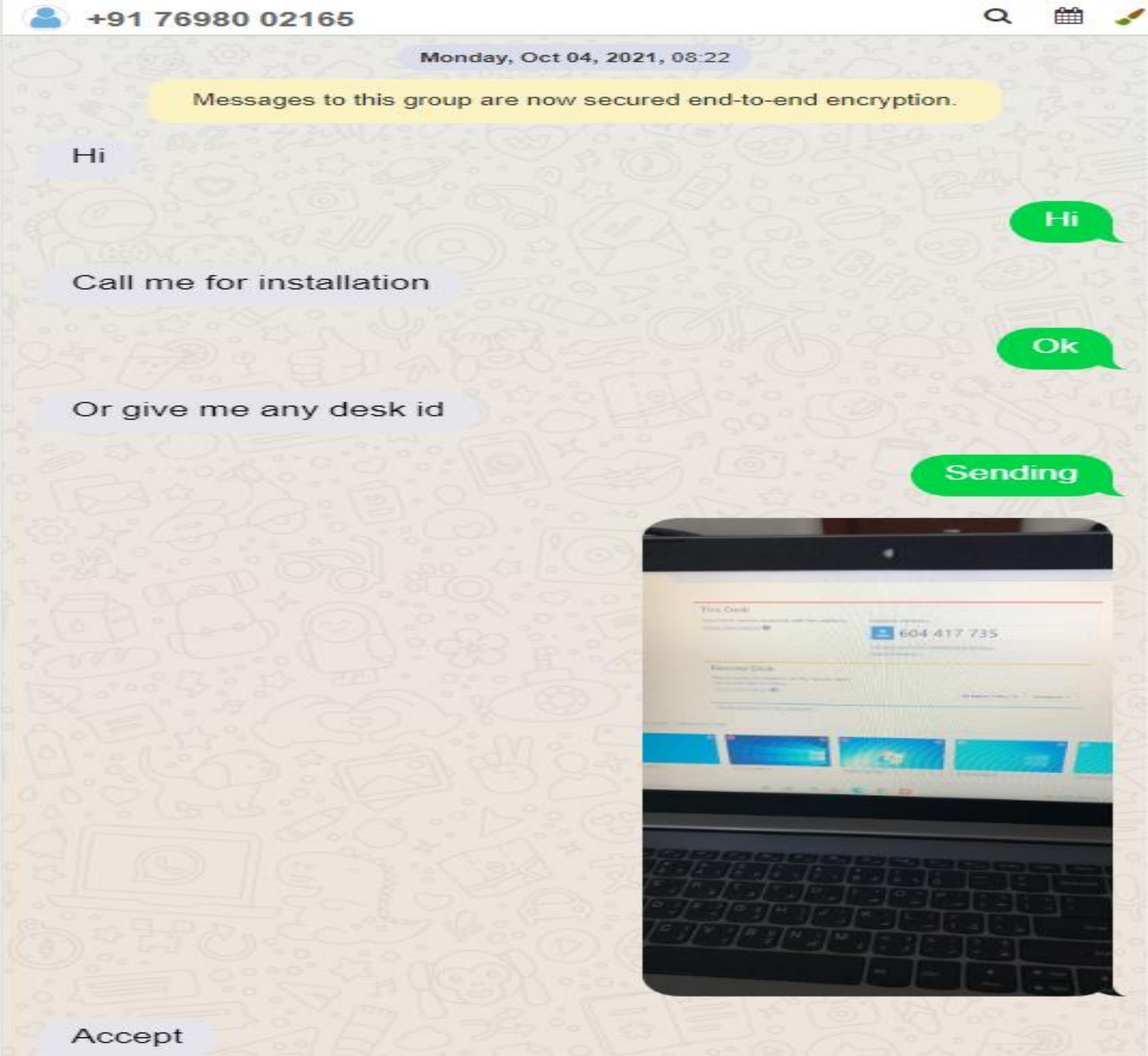
		Scrip	Buy Qty	Price	Brokerage	Net Buy	Date	Sell Qty	Price	Brokerage	Net Sell
30-Dec-21	cash	Bsoft	3100	538.18	0.27	538.45	30-Dec-21	3100	540.16	0.27	539.89
30-Dec-21	cash	Infy	10000	1895.01	0.95	1895.96	30-Dec-21	10000	1899.25	0.95	1898.30
30-Dec-21	cash	LT	5100	1894.75	0.95	1895.70	30-Dec-21	5100	1899.81	0.95	1898.86
30-Dec-21	cash	Orienral elec	110000	386.88	0.19	387.07	30-Dec-21	110000	389.63	0.19	389.44
30-Dec-21	cash	sunpharma	50000	838	0.42	838.42	30-Dec-21	50000	840.68	0.42	840.26
30-Dec-21	cash	Trent	30000	1034.97	0.52	1035.49	30-Dec-21	30000	1039.29	0.52	1038.77
30-Dec-21	cash	Rbl Bank	100000	132.13	0.07	132.20	30-Dec-21	100000	132.16	0.07	132.09
30-Dec-21	cash	Airtel PP	13500	342.37	0.17	342.54	30-Dec-21	13500	349.14	0.17	348.97
30-Dec-21	cash	ambuja	182000	370.16	0.19	370.35	30-Dec-21	182000	371.83	0.19	371.64
30-Dec-21	cash	Brigade	32500	492.94	0.25	493.19	30-Dec-21	32500	504.76	0.25	504.51
30-Dec-21	cash	Chemplast	4000	561	0.28	561.28	30-Dec-21	4000	564.23	0.28	563.95
30-Dec-21	cash	Shree cement	315	26551.73	13.28	26565.01	30-Dec-21	315	26657.02	13.33	26643.69
30-Dec-21	cash	Ultra tech	5000	7420.5	3.71	7424.21	30-Dec-21	5000	7462.85	3.73	7459.12
30-Dec-21	cash	reliance	400000	2350.51	1.18	2351.69	30-Dec-21	40000	2353.3	1.18	2352.12
30-Dec-21					0.00	0.00				0.00	0.00
	Total		945515					585515			

35. Thus, to sum up the aforesaid discussions and my observations, it has already been noted in the preceding paragraphs that Mr. Viresh Joshi had the opportunity and means to *prima facie* share or communicate the non-public information regarding the impending trade orders of the Big Client to individuals other than the empaneled stock brokers of the Big Client. Further, apart from the depositions of Mr. Viresh Joshi, Mr. Sumit Desai and Mr. Vaibhav Pandya, from the aforesaid discussions, it can be *prima facie* observed, based on the cumulative assessment of the attending circumstances viz., whistleblower complaint dated January 19, 2022, analysis of CDRs and WhatsApp chats of Mr. Viresh joshi and trade related conversations of Mr. Prijesh Kurani with Mr. Bindesh Kurani, Mr. Sumit Desai and Mr. Vaibhav Pandya, that it leads to a strong preponderance of probability to compel me to infer that Mr. Viresh Joshi was engaged in regular direct communications with Mr. Prijesh Kurani

pertaining to all the trade related matters including the *prima facie* front running trades that were being executed under the instructions of Mr. Viresh Joshi.

36. At this juncture, it is necessary to examine the *prima facie* role of the registered owners of different trading accounts who are the clients of Marfatia Stock Broking Pvt. Ltd. and Woodstock Broking Pvt. Ltd. and also the *Noticees* belonging to Kurani Group. Marfatia Group which consists of Mr. Nishil Surendra Marfatia (Director of Marfatia Stock Broking Pvt. Ltd.), Olga Trading Pvt. Ltd., Mr. Bhavin Shah and Ms. Rupal Bhavin Shah had their trading accounts with Marfatia Stock Broking Pvt. Ltd., based out of Vadodara. The available records reveal that Mr. Yunus Modan, IT person of Marfatia Stock Broking Pvt. Ltd. (having mobile no. +91 769XXXX165) not only installed the trading terminal software (ODIN) in the systems of Mr. Prijesh Kurani in Dubai using AnyDesk software (remote access software) but has also assisted Mr. Prijesh Kurani whenever he had faced technical issues with respect to the software used by him for trading with Marfatia Stock Broking Pvt. Ltd. The screenshot of the WhatsApp chat dated October 4, 2021 between them regarding installation of the trading terminal software (ODIN) is as under –

Figure No. 14



37. Here, it will be relevant to discuss how the ODIN terminal (trading software) operates. Generally, the access to ODIN terminal (trading software) is given to a Dealer who punches in orders on behalf of his client(s), the clients may be few in numbers. Once the Dealer decides to punch in the orders on behalf of his clients, he needs to log into the trading terminal software (ODIN) for which he will require a login id and password of the ODIN and after logging into it, he can place the order in the trading account of the said client. The Dealer will not require a separate login id and password to access the trading account of the client. In the instant matter, it is noted from the available records that on several occasions, the login id and password of the ODIN terminal of Marfatia Stock Broking Pvt. Ltd. was shared by Mr. Vaibhav

Pandya and Mr. Sumit Desai with Mr. Prijesh Kurani. Two such instances where Mr. Sumit Desai and Mr. Vaibhav Pandya had shared the login id and password of the ODIN trading terminal software over WhatsApp chat with Mr. Prijesh Kurani are reproduced below: -

Figure No. 15

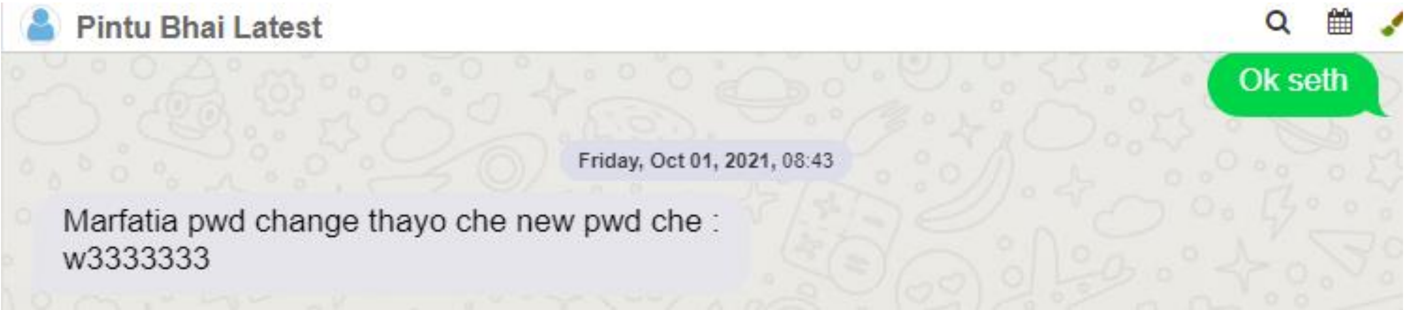
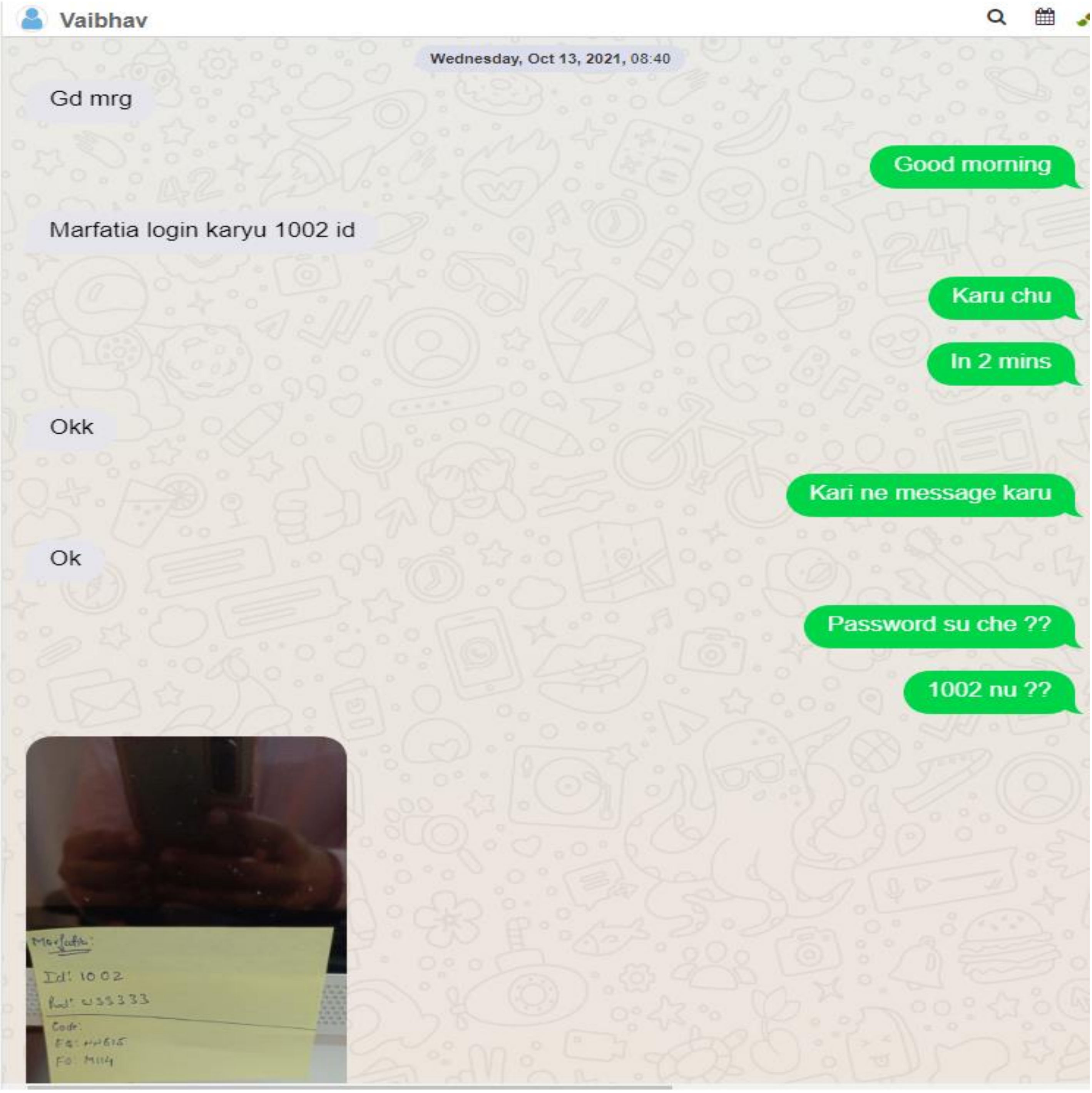


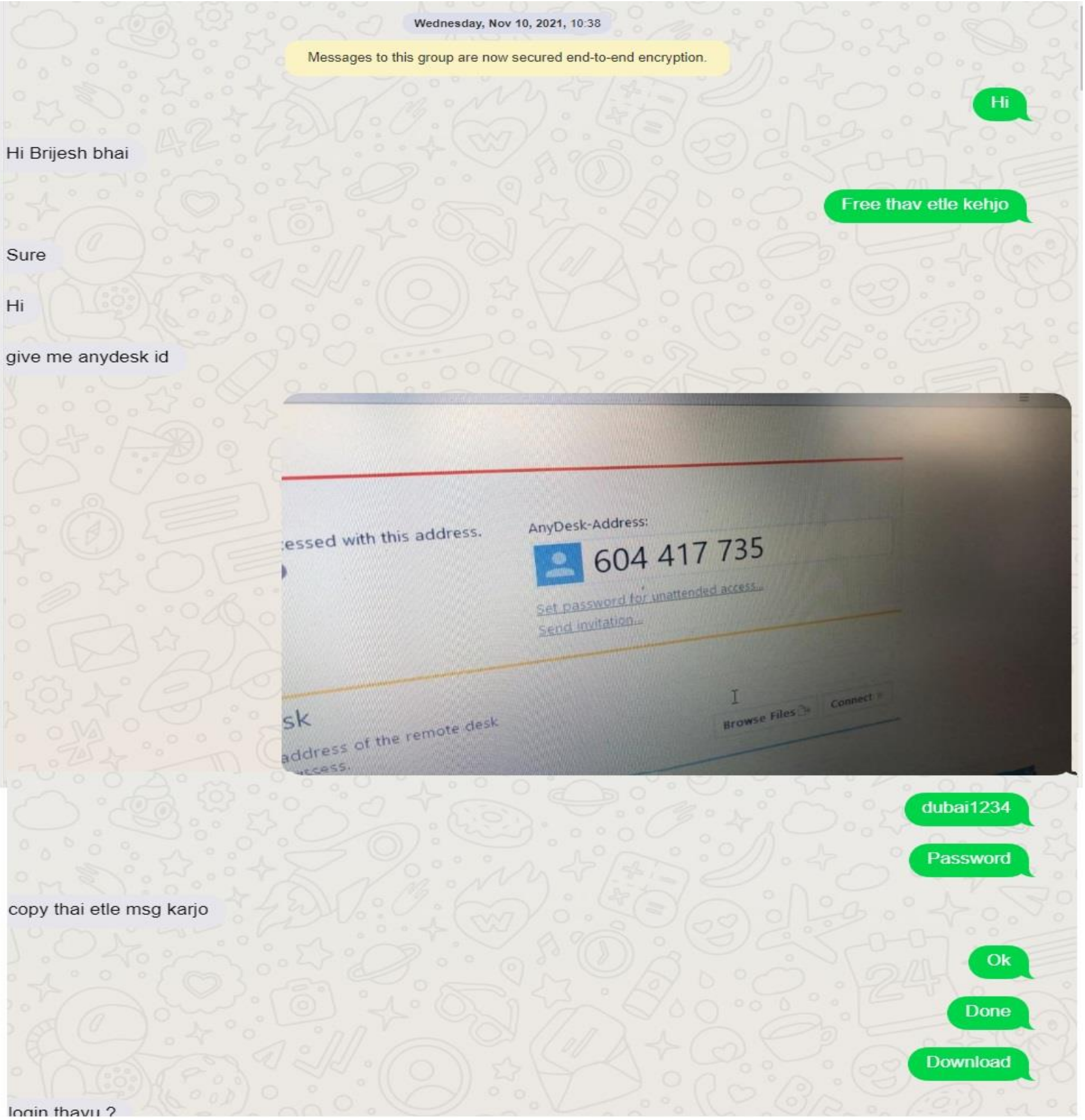
Figure No. 16



38. I find similar instances of sharing of login id and password of the ODIN trading terminal, like the above cited instances, were also noted for Visa Capital Partners which has its trading account with Woodstock Broking Pvt. Ltd., based out of Mumbai. The available records reveal that Mr. Kunal Dalal, IT person of Woodstock Broking Pvt. Ltd., not only installed the trading terminal software (ODIN) in the systems of Mr. Prijesh Kurani in Dubai using AnyDesk (remote access software) but

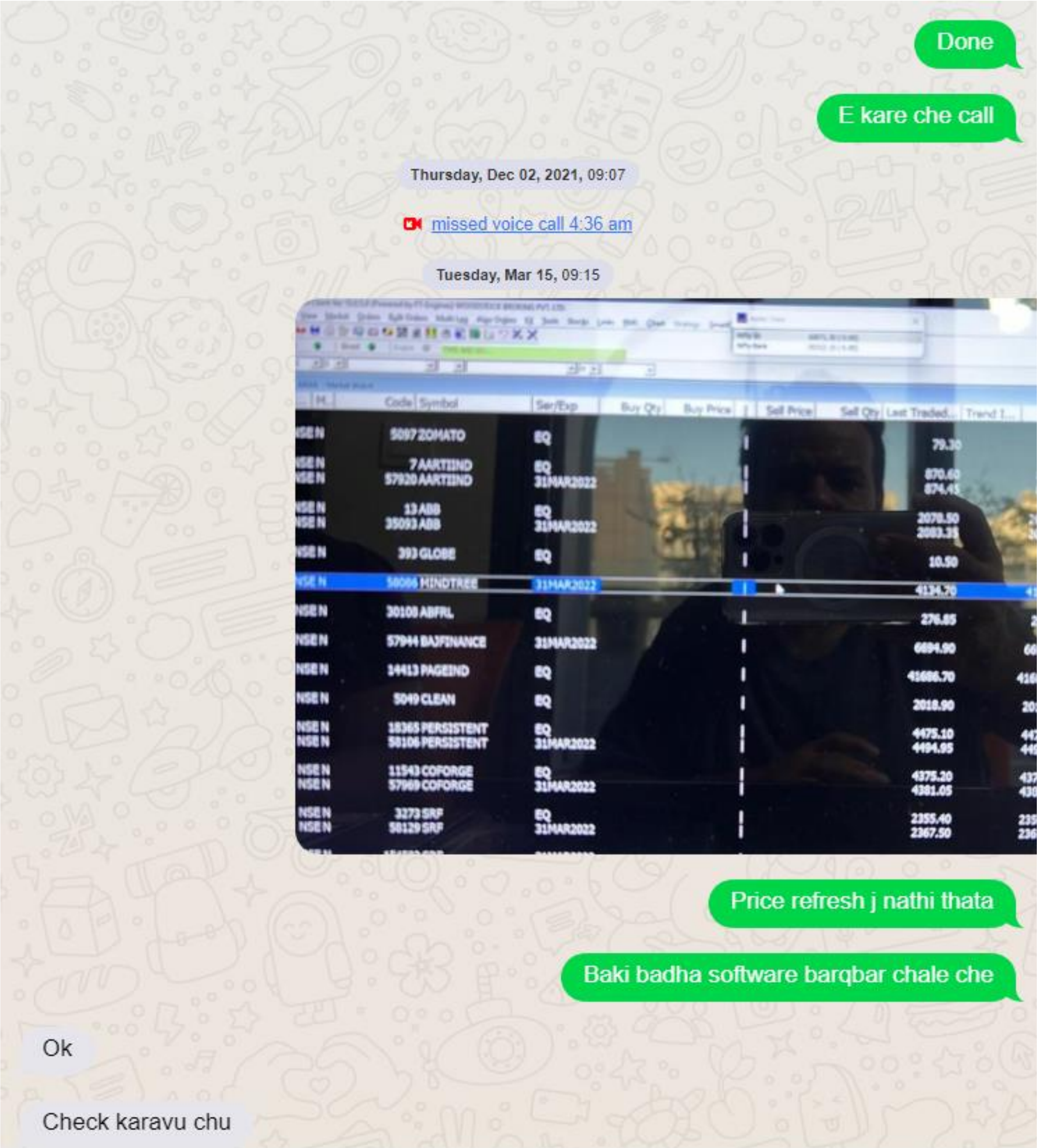
also used to provide assistance to Mr. Prijesh Kurani whenever he had faced technical issues with respect to the software used by Mr. Prijesh Kurani for trading with Woodstock Broking Pvt. Ltd. The screenshot of the WhatsApp chat dated November 10, 2021 between them pertaining to the installation of the trading terminal software (ODIN) is as under: –

Figure No. 17



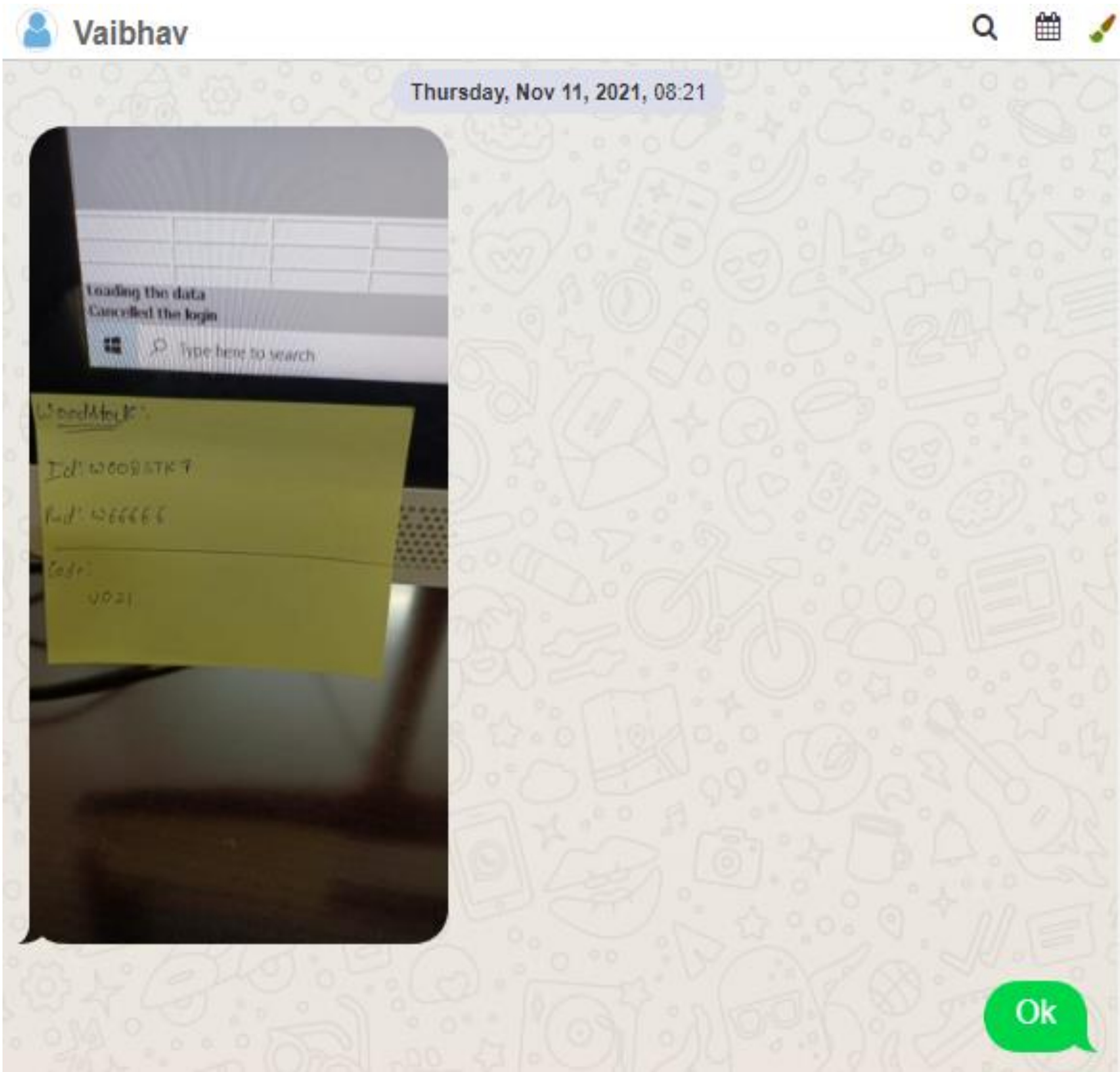
39. Further, one of the instances where Mr. Kunal Dalal, IT person of Woodstock Broking Pvt. Ltd., had helped resolved technical issue faced by Mr. Prijesh Kurani while operating the ODIN terminal at Dubai, is reproduced below:

Figure No. 18



40. It is also noted from the available records that on several occasions the login id and password of the ODIN terminal of Woodstock Broking Pvt. Ltd. was also shared by Mr. Vaibhav Pandya and Mr. Sumit Desai with Mr. Prijesh Kurani. One such instance where Mr. Vaibhav Pandya has shared the login id and password of the ODIN terminal over WhatsApp chat dated November 11, 2021 with Mr. Prijesh Kurani is reproduced below: -

Figure No. 19



41. Moreover, the details of IP addresses and MAC ids of trading terminal software installed in the systems of Mr. Prijesh Kurani at Dubai from which *prima facie* front running trades were placed, were collected from the various stock brokers and analysed. The details of the same are presented in the table below –

Table No. 4

Sl. No.	**Stock Broker Name**	**Common Public IPs**			**Common MAC Ids**
		Public IPs	**Location**	**Period**	
	Marfatia Stock Broking Pvt. Ltd. (Stock broker through whom trades of Marfatia Group were executed)	Public IPs not captured			54-E1-AD-B8-4C-C1 (Found common for trades placed in the trading accounts of Marfatia Group, Woodstock Group and Ms. Dharini Kurani) 38-87-D5-06-1B-83 (Found common for trades placed in the trading accounts of Marfatia Group, Woodstock Group, Ms. Dharini Kurani and Ms. Bharati Godaya)
2.	Woodstock Broking Pvt. Ltd. (Stock broker through whom trades of Woodstock Group were executed)	2.51.123.156 92.98.81.23 86.99.173.68	Dubai Dubai Dubai	Nov 21 to Jan 22 Feb 22 to Mar 22 Feb 22	
Stock Broker through which *prima facie* front running orders in the trading accounts of Kurani Group was placed					
3.	Findoc Investmart Pvt. Ltd. (Stock Broker through whom trades of Ms. Dharini Kurani and Ms. Bharati Godaya were executed)	2.51.123.156 92.98.81.23 86.99.173.68	Dubai Dubai Dubai	Nov 21 to Jan 22 Feb 22 to Mar 22 Feb 22	54-E1-AD-B8-4C-C1 (Found common for trades placed in the trading accounts of Marfatia Group, Woodstock Group and Ms. Dharini Kurani) 38-87-D5-06-1B-83 (Found common for trades placed in the trading accounts of Marfatia Group, Woodstock Group, Ms. Dharini Kurani and Ms. Bharati Godaya)
4.	Shree Tisai Securities Pvt. Ltd. (Stock Broker through whom trades of Ms. Rekha Kurani were executed)	92.98.81.23	Dubai	Feb 22 to Mar 22	60:14:B3:C8:D8:BD, B8:08:CF:EA:E8:C2, 38:87:D5:06:1B:7F, DC:21:5C:86:63:2A

					(Found common for trades placed in the trading accounts of Ms. Rekha Kurani and MKB Bespoke Audio General)
5.	Emkay Global Financial Services Limited* (Stock Broker through whom trades of MKB Bespoke Audio General were executed)	2.51.123.156	Dubai	Nov 21 to Jan 22	
		92.98.81.23	Dubai	Feb 22 to Mar 22	
		86.99.173.68	Dubai	Feb 22	

** Emkay has also captured in its system the user name of the MAC IDs. For MAC ID B8:08:CF:EA:E8:C2, the user name is NT_Bindesh.LAPTOP-7C9AGH6E(1:14:54:310)_INT. Further, sometimes the user name for MAC ID 60:14:B3:C8:D8:BD, is captured as NT_Prijesh.LAPTOP-P4AE36CT(8:54:51:132)_INT.*

42. Before analyzing the data from the above table, it will be appropriate to explain a few of the terminologies referred to in the said table. A public IP address of a system is the IP address that is used to communicate outside the network. A public IP address is basically assigned by the Internet Service Provider and the scope of public IP is global. On the other hand, a Media Access Control address (hereinafter referred to as "**MAC address**") is a hardware identifier that uniquely identifies each device on a network.
43. It can be observed from the table above that the public IPs are common for Woodstock Group and Kurani Group. The location of the common public IP addresses is observed to be situated in Dubai and as per the available records, the period during which the public IP was in use, was between November 2021 to March 2022. The public IP for Marfatia Group was not captured in the system of Marfatia Stock Broking Pvt. Ltd. However, on a comparison of MAC address, it is observed that MAC addresses 54-E1-AD-B8-4C-C1 and 38-87-D5-06-1B-83, are common across Marfatia Group, Woodstock Group and Kurani Group and the period when the said MAC addresses were accessing the systems of the stock brokers is also the same i.e., the period between December 2021 to January 2022 which implies that trades were being executed from the same devices having common MAC addresses across different trading accounts belonging to Marfatia Group, Woodstock Group and

Kurani Group. So not only the computer systems which were accessing the system of Marfatia Stock Broking Pvt. Ltd. were common with stock brokers of Woodstock Group and Kurani Group but the period of the said access to the computer systems of both the trading members was the same, at least from December 2021 onwards, if not earlier. Thus, it can be *prima facie* held that even the computer systems of Marfatia Stock Broking Pvt. Ltd. like that of the systems of stock brokers of Woodstock Group and Kurani Group, were being accessed from Dubai.

44. The next issue that needs determination is how do we know that it is Mr. Prijesh Kurani who was *prima facie* placing the orders in the trading accounts of Marfatia Group, Woodstock Group and Kurani Group from Dubai. Based on the available records, following is observed with respect to the location of Mr. Prijesh Kurani:

44.1. In response to SEBI's summons, Mr. Prijesh Kurani had submitted that he will not be able to appear before SEBI as he is outside India.

44.2. Mr. Prijesh Kurani has a work visa issued by General Directorate of Residency and Foreigners Affairs-Dubai.

44.3. Mr. Prijesh Kurani's cell phone number has the ISD code of United Arab Emirates (+971). Dubai is one of the Emirates that is part of the United Arab Emirates.

44.4. As per Mr. Prijesh Kurani's Facebook profile, he is the Chief Investment Officer at Richr Business Services, Dubai.

44.5. As noted in preceding paragraphs when Mr. Viresh Joshi wanted to incorporate a company in Dubai, he was in touch with Mr. Prijesh Kurani and he had also shared his father's and brother's itinerary of Dubai with Mr. Prijesh Kurani.

Therefore, based on the aforesaid compelling factual evidences and the attending circumstances, it can be *prima facie* held that Mr. Prijesh Kurani is geographically located in Dubai. The aforesaid *prima facie* finding is corroborated from the deposition of Mr. Sumit Desai and Mr. Pranav Vora wherein they have stated that Mr. Prijesh Kurani was located in Dubai during the relevant period.

45. It has already been noted in the preceding paragraphs that employees of Marfatia Stock Broking Pvt. Ltd. and Woodstock Broking Pvt. Ltd. had remotely installed trading terminal software (ODIN) of those two stock broking entities in the computer systems of Mr. Prijesh Kurani and have also shared the login ids and passwords of those trading terminal software (ODIN) with him and thereafter have also helped him resolve the technical issues arising out of the operation of the said

trading terminal software. Further, as noted above, trading accounts of the *Noticees* belonging to the Marfatia Group, Woodstock Group and Kurani Group were *prima facie* being accessed from Dubai and that Mr. Prijesh Kurani was geographically located in Dubai. Thus, the aforesaid factual details and the associated circumstances when seen holistically, the preponderance of probabilities of these facts and circumstances lead to a strong inference that it was Mr. Prijesh Kurani who was placing the orders in the trading accounts of Marfatia Group, Woodstock Group and Kurani Group from Dubai.

46. The aforestated *prima facie* finding is further reinforced from the fact that the trades that were placed across the trading accounts belonging to the above named groups, were similar in nature, in terms of the specific scrips in which they were placed, the date on which the orders were placed, the miniscule time difference of placement of orders across the trading accounts in the same scrips on the same days and also the pattern in which the trades were executed across the trading accounts was similar (details have been discussed in subsequent paragraphs). As pointed out above, the trade orders were placed and executed across different trading accounts belonging to Marfatia Group, Woodstock Group and Kurani Group in almost quite similar or identical manner on a number of parameters as cited above and peculiarly, these trading account holders apparently had no other *inter-se* connection amongst each other but for the similarity of trades on many parameters. These peculiar facts pertaining to the manner of trades executed in these accounts, when seen along with the fact of the frequency with which those trades were executed just around the placement of orders of the Big Client, by following a particular pattern (Buy-Buy-Sell or Sell-Sell-Buy) for a sustained period of time, leads preponderantly to a compelling inference that either one person was placing the said trades in all the afore mentioned trading accounts or the persons holding the said trading accounts were constantly in touch with each other on a real time basis while simultaneously placing the orders in their respective trading accounts to execute those Buy-Buy-Sell or Sell-Sell-Buy trades. I find the possibility of the second alternative of all the unrelated trading account holders, acting in unison and trading simultaneously in a coordinated manner on a real time basis and following a similar trading strategy (Buy-Buy-Sell or Sell-Sell-Buy) for front running the trades of the Big Client, is a far-fetched and unlikely proposition. However, considering the given facts and all the

attending circumstances especially the strong factual evidence surrounding Mr. Prijesh Kurani, his location in Dubai, his constant interactions with Mr. Viresh Joshi, helping him set up a company in Dubai and taking instructions from him to place trade orders etc. as discussed in the preceding paragraphs, on a strong preponderance of probability basis, I am led to a forceful inference that it was Mr. Prijesh Kurani who had all the means, support and the reasons to access to all the trading accounts of the afore noted groups simultaneously on any given trading day. Moreover, none of the registered owners of those trading accounts from where the *prima facie* front running trades were executed nor their authorised representatives had any kind of direct contact with Mr. Viresh Joshi who *prima facie* had access to the non-public information regarding the impending orders of the Big Client.

47. Similarly, the investigation also has brought out a *prima facie* finding that none of the registered owners of those afore mentioned trading accounts of different groups from where the front running trades were executed had any hand in operating those trading accounts nor were those trading accounts ever under the control of those registered account holders, when it comes to the execution of the front running trades. Thus, in the absence of any material to the contrary, it can be reasonably observed that the registered owners of the trading accounts had lent their accounts to the people known to them for using their trading accounts in the manner they wished. This view is well supported by the statements given by the *Noticees* belonging to Marfatia Group and Woodstock Group before SEBI wherein they have deposed that they have either lent their trading accounts for a fixed sum or to convert their cash income to legitimate income. Keeping the aforesaid averments made by these trading account holders in their respective depositions before SEBI, the trading accounts pertaining to Marfatia Group and Woodstock Group can be classified as “On rent” mule accounts while the trading accounts pertaining to Kurani Group can be classified as “Family” mule accounts and all these mule accounts have been *prima facie* used as conduits to execute the *prima facie* front running trades as part of the fraudulent scheme devised by Mr. Viresh Joshi and his accomplice *Noticees*.

48. Keeping the foregoing discussions in mind, to answer the question as to whether in this case, the registered owners of those trading accounts or the person who was placing the orders in those trading accounts had access to the non-public

information regarding the impending orders of the Big Client, I *prima facie* note that it was not the registered owners of the trading accounts who had any access to the non-public information about the orders of the Big Client but it was Mr. Prijesh Kurani who by virtue of his *prima facie* direct connection with Mr. Viresh Joshi, had access to the said non-public information and it was he, who had access to the trading accounts of the *Noticees* belonging to Marfatia Group, Woodstock Group and Kurani Group, had the means to place orders in the aforesaid trading accounts and was indeed found to be placing orders in those trading accounts during the relevant period. Having *prima facie* established the fact that Mr. Viresh Joshi and through him, Mr Prijesh Kurani and other *Noticees* indeed had an access to the non-public information about the impending trade orders of the Big Client (Axis MF) it fulfills the first criterion to establish the front running trades as outlined in the beginning of this order.

49. The second criterion for establishing the trades executed in the above mentioned trading accounts as *prima facie* front running trades, is that of examination of the pattern and peculiarities of the trades executed from the respective trading accounts to see as to whether the orders from those trading accounts were placed prior to the last tranche of the impending order of the Big Client. In this regard, during the Investigation Period, it is seen that *prima facie* front running trades were executed from the trading accounts of the *Noticees* belonging to Marfatia Group, Woodstock Group and Kurani Group. The gist of those trades which were executed from the said trading accounts depicting *prima facie* front running behavior and have earned at least a positive square off of INR 1 or more, is presented below:

Table No. 5

	Equity Segment				**Derivative Segment**			
Registered Owners of trading accounts (A)	**Calendar days traded (B)**	**No of instances (C)**	**Gross Traded Value (INR in lakh) (D)**	**Avg. per instance Gross Traded Value (INR in lakh) (E) = D/C**	**Calendar days traded (F)**	**No of instances (G)**	**Gross Traded Value (INR in lakh) (H)**	**Avg. per instance Gross Traded Value (INR in lakh) (I) = H/G**
Nishil Surendra Marfatia	1	1	145.17	145.17	31	48	89041.10	1855.02

	Equity Segment				Derivative Segment			
Registered Owners of trading accounts (A)	**Calendar days traded (B)**	**No of instances (C)**	**Gross Traded Value (INR in lakh) (D)**	**Avg. per instance Gross Traded Value (INR in lakh) (E) = D/C**	**Calendar days traded (F)**	**No of instances (G)**	**Gross Traded Value (INR in lakh) (H)**	**Avg. per instance Gross Traded Value (INR in lakh) (I) = H/G**
Olga Trading Pvt. Ltd.	32	74	78548.79	1061.47	-	-	-	-
Bhavin Shah	13	45	65804.79	1462.33	-	-	-	-
Rupal Bhavin Shah	14	58	61256.34	1056.14	-	-	-	-
Visa Capital Partners	58	208	255830.06	1229.95	22	48	83261.90	1734.62
Dharini Kurani	64	235	54348.30	231.27	43	77	36510.73	474.17
Rekha Arun Kurani	24	90	30798.59	342.21	-	-	-	-
Bharti Navnit Godaya	38	116	35220.04	303.62	2	2	1420.86	710.43
MKB Bespoke Audio	1	1	362.06	362.06	39	80	66500.60	831.26

50. It is observed that the orders which have been placed from the trading accounts of *Noticees* belonging to Marfatia Group, Woodstock Group and Kurani Group, prior to the last tranche of the orders of the Big Client have been *prima facie* categorised as front running trades in the table above. These trades have typically exhibited either Buy-Buy-Sell trade pattern or Sell-Sell-Buy trade pattern around the time when the orders of the Big Client were placed, in order to encash the advantage gained by placing those orders just prior to the Big Client's orders in the first leg of their trade, which have been explained below with the help of illustrative trades in a few scrips. In this regard, an order placement analysis for the trades executed from the above mentioned trading accounts of the *Noticees* belonging to Marfatia Group, Woodstock Group and Kurani Group was undertaken on a sample basis for a few scrip days. The finding of the said analysis is explained below.

50.1. **Hindalco Industries Ltd. - November 29, 2021- Cash Segment**

On the aforesaid scrip day, trades were executed from the trading accounts of all the three groups of *Noticees* namely, from the trading accounts of Mr. Bhavin Shah, Visa Capital Partners, Ms. Dharini Kurani and Ms. Bharti Navnit Godaya which was *prima facie* in Sell-Sell-Buy trade pattern and were *prima facie* executed to front run the trades of the Big Client in the cash segment of the securities market in the scrip of Hindalco Industries Ltd. The details of the same are given below: -

Table No. 6

Particulars	Buy/ Sell	Count of Orders	Original Order Vol	Order Start Time	Order End Time	Order Limit Price Range (in INR)	Trade Start Time	Trade End Time	Sum of Trade Qty	Average Trade Price Range (in INR)	Match Vol
Bhavin Shah	Sell	5	1,55,000	14:09:15	14:38:30	419.45 - 423.00	14:09:15	14:38:58	1,55,000	419.45 - 423.15 (420.08)	-
Visa Capital Partners	Sell	3	2,00,000	14:10:16	14:11:36	419.50 - 421.75	14:24:47	14:36:25	2,00,000	419.50 - 421.80 (419.72)	-
Dharini Kurani	Sell	7	17,000	14:09:10	14:39:02	419.70 - 422.75	14:09:10	14:39:02	17,000	420.20 - 422.95 (421.87)	-
Bharti Navnit Godaya	Sell	3	58,156	14:15:00	14:51:37	420.70 - 423.50	14:15:00	14:51:37	25,000	420.70 - 424.05 (422.28)	-
Big Client	Sell	88	32,30,599	14:05:03	15:06:02	417.50 - 425.00	14:05:03	15:06:02	32,30,000	417.50 - 425.00 (417.78)	-
Bhavin Shah	Buy	1	1,55,000	14:43:58	14:43:58	417.75	14:43:58	14:43:58	1,55,000	417.75	1,55,000
Visa Capital Partners	Buy	1	2,00,000	14:39:12	14:39:12	417.75	14:43:58	14:43:58	2,00,000	417.75	1,90,650
Dharini Kurani	Buy	1	17,000	14:39:44	14:39:44	417.5	14:43:58	14:43:58	17,000	418.10	17,000
Bharti Navnit Godaya	Buy	1	25,000	14:40:10	14:40:10	418.25	14:43:58	14:43:58	25,000	418.25	25,000

From the above table, it can be seen that the Big Client has placed a total of 88 sell orders for a cumulative quantity of 32,30,599 shares in the scrip of Hindalco Industries Ltd. between 14:05:03 hours to 15:06:02 hours at limit price range of INR 417.50-425 in the cash segment of the securities market, out of which a quantity of 32,30,000 shares of the scrip was executed at an average price of INR 417.78. It is also seen that (apparent front running) sell orders from the trading accounts of Mr. Bhavin Shah, Visa Capital Partners, Ms. Dharini Kurani and Ms. Bharti Navnit Godaya were placed in the scrip between 14:09:10 hours to 14:51:37 hours and 3,97,000 shares were sold at average trade price range of INR 419.72-422.28. Subsequently, buy orders in the scrip were placed from the aforesaid trading accounts to square off the first leg of the trade (sell trade) by placing buy orders between 14:39:12 hours to 14:43:58 hours which matched with the Big Client order for 3,87,650 shares i.e., 97.64% of the total shares bought by the *Noticees*. The aforesaid front running instance has resulted in a total profit of INR 9,36,838.35 for the *Noticees*.

50.2. **Hindalco Industries Ltd. - November 29, 2021- Derivative Segment**
On the aforesaid scrip day, it was also noticed that trades were executed from the trading accounts of all the three groups of *Noticees* viz., from the trading accounts of Mr. Nishil Surendra Marfatia, Visa Capital Partners, Ms. Dharini Kurani and MKB Bespoke Audio General by *prima facie* following a Sell-Sell-Buy trade pattern thereby *prima facie* front running the trades of the Big Client in the derivative segment of the securities market, in the scrip of Hindalco Industries Ltd. The details of the same are given below: -

Table No. 7

Particulars	Buy/ Sell	Count of Orders	Original Order Vol	Order Start Time	Order End Time	Order Limit Price Range (in INR)	Trade Start Time	Trade End Time	Sum of Trade Qty	Average Trade Price Range (in INR)	Match Vol
Nishil Surendra Marfatia	Sell	19	2,68,750	13:57:29	14:00:54	424.95 - 428.80	13:57:29	14:00:54	2,68,750	424.95 - 428.80 (426.38)	-
Visa Capital Partners	Sell	23	3,81,625	14:01:24	14:07:16	423.90 - 425.60	14:01:24	14:07:16	3,76,250	424.00 - 425.80 (424.75)	-
Dharini Kurani	Sell	23	1,03,200	13:57:32	14:07:53	424.00 - 428.00	13:57:55	14:08:52	1,03,200	424.00 - 428.25 (425.75)	-
MKB Bespoke Audio General	Sell	6	1,34,375	14:00:10	14:07:49	422.90 - 426.45	14:00:13	14:22:07	1,34,375	422.90 - 426.45 (425.16)	-
Big Client	Sell	725	20,01,650	14:07:50	14:37:37	420.00 - 423.65	14:10:27	14:37:37	19,99,500	420.05 - 423.65 (421.00)	-
Nishil Surendra Marfatia	Buy	9	2,68,750	14:31:53	14:32:54	420.05	14:37:35	14:44:01	2,68,750	420.05 (420.05)	1,61,250
Visa Capital Partners	Buy	12	3,76,250	14:33:18	14:34:07	420.05	14:36:04	14:37:35	3,76,250	420.05 (420.05)	2,97,775
Dharini Kurani	Buy	7	1,03,200	14:32:07	14:35:12	420.10 - 420.50	14:32:22	14:36:04	1,03,200	420.10 - 420.50 (420.33)	43,000
MKB Bespoke Audio General	Buy	8	1,34,375	14:32:11	14:34:58	420.10 - 421.00	14:33:46	14:34:58	1,34,375	420.10 - 420.60 (420.50)	1,05,350

From the above table, it can be seen that the Big Client had placed 725 sell orders for a cumulative quantity of 20,01,650 shares between 14:07:50 hours to 14:37:37 hours at a limit price range of INR 420.00-423.65 in the scrip of Hindalco Industries Ltd. in the derivative segment of the securities market. A quantity of 19,99,500 shares was executed at an average price of INR 421. The corresponding *prima facie* front running sell orders from the trading accounts of Mr. Nishil Surendra Marfatia, Visa Capital Partners, Ms. Dharini Kurani and MKB Bespoke Audio General were placed in the scrip between 13:57:29 hours to 14:07:53 hours and 8,82,575 shares were sold at an average trade price range of INR 424.75-426.38. Subsequently, buy orders in the scrip were placed from the aforesaid trading accounts to square off the first leg of the trade by placing such buy orders between 14:31:53 hours to 14:35:12 hours which matched with the Big Client orders for 6,07,375 shares i.e., 68.82% of the total quantity bought by the *Noticees*. The aforesaid front running instance resulted in a total profit of INR 46,57,921.25 for the *Noticees*.

50.3. **Tata Consumer Products Ltd. - December 21, 2021- Cash Segment**

On the aforesaid scrip day, trades were executed from the trading accounts of the two groups of *Noticees* (Marfatia Group and Kurani Group) namely, from the trading accounts of Olga Trading Pvt. Ltd., Ms. Rupal Bhavin Shah and Ms. Dharini Kurani *prima facie* following a Sell-Sell-Buy trade pattern to *prima facie* front run the trades of the Big Client in the cash segment of the securities market in the scrip of Tata Consumer Products Ltd. The details of the same are given below: -

Table No. 8

Particulars	Buy/ Sell	Count of Orders	Original Order Vol	Order Start Time	Order End Time	Order Limit Price Range (in INR)	Trade Start Time	Trade End Time	Sum of Trade Qty	Average Trade Price Range (in INR)	Match Vol
Olga Trading Pvt. Ltd	Sell	10	15,747	14:56:42	15:00:03	700.00 - 707.70	14:56:42	15:00:03	10,000	706.25 - 707.70 (707.07)	-
Rupal Bhavin Shah	Sell	39	5,71,059	14:47:56	15:22:40	705.95 - 714.00	14:47:56	15:22:46	2,00,000	705.95 - 714.00 (707.48)	-
Dharini Kurani	Sell	16	50,628	14:47:55	15:22:42	706.25 - 714.25	14:47:55	15:23:18	46,000	706.25 - 714.50 (707.27)	-
Big Client	Sell	85	9,15,000	15:23:23	15:29:53	705.00 - 706.25	15:23:23	15:29:59	9,08,373	705.00 - 706.25 (705.19)	-

Olga Trading Pvt. Ltd	Buy	1	10,000	15:05:57	15:05:57	706.00 - 706.00	15:23:44	15:23:45	10,000	705.90 - 706.00 (705.99)	8339
Rupal Bhavin Shah	Buy	2	2,00,000	15:20:51	15:20:57	705.1	15:24:04	15:24:04	2,00,000	705.10 (705.10)	200000
Dharini Kurani	Buy	2	46,000	15:20:50	15:21:32	705.30 - 705.55	15:23:45	15:24:04	46,000	705.30 - 705.55 (705.51)	45998

From the above table, it can be seen that the Big Client has placed 85 sell orders for a cumulative quantity of 9,15,000 shares in the scrip of Tata Consumer Products Ltd. during the period between 15:23:23 hours to 15:29:53 hours at a limit price range of INR 705-706.25 in the cash segment of the securities market. A quantity of 9,08,373 shares was executed at an average price of INR 705.19. The *prima facie* front running sell orders from the trading accounts of Olga Trading Pvt. Ltd., Ms. Rupal Bhavin Shah and Ms. Dharini Kurani were placed in the said scrip between 14:47:55 hours to 15:22:42 hours whereby 2,56,000 shares were cumulatively sold at an average trade price range of INR 707.07-707.48. Subsequently, buy orders were placed in the scrip from the aforesaid trading accounts to square off the first leg of the trade by placing the buy orders between 15:05:57 hours to 15:20:51 hours which matched with the Big Client order for 2,54,337 shares i.e., 99.35% of the total shares bought by the *Noticees*. The aforesaid instance of front running resulted in a total profit of INR 5,68,257.45 for the *Noticees*.

50.4. **Zomato Ltd. - February 15, 2022 – Cash Segment**

On the aforesaid scrip day, trades were executed from the trading accounts of the two groups of *Noticees* (Woodstock Group and Kurani Group) viz, from the trading accounts of Visa Capital Partners, Ms. Dharini Kurani, Ms. Rekha Arun Kurani and Ms. Bharti Navnit Godaya which *prima facie* followed a Sell-Sell-Buy trade pattern and have *prima facie* front run the trades of the Big Client in the cash segment of the securities market in the scrip of Zomato Ltd. The details of the same are given below: -

Table No. 9

Particulars	Buy/ Sell	Count of Orders	Original Order Vol	Order Start Time	Order End Time	Order Limit Price Range (in INR)	Trade Start Time	Trade End Time	Sum of Trade Qty	Average Trade Price Range (in INR)	Match Vol
Visa Capital Partners	Sell	22	43,04,834	12:07:13	12:24:35	76.00 - 78.75	12:07:13	12:24:35	25,00,000	76.65 - 78.90 (77.59)	-
Dharini Kurani	Sell	9	2,87,500	12:07:16	12:36:16	76.5 - 78.70	12:07:27	12:39:20	2,87,500	76.75 - 78.75 (77.47)	-
Rekha Arun Kurani	Sell	17	14,63,000	12:08:39	12:32:25	76.70 - 78.45	12:08:40	12:34:54	1020097	76.70 - 78.45 (77.52)	-
Bharti Navnit Godaya	Sell	3	1,25,000	12:18:39	12:22:07	77.00 - 77.50	12:18:39	12:22:07	1,25,000	77.00 - 77.50 (77.02)	-
Big Client	Sell	5517	48,93,299	12:39:34	12:59:58	76.00 - 79.05	12:39:34	13:00:51	48,92,599	76.00 - 79.05 (76.39)	-
Visa Capital Partners	Buy	5	25,00,000	12:17:47	12:21:00	76.05 - 76.30	12:39:42	12:40:08	25,00,000	76.05 - 76.30 (76.18)	23,02,423
Dharini Kurani	Buy	4	2,87,500	12:16:42	12:39:58	76.15 - 76.25	12:39:49	12:39:59	2,87,500	76.15 - 76.25 (76.22)	2,72,334
Rekha Arun Kurani	Buy	11	10,20,097	12:17:15	12:35:08	76.30 - 77.40	12:19:39	12:39:48	10,20,097	76.30 - 77.40 (76.34)	8,81,662
Bharti Navnit Godaya	Buy	1	1,25,000	12:19:08	12:19:08	76.35	12:39:34	12:39:38	1,25,000	76.35	1,07,228

From the above table, it can be seen that the Big Client placed 5,517 sell orders for a cumulative quantity of 48,93,299 shares in the scrip of Zomato Ltd. on the aforesaid scrip day between 12:39:34 hours to12:59:58 hours at a limit price range of INR 76.00-79.05 in the cash segment of the securities market and a quantity of 48,92,599 shares was executed at an average price of INR 76.39. The sell orders from the trading accounts of Visa Capital Partners, Ms. Dharini Kurani, Ms. Rekha Arun Kurani and Ms. Bharti Navnit Godaya *prima facie* to front run the trades of the Big Client were placed in the said scrip between 12:07:13 hours to 12:36:16 hours and thereby 39,32,597 shares were cumulatively sold at an average trade price range of INR 77.02-77.59. Subsequently, buy orders were placed in the said scrip from the aforesaid trading accounts to square off the first leg of the trade by placing such buy orders between 12:16:42 hours and 12:19:08 hours which matched with the Big Client orders for 35,63,647 shares i.e., 90.62% of the total quantity bought by the *Noticees*.

51. Thus, from the aforesaid illustrations, it is *prima facie* established that the first leg of the intra-day trades, order for which were placed before the impending orders of the Big Client were placed or the last tranche of the order of the Big Client was placed, are the trades executed from the trading accounts of the *Noticees* belonging to Marfatia Group, Woodstock Group and Kurani Group, which have apparently 'front run' the orders of the Big Client. The said trades have *prima facie* followed either a Buy-Buy-Sell pattern or a Sell-Sell-Buy pattern while front running the trades of the Big Client.

52. To sum up the aforesaid illustrations and discussions, the *prima facie* front running trading activities carried out in the trading accounts of the *Noticees* belonging to Marfatia Group, Woodstock Group and Kurani Group lead to the following unassailable observations:

52.1. The individuals having access to the aforesaid trading accounts and who have placed the orders in the said trading accounts, had the undue advantage of being privy to the non-public information with respect to the orders of the Big Client.

52.2. The trading patterns followed in those trading accounts as illustrated above, show that the tranches of the orders of the first leg of intra-day trades from the aforesaid trading accounts (front running leg) have been placed / executed just prior to the impending large orders of the Big Client or before the last tranche of the said large order was placed by the Big Client while the second leg of the intra-day trade (squaring off of trades) begins by placing orders either prior to the last tranche of the order of the Big Client or immediately after it. In other words, the trades executed from the trading accounts of *Noticees* belonging to Marfatia Group, Woodstock Group and Kurani Group, *prima facie* have followed either Buy-Buy-Sell pattern or Sell-Sell-Buy pattern, as exhibited in preceding paragraphs, around the placement of orders of the Big Client.

53. Further, the following evidence further corroborate the aforesaid *prima facie* finding that front running trades were executed from the trading accounts of *Noticees* belonging to Marfatia Group, Woodstock Group and Kurani Group:

53.1. **Pre-Investigation Trading Activity** – In order to analyse the trade data of the *Noticees* belonging to Marfatia Group, Woodstock Group and Kurani Group and that of the Big Client, it is pertinent to define a "Scrip Day". A combination of a particular trade date/day and a particular share / scrip is considered as one Scrip Day. For instance, if a trader trades in 6 unique scrips in a single day, he is considered as having traded in 6 Scrip Days and if these trades were all intra-day trades, they are considered as 6 intra-day scrip days. In the light of the same, upon analysing the trading activities in the trading accounts of *Noticees* belonging to Marfatia Group, Woodstock Group and Kurani Group, it is *prima facie* observed that during the Investigation Period there was a remarkable increase in the trading activities in said trading accounts in the equity segment and / or derivative segment of the securities market. The following table captures the trading data for these *Noticees* prior to the Investigation Period vis-à-vis their trading activities during the pre-Investigation Period:

Table No. 10

Front Runners	Pre - Investigation Period (February 01, 2021 to August 31, 2021)						Investigation Period (September 01, 2021 to March 31, 2022)					
	Equity			Derivatives			Equity			Derivatives		
	Gross Trade Value (in lacs)	Intra Day Scrip Days	Intraday profit (in lacs)	Gross Trade Value (in lacs)	Intra Day Scrip Days	Intraday profit (in lacs)	Gross Trade Value (in lacs)	Intra Day Scrip Days	Intraday profit (in lacs)	Gross Trade Value (in lacs)	Intra Day Scrip Days	Intraday profit (in lacs)
Nishil Surendra Marfatia	31991.76	223	6.36	871152.56	1653	323.68	21534.65	47	(0.49)	705663.82	1222	476.14
Olga Trading Pvt. Ltd.	588401.90	3472	81.82	112995.87	1976	18.34	726755.46	2452	51.58	50598.58	1060	(7.87)
Bhavin Shah	891.69	3	0.12	-	-	-	86103.11	52	173.16	-	-	-
Rupal Bhavin Shah	1357.81	4	3.92	-	-	-	64413.12	64	136.75	1076.54	1	0.47
Visa Capital Partners	107819.04	197	201.09	400585.26	184	28.86	483390.66	821	1195.34	1977744.88	1290	677.44
Dharini Kurani	19557.34	175	177.68	1681.94	71	(9.63)	76038.42	321	282.69	51806.04	150	104.06
Rekha Arun Kurani	289.45	4	5.70	-	-	-	42392.44	131	150.34	-	0	-
Bharti Navnit Godaya	8.63	9	0.02	-	-	-	45559.74	150	132.40	3334.35	6	4.60
MKB Bespoke Audio	13.32	-	-	1042.16	17	0.13	571.44	1	0.66	119440.75	203	227.19

**Intraday trades have been considered where the positions have been squared off to the extent of 90% or more*

It has been highlighted in the preceding paragraphs that *prima facie* front running trades have been executed in the trading accounts of *Noticees* belonging to Marfatia Group, Woodstock Group and Kurani Group in both the segments of the securities market. From the aforesaid table, it is *prima facie* observed that there was a substantial jump in the trading activities in terms of gross traded value either in the cash segment or in the derivative segment of the securities market and also in the intra-day activities from the trading accounts of majority of the *Noticees* during the Investigation Period as compared to the pre-Investigation Period. Further, it is also observed that the trading accounts pertaining to Ms. Rekha Arun Kurani, Ms. Bharti Navnit Godaya and MKB Bespoke Audio from where either no intra-day trades or other trades were executed either in the cash segment or in the derivative segment of the securities market in the pre-investigation period as compared to significant volume of trades executed in terms of gross traded value during the Investigation Period. Similarly, in the trading accounts pertaining to Mr. Bhavin Shah, Ms. Rupal Bhavin Shah, Ms. Rekha Arun Kurani and Ms. Bharti Navnit Godaya hardly any intra-day trades were executed prior to the Investigation Period but suddenly during the Investigation Period, substantial number of intra-day trades were executed from the said trading accounts. This sudden increase in the trading activities in the above mentioned trading accounts of *Noticees* belonging to Marfatia Group, Woodstock Group and Kurani Group in the cash segment and / or in the derivative segment of the securities market, coupled with the finding about the close connection they were enjoying directly or indirectly with Mr. Viresh Joshi and the astronomical profits (for e.g. intra-day profits made in the trading account of Visa Capital Partners during the Investigation Period was 814.43% more than the pre-Investigation Period) made in all of the aforesaid trading accounts by executing intra-day trades during the Investigation Period, when seen in light of the trades of the Big Client executed on different days during the Investigation Period, both in cash and derivatives segments of the securities market, further lends strength to the aforesaid *prima facie* finding that front running trades were executed from the trading accounts of *Noticees* belonging to Marfatia Group, Woodstock Group and Kurani Group.

53.2. **Common Scrip Days / Contract Days with the Big Client** – In order to analyse the trade data of the derivatives segment, it is pertinent to define a "Contract Day". A contract day has been considered as a day in which the client has traded in a combination of date, symbol (scrip), option type, strike price and expiry date. The following table presents a summary of the trading profiles of the *Noticees* belonging to Marfatia Group, Woodstock Group and Kurani Group during the Investigation Period:

Table No. 11

Particulars		Equity Segment					Equity Derivative Segment				
	Front Runners	Calendar days	No of instances	Gross Traded Value (Rs. In lacs)	Average Gross Traded Value (Rs. In lacs)	Square off earned (Rs. In lacs)	Calendar days	No of instances	Gross Traded Value (Rs. In lacs)	Average Gross Traded Value (Rs. In lacs)	Square off earned (Rs. In lacs)
No of Scrip days/Contract days traded	Nishil Surendra Marfatia	114	260	21534.65	82.83	(9.10)	145	3635	705663.82	194.13	532.28
	Olga Trading Pvt. Ltd.	145	5770	726755.46	125.95	(17.53)	138	2530	50598.58	20.00	112.53
	Bhavin Shah	67	151	86103.11	570.22	257.03	0	0	0.00	0.00	0.00
	Rupal Bhavin Shah	89	204	64413.12	315.75	141.36	14	18	1076.54	59.81	1.45
	Visa Capital Partners	145	4503	483390.66	107.35	1329.09	145	9010	1977744.88	219.51	780.76
	Dharini Kurani	136	646	76038.42	117.71	334.89	123	644	51806.04	80.44	103.80
	Rekha Arun Kurani	69	192	42392.44	220.79	180.67	0	0	0.00	0.00	0.00
	Bharti Navnit Godaya	96	313	45559.74	145.56	145.90	19	42	3334.35	79.39	3.58
	MKB Bespoke Audio	13	15	571.44	38.10	0.66	138	805	119440.75	148.37	217.84
Common Scrip days/Contract days with BC	Nishil Surendra Marfatia	4	4	889.00	222.25	1.86	137	1766	441810.03	250.18	406.19
	Olga Trading Pvt. Ltd.	93	330	122766.19	372.02	399.34	54	113	224.07	1.98	1.98
	Bhavin Shah	19	61	84867.80	1391.28	255.93	0	0	0.00	0.00	0.00
	Rupal Bhavin Shah	17	64	62377.56	974.65	137.12	7	7	445.61	63.66	0.98
	Visa Capital Partners	114	432	310175.86	718.00	1254.08	143	4308	1264100.05	293.43	414.96
	Dharini Kurani	83	334	64875.30	194.24	198.60	103	402	49737.27	123.72	105.97

Particulars		Equity Segment					Equity Derivative Segment				
	Front Runners	Calendar days	No of instances	Gross Traded Value (Rs. In lacs)	Average Gross Traded Value (Rs. In lacs)	Square off earned (Rs. In lacs)	Calendar days	No of instances	Gross Traded Value (Rs. In lacs)	Average Gross Traded Value (Rs. In lacs)	Square off earned (Rs. In lacs)
	Rekha Arun Kurani	27	125	40383.27	323.07	155.06	0	0	0.00	0.00	0.00
	Bharti Navnit Godaya	44	147	41697.25	283.65	95.14	17	35	3097.01	88.49	3.56
	MKB Bespoke Audio	1	1	362.06	362.06	0.66	98	410	105087.73	256.31	219.09
No of Scrip days/Contract days wherein day trading has been carried out	Nishil Surendra Marfatia	43	47	6589.88	140.21	(0.49)	141	1222	395598.85	323.73	476.14
	Olga Trading Pvt. Ltd.	133	2452	562551.52	229.43	51.58	133	1060	8777.48	8.28	(7.87)
	Bhavin Shah	20	52	47288.46	909.39	173.16	0	0	0.00	0.00	0.00
	Rupal Bhavin Shah	24	64	59248.29	925.75	136.75	1	1	169.55	169.55	0.47
	Visa Capital Partners	139	821	307069.78	374.02	1195.34	144	1290	332824.96	258.00	677.44
	Dharini Kurani	104	321	61512.32	191.63	282.69	65	150	43473.90	289.83	104.06
	Rekha Arun Kurani	44	131	35421.99	270.40	150.34	0	0	0.00	0.00	0.00
	Bharti Navnit Godaya	54	150	40020.30	266.80	132.40	5	6	2288.88	381.48	4.60
	MKB Bespoke Audio	1	1	362.06	362.06	0.66	81	203	87692.01	431.98	227.19
No of Scrip days/Contract days wherein day traded and commonly traded with BC	Nishil Surendra Marfatia	2	2	767.39	383.70	1.90	127	621	267655.38	431.01	363.50
	Olga Trading Pvt. Ltd.	77	211	109295.48	517.99	354.53	13	22	41.37	1.88	0.59
	Bhavin Shah	14	45	47217.03	1049.27	172.40	0	0	0.00	0.00	0.00
	Rupal Bhavin Shah	14	53	58979.27	1112.82	133.90	0	0	0.00	0.00	0.00
	Visa Capital Partners	83	247	252338.69	1021.61	1021.14	125	555	212785.87	383.40	374.21
	Dharini Kurani	72	241	54466.58	226.00	173.66	52	112	43407.11	387.56	105.67

Particulars		Equity Segment					Equity Derivative Segment				
	Front Runners	Calendar days	No of instances	Gross Traded Value (Rs. In lacs)	Average Gross Traded Value (Rs. In lacs)	Square off earned (Rs. In lacs)	Calendar days	No of instances	Gross Traded Value (Rs. In lacs)	Average Gross Traded Value (Rs. In lacs)	Square off earned (Rs. In lacs)
	Rekha Arun Kurani	25	101	33934.11	335.98	129.33	0	0	0.00	0.00	0.00
	Bharti Navnit Godaya	36	116	37692.63	324.94	87.20	5	5	2224.38	444.88	4.60
	MKB Bespoke Audio	1	1	362.06	362.06	0.66	56	127	85403.98	672.47	226.00
No of Scrip days / Contract days day traded and commonly traded with BC and earned a positive square off Rs. 1 or more	Nishil Surendra Marfatia	1	1	145.17	145.17	0.11	31	48	89041.10	1855.02	308.17
	Olga Trading Pvt. Ltd.	32	74	78548.79	1061.47	301.09	0	0	0.00	0.00	0.00
	Bhavin Shah	13	45	65804.79	1462.33	198.39	0	0	0.00	0.00	0.00
	Rupal Bhavin Shah	14	58	61256.34	1056.14	141.85	0	0	0.00	0.00	0.00
	Visa Capital Partners	58	208	255830.06	1229.95	1129.15	22	48	83261.90	1734.62	277.88
	Dharini Kurani	64	235	54348.30	231.27	180.29	43	77	36510.73	474.17	98.95
	Rekha Arun Kurani	24	90	30798.59	342.21	140.37	0	0	0.00	0.00	0.00
	Bharti Navnit Godaya	38	116	35220.04	303.62	91.26	2	2	1420.86	710.43	5.39
	MKB Bespoke Audio	1	1	362.06	362.06	0.66	39	80	66500.60	831.26	182.34

**Intraday trades have been considered where the positions have been squared off to the extent of 90% or more*

From the aforesaid table, it is observed that except for the trades executed from the trading account of Olga Trading Pvt. Ltd., a substantial percentage of scrip/ contract days of all other *Noticees* belonging to Marfatia Group, Woodstock Group and Kurani Group., either in the cash segment or in the derivative segment of the securities market, are common with the Big Client. A similar trend is also observed in the intra-day trading activities in all the aforesaid trading accounts (except for the trades executed from the trading account of Olga Trading Pvt. Ltd). Such a substantial number of overlaps in the scrip/ contract days observed between the *prima facie* front runners belonging to the afore mentioned groups and the Big Client in an universe of numerous securities / contracts being traded on Exchange platforms every day, leads to further compelling evidence which *prima facie* reveal that the trades from those apparently front running trading accounts belonging to the above stated three groups of *Noticees* are not only happening on a regular basis on the same common scrip/ contract days as those of the Big Client, but also orders are found to have been placed in those trading accounts, in the same securities / contracts, around the same trading time in which orders of the Big Client have been placed, by following either Buy-Buy-Sell pattern or Sell-Sell-Buy pattern on a consistent basis. The aforestated observation based on factual findings as tabulated and highlighted above, *prima facie* constrain me to observe that the said act of simultaneous placing of orders in the trading accounts of *Noticees* belonging to Marfatia Group, Woodstock Group and Kurani Group in the cash segment and / or in the derivative segment of the securities market just around the time when the Big Client was placing its large orders , was by design based on non-public information about the impending orders of Big Client and was not a mere coincidence.

53.3. **<u>Proceeds Generated</u>** – It is noted from the materials available on record that whenever trades other than the afore discussed *prima facie* front running trades, have been executed from the trading accounts of *Noticees* belonging to Marfatia Group, Woodstock Group and Kurani Group in the cash segment and / or in the derivative segment of the securities market i.e., trades executed on non-common scrip days, they have generated nil (in some instances suffered losses) to miniscule amount of profit. However, trades executed from those trading accounts on the scrip days common with the Big Client in the cash segment and / or in the derivative segment of the securities market have witnessed a huge jump in the sales proceeds and profits. The relevant details with respect to profit figures earned from those *prima facie* front running trades are presented below:

Table No. 12

Particulars		Equity Segment					Equity Derivative Segment				
	Front Runners	Calendar days	No of instances	Gross Traded Value (Rs. In lacs)	Average Gross Traded Value (Rs. In lacs)	Square off earned (Rs. In lacs)	Calendar days	No of instances	Gross Traded Value (Rs. In lacs)	Average Gross Traded Value (Rs. In lacs)	Square off earned (Rs. In lacs)
Scrip days/Contract days wherein trades of Axis Mutual Fund have been front run and has earned positive square off	Nishil Surendra Marfatia	1	1	145.17	145.17	0.11	31	48	89041.10	1855.02	308.17
	Olga Trading Pvt. Ltd.	32	74	78548.79	1061.47	301.09	0	0	0.00	0.00	0.00
	Bhavin Shah	13	45	65804.79	1462.33	198.39	0	0	0.00	0.00	0.00
	Rupal Bhavin Shah	14	58	61256.34	1056.14	141.85	0	0	0.00	0.00	0.00
	Visa Capital Partners	58	208	255830.06	1229.95	1129.15	22	48	83261.90	1734.62	277.88
	Dharini Kurani	64	235	54348.30	231.27	180.29	43	77	36510.73	474.17	98.95
	Rekha Arun Kurani	24	90	30798.59	342.21	140.37	0	0	0.00	0.00	0.00
	Bharti Navnit Godaya	38	116	35220.04	303.62	91.26	2	2	1420.86	710.43	5.39
	MKB Bespoke Audio	1	1	362.06	362.06	0.66	39	80	66500.60	831.26	182.34
No of Other Non-Common Scrip days/Contract days with Big Client	Nishil Surendra Marfatia	114	256	20645.65	80.65	(10.96)	145	1869	263853.79	141.17	126.10
	Olga Trading Pvt. Ltd.	145	5677	603989.27	106.39	(416.87)	138	2417	50374.51	20.84	110.55
	Bhavin Shah	55	132	1235.31	9.36	1.10	0	0	0.00	0.00	0.00
	Rupal Bhavin Shah	79	187	2035.56	10.89	4.24	9	11	630.93	57.36	0.47
	Visa Capital Partners	145	4389	173214.80	39.47	75.01	145	4702	713644.83	151.77	365.80
	Dharini Kurani	121	563	11163.12	19.83	136.29	63	242	2068.77	8.55	(2.17)
	Rekha Arun Kurani	54	165	2009.17	12.18	25.61	0	0	0.00	0.00	0.00
	Bharti Navnit Godaya	85	269	3862.49	14.36	50.76	3	7	237.34	33.91	0.02
	MKB Bespoke Audio	12	14	209.38	14.96	0.00	103	395	14353.02	36.34	(1.25)

**Intraday trades have been considered where the positions have been squared off to the extent of 90% or more*

Similarly, as noted from Table No. 11, when it comes to earnings generated from intra-day trading activities, it is seen that substantial amounts of profits have been generated by the above mentioned *prima facie* front running trades on the days which were common scrip days with the Big Client. Furthermore, it is also observed that the *prima facie* profit figures earned by the *prima facie* front runners were significantly higher during the Investigation Period (dominated by common scrip / contract days with the Big Client) than before the Investigation Period.

Thus, from the aforesaid trade figures highlighted in the table above and discussions thereon, it can be inferred with reasonable certainty that whenever trades were executed in the trading accounts of the *Noticees* belonging to Marfatia Group, Woodstock Group and Kurani Group not around the time when the Big Client was placing its orders, or in the absence of any impending orders of the Big Client in the cash segment and / or in the derivative segment of the securities market, those trades generated negligible profits.

53.4. **Frequency of placement of orders** – The details of the trading activities seen in those *prima facie* front running trading accounts, as shown in the illustrations in preceding paragraphs clearly show that in each such apparently front running trade, the order for first leg of the intra-day trades (the front running leg) was placed on a regular basis / on numerous occasions, sometimes multiple times on the same day, just prior to the placement of the impending orders of the Big Client or before the last tranche of the order of the Big Client was placed. Similarly, the order for the second leg of the intra-day trade on numerous occasions was placed just prior to the last tranche of the order of the Big Client was placed or immediately after the placement of the last tranche of the Big Client's order. The frequency with which such trades were executed just around the timing of placement of orders of the Big Client on both buy side and sell side on various trading days, strongly indicate that the said orders were placed in those *prima facie* front running trading accounts by a pre-meditated design and cannot be ascribed to any coincidence.

53.5. **Commonality in trades across the trading accounts** – As highlighted before, the orders that were placed across the trading accounts of the afore mentioned three groups of *Noticees* were similar in nature in terms of the scrips in which such orders were placed, the date on which such orders were placed, the miniscule time difference of placement of orders across the trading accounts in the same scrip on the same day and the peculiar but similar pattern in which such trades were executed across the trading accounts of those three groups of *Noticees*. Such strong similarities at multiple parameters (such as same scrips, same dates, same timings, same trade patterns etc.) seen amongst the trades that were executed from the aforenamed different front running trading accounts, amidst availability of a plethora of scrips /

contracts for trading on any given trading day in the securities market, that too following a specific pattern that is evident of *prima facie* front running trades i.e. in Buy-Buy-Sell pattern or Sell-Sell-Buy pattern just around the time of impending orders of the Big Client, over a sustained period of time and on a regular basis, cannot be simply ruled out as a mere coincidence of trades amongst these *Noticees* vis-à-vis the trades of the Big Client.

53.6. **<u>Attempt to conceal the identity</u>** – Interestingly, the *Noticees* who *prima facie* had the knowledge of the front running trades viz., Mr. Viresh Joshi (Dealer of the Big Client who had *prima facie* access to the non-public information regarding its trades), Mr. Sumit Desai (WhatsApp chat of him sharing login id and password of ODIN terminal with Mr. Prijesh Kurani and sharing of trade details by Mr. Prijesh Kurani with him), Mr. Prijesh Kurani (Executing orders *prima facie* on the instructions of Mr. Viresh Joshi), Mr. Vaibhav Pandya (WhatsApp chat of him sharing login id and password of ODIN terminal with Mr. Prijesh Kurani and sharing of trade details by Mr. Prijesh Kurani with him) and Mr. Pranav Vora (arranged the trading accounts and facilitated the access of the trading terminal to Mr. Prijesh Kurani for implementing the *prima facie* scheme and as part of the process devised a plan to disprove the whistleblower complaint), did not use their own trading accounts to execute those *prima facie* front running trades and instead, used the accounts of certain conduit name lending *Noticees* that are connected to them, to execute the scheme of front running during the Investigation Period. The said act was nothing but an attempt to disguise the real actors behind the entire scheme.

54. A combined assessment of the aforesaid factual details, evidence, depositions and analysis thereof, coupled with the relationships / connections amongst various *Noticees* who have played their respective roles in facilitating, both directly or indirectly, the execution of the front running trades as discussed above at length, *prima facie* leads to an undeniable conclusion that those *prima facie* front running orders placed / trades executed from the trading accounts of *Noticees* belonging to Marfatia Group, Woodstock Group and Kurani Group in the cash segment and / or in the derivative segment of the securities market, would not have been placed, had Mr. Viresh Joshi and Mr. Prijesh Kurani *prima facie* not been in possession of or privy to the non-public information about the impending orders of the Big Client. It is also observed that the front running activities from the trading accounts of *Noticees*

belonging to the aforesaid three groups, have *prima facie* generated wrongful gains, as indicated in the table below: -

Table No. 13

Sl. No.	Noticee Name	Wrongful Gains (in INR)
1.	Nishil Surendra Marfatia	3,08,28,714.16
2.	Olga Trading Pvt. Ltd.	3,01,08,853.61
3.	Bhavin Shah	1,98,38,702.85
4.	Rupal Bhavin Shah	1,41,85,265.60
Subtotal of Marfatia Group		**9,49,61,536.22**
5.	Visa Capital Partners	14,07,03,340.80
Subtotal of Woodstock Group		**14,07,03,340.80**
6.	Dharini Kurani	2,79,23,321.24
7.	Rekha Kurani	1,40,36,644.95
8.	Bharati Navnit Godaya	96,65,397.50
9.	MKB Bespoke Audio General	1,82,99,428.25
Subtotal of Kurani Group		**6,99,24,791.94**
Total for the aforesaid Noticees		**30,55,89,668.96**

55. In the light of the detailed discussions in the foregoing paragraphs, it can be *prima facie* held that the trades executed from the trading accounts of *Noticees* belonging to Marfatia Group, Woodstock Group and Kurani Group, orders for which were placed just before the impending trade orders of the Big Client or prior to the last tranche of the order of the Big Client, have *prima facie* 'front run' the orders of the Big Client in the cash segment and / or in the derivative segment of the securities market. Further, such trades executed from the trading accounts of the aforenamed *Noticees* belonging to Marfatia Group, Woodstock Group and Kurani Group, have typically followed either a Buy-Buy-Sell pattern or Sell-Sell-Buy pattern, as described in detail in the preceding paragraphs, just around the timing of the orders that were placed on behalf of the Big Client.

56. Before proceeding further, it would be interesting to note the *prima facie* role played by Mr. Prijesh Kurani which enabled Mr. Viresh Joshi to reap the benefits of the *prima facie* scheme perpetrated by him along with the other *Noticees.*

57. It is noted from the available records that Mr. Prijesh Kurani has *prima facie* facilitated transfer of funds on behalf of Mr. Viresh Joshi in the bank account of Vintage Capital Investment LLC maintained with Ajman Bank (Dubai). Vintage Capital Investment LLC is the same company which he had helped Mr. Viresh Joshi in incorporating and where Ms. Dharini Kurani, wife of Mr. Prijesh Kurani is the authorized signatory. The sample chats indicating money transfer in the bank account of Vintage Capital Investment LLC is given below:

Figure No. 20

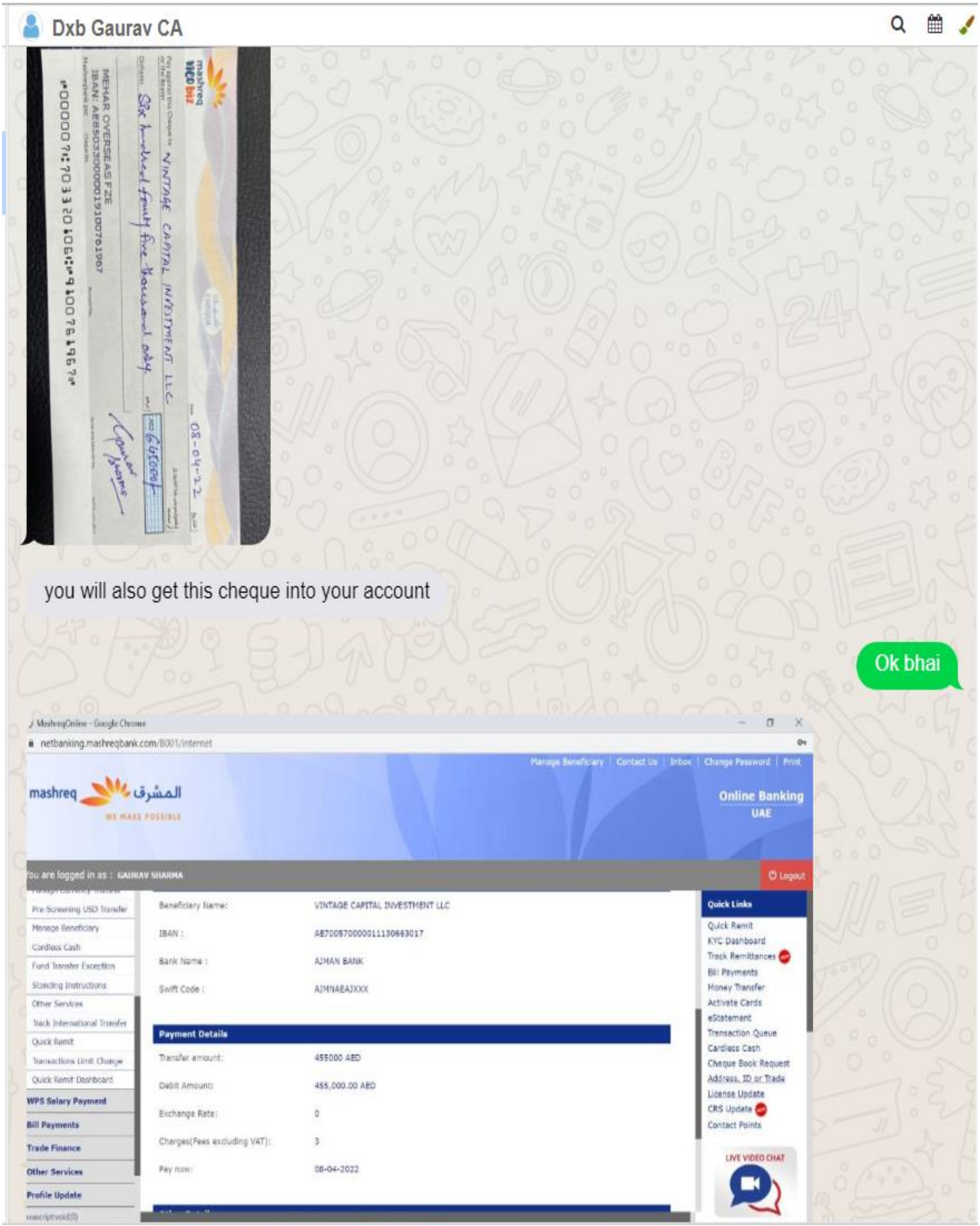
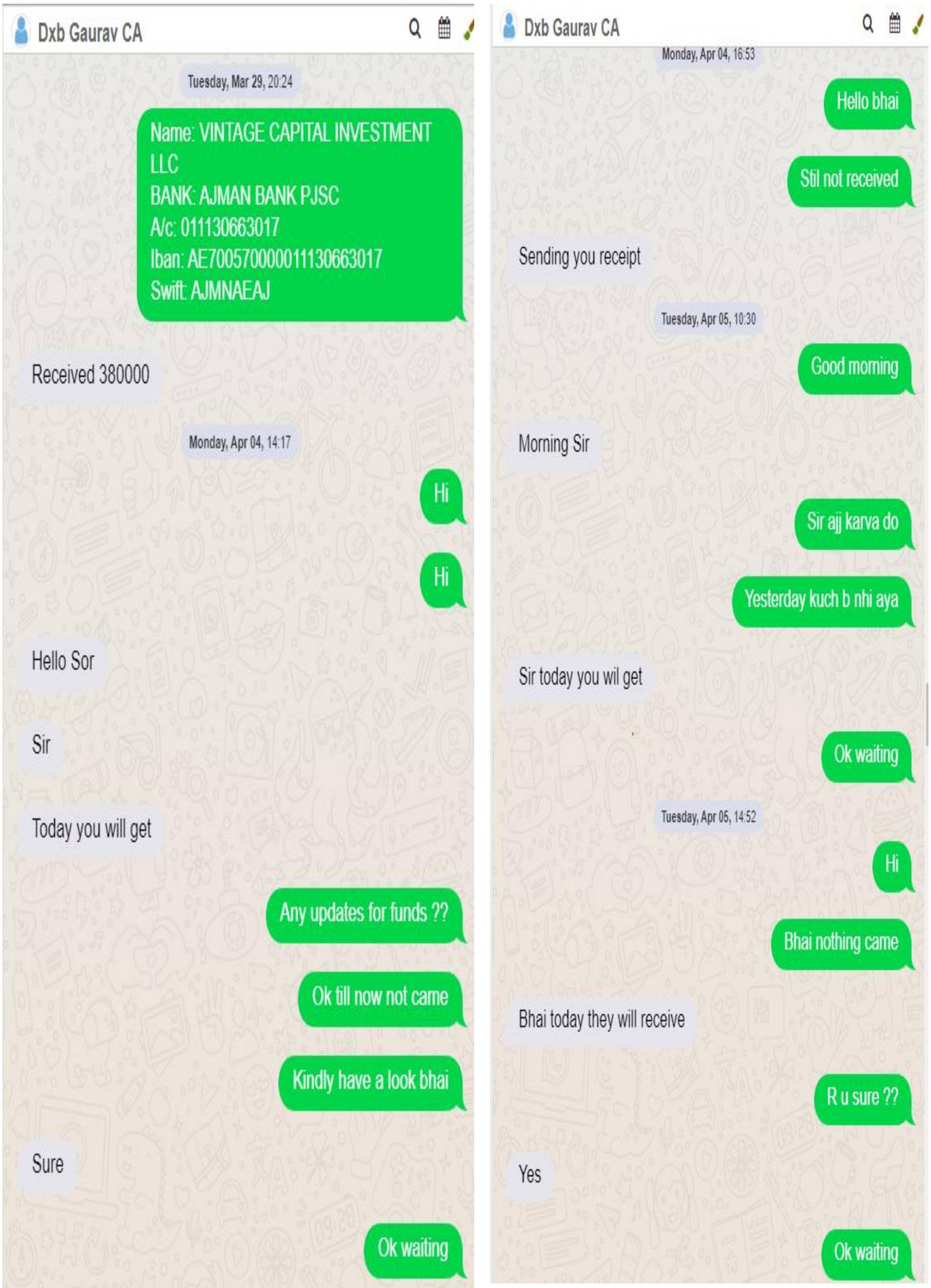

Dxb Gaurav CA
mashreq neo biz
VINTAGE CAPITAL INVESTMENT LLC
Six hundred fourty five thousand only
645000/-
08-04-22
MEHAR OVERSEAS FZE
IBAN: AE850330000019100761967
you will also get this cheque into your account
Ok bhai
MashreqOnline - Google Chrome
netbanking.mashreqbank.com/B001/internet
Manage Beneficiary | Contact Us | Inbox | Change Password | Print
mashreq المشرق
WE MAKE POSSIBLE
Online Banking
UAE
You are logged in as : GAURAV SHARMA
Logout
Pre-Screening USD Transfer
Manage Beneficiary
Cardless Cash
Fund Transfer Exception
Standing Instructions
Other Services
Track International Transfer
Quick Remit
Transactions Limit Change
Quick Remit Dashboard
WPS Salary Payment
Bill Payments
Trade Finance
Other Services
Profile Update
Beneficiary Name: VINTAGE CAPITAL INVESTMENT LLC
IBAN : AE700570000011130663017
Bank Name : AJMAN BANK
Swift Code : AJMNAEAJXXX
Payment Details
Transfer amount: 455000 AED
Debit Amount: 455,000.00 AED
Exchange Rate: 0
Charges(Fees excluding VAT): 3
Pay now: 08-04-2022
Quick Links
Quick Remit
KYC Dashboard
Track Remittances
Bill Payments
Money Transfer
Activate Cards
eStatement
Transaction Queue
Cardless Cash
Cheque Book Request
Address, ID or Trade License Update
CRS Update
Contact Points
LIVE VIDEO CHAT

Figure No. 21



58. In a WhatsApp chat between Mr. Prijesh Kurani and Mr. Bindesh Kurani, Mr. Bindesh Kurani has shared an audio recorded by him wherein it is observed that he is talking

about picking up **Jadugar's** money (Mr. Viresh Joshi) from Deira in Dubai. The audio files detailing the conversation is given below:

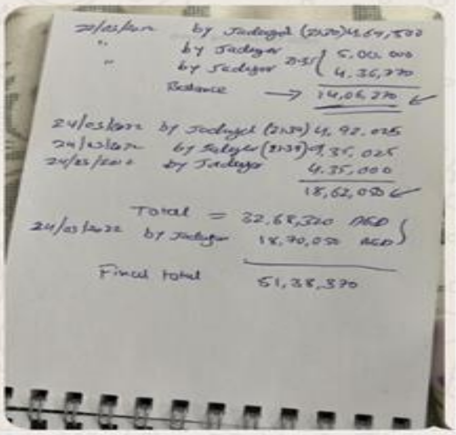
(QR code of the audio file for the chat is below – Hyperlink2)

59. Further, there were various WhatsApp chats between Mr. Prijesh Kurani and Mr. Bindesh Kurani wherein images of ledger accounts of **Jadugar** (Mr. Viresh Joshi) detailing the money transferred to Dubai in tranches has been shared. The screenshots of one of the images shared between Mr. Prijesh Kurani and Mr. Bindesh Kurani shows that a total amount of AED 56,13,880 (approx. INR 12 crore) has been transferred by **Jadugar** (Mr. Viresh Joshi). The screenshot of chats between Mr. Prijesh Kurani and Mr. Bindesh Kurani is as follows:

Figure No. 22

Bk Du Nw

Friday, Mar 25, 01:34



Monday, Mar 28, 12:31

Thay gayee vat

Ok

Now call me

Date	Rs		Rate	Parcel
22-Mar-22	1	cr	21.3	469500
22-Mar-22	2	cr	21.35	936770
24-Mar-22	2	cr	21.39	935025
24-Mar-22	2	cr	21.39	935025
24-Mar-22	4	cr	21.39	1870050
25-Mar-22	1	cr	21.39	467510
Total	12			5613880

60. In order to verify that whether the money transfer actually happened, the details of the aforesaid bank account were sought from Securities and Commodities Authority, UAE. Based on analysis of the information furnished by Securities and Commodities Authority, UAE, it was observed that during the period between April 5, 2022 to May 10, 2022, an amount of AED 56,21,990.55 was deposited in the bank account of Vintage Capital Investment LLC maintained with Ajman Bank. This is equivalent to an amount of INR 11,62,06,544.66 based on the exchange rate of 1 AED = INR 20.67 as on May 10, 2022.

Table No. 14

Transaction Date	**Amount in AED**		**Name of the Sender or Receiver or any other remarks**
	Credit	**Debit**	
March 14, 2022	22,000.00		CCDM Deposit
April 05, 2022	*3,80,000.00		LLYOD AND TRAF GLOBAL FZCO
April 07, 2022	4,99,996.85		LLYOD AND TRAF GLOBAL FZCO
April 07, 2022	4,00,000.00		LLYOD AND TRAF GLOBAL FZCO
April 08, 2022	4,55,000.00		LLYOD AND TRAF GLOBAL FZCO
April 09, 2022	*6,45,000.00		MEHAR OVERSEAS FZE
April 12, 2022	7,00,000.00		LLYOD AND TRAF GLOBAL FZCO
April 12, 2022	6,20,000.00		MEHAR OVERSEAS FZE
April 21, 2022	10,00,000.00		LLYOD AND TRAF GLOBAL FZCO
May 07, 2022	4,99,996.85		LLYOD AND TRAF GLOBAL FZCO
May 10, 2022	3,99,996.85		LLYOD AND TRAF GLOBAL FZCO
May 18, 2022		9,50,000.00	BINDESH KURANI
May 19, 2022		9,00,000.00	BINDESH KURANI
May 20, 2022		84,208.00	Receiver Name not known
May 25, 2022		9,75,000.00	BINDESH KURANI
May 26, 2022		9,90,000.00	BINDESH KURANI
May 31, 2022		9,50,500.00	Receiver Name not known
May 31, 2022		6,50,000.00	Receiver Name not known
May 31, 2022		84,208.00	Receiver Name not known
Balance	**38,074.55**		

**The figures of AED 3,80,000 and AED 6,45,000 is matching with the amount mentioned in the chat placed at Figure Nos. 20 and 21 above.*

61. Thus, it is inferred based on the aforesaid discussion that Mr. Prijesh Kurani along with his brother, Mr. Bindesh Kurani and his connected entity (Gaurav) has *prima facie* helped Mr. Viresh Joshi in taking part of the proceeds made out of their alleged scheme to front run the impending orders of the Big Client outside the country. The aforesaid inference is further corroborated from the following circumstances:

61.1. An analysis of the bank statements of Mr. Viresh Joshi and his connected/ related entities were undertaken up to 12 levels, to determine if any fund transfer was received from the other *Noticees* in involved in this matter including those whose trading accounts were used to execute the *prima facie* front running trades. Further, bank statement analysis of the other *Noticees* was also undertaken. However, no fund transfers were observed between Mr. Viresh Joshi and the other *Noticees* or *inter se* amongst other *Noticees* (excluding Mr. Viresh Joshi). The same *prima facie* leads to an inference that though the proceeds of the *prima facie* front running trades were credited to the bank account of the *Noticees* from whose trading accounts the front running trades were executed, there was no transfer of the said proceeds using banking channels viz., NEFT transfer or RTGS etc. However, money was deposited in the bank account of Vintage Capital Investment LLC. Thus, *prima facie* it can be seen that wrongful gains were indeed transferred to Mr. Viresh Joshi albeit not through banking channels.

61.2. It may also be stated here that subsequent to the first search and seizure operation on May 12, 2022, in which the premises of Ms. Dharini Kurani, wife of Mr. Prijesh Kurani, was searched, the entire amount in the bank account of Vintage Capital Investment LLC maintained with Ajman Bank, Dubai, was transferred to Mr. Bindesh Kurani. The same *prima facie* is inferred is the direct outcome of the search and seizure operation carried out by SEBI and the urgency to whisk away the proceeds of the alleged scheme away from the Regulatory reach.

61.3. *Noticees* belonging to Marfatia Group and Woodstock Group have deposed that they have either lent their trading accounts for a fixed sum or to convert their cash income to legitimate income. However, as noted above no such audit trail was noted amongst the *Noticees* and in situations where cash income is converted to legitimate income, it goes without saying that an audit trail cannot be found. Corollary to the above is that though Mr. Viresh Joshi had received the ill-gotten gains of the purported scheme employed by him along with the other *Noticees,* it was outside the conventional banking channels.

61.4. It is noted from the deposition of Mr. Sumit Desai that the profit made through the scheme was transferred from other *Noticees* accounts to him through cash which he used to transfer further to Mr. Viresh Joshi in cash. On the same lines, Mr. Pranav Vora has deposed that the profit made by employing the alleged scheme was transferred from other *Noticees* accounts to Mr. Sumit Desai through Angadias. The said depositions demonstrate that the *Noticees* in the matter have taken due care to hide the money trail in the instant matter so as to avoid Regulatory detection.

62. After having *prima facie* determined that the trades executed from the trading accounts of *Noticees* belonging to Marfatia Group, Woodstock Group and Kurani Group, have *prima facie* 'front run' the trade orders of the Big Client, the next issue that needs to be addressed is as to who all are responsible for the *prima facie* front running activity and what are the relevant provisions of SEBI Act, and the Regulations framed thereunder that have been violated by them.

63. Here, it will be relevant to reproduce the texts of Sections 12A (a), (b), (c) and (e) of SEBI Act and regulations 3 (a), 3 (b), 3 (c), 3(d), 4(1) and 4(2)(q) of PFUTP Regulations for ready reference, which read as follows:

SEBI ACT

12A. No person shall directly or indirectly—

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

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

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

(d) ...

(e) deal in securities while in possession of material or non-public information or communicate such material or non-public information to any other person, in a manner which is in contravention of the provisions of this Act or the rules or the regulations made thereunder;

PFUTP Regulations

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

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

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

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

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

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

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

...

(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;

64. In the present matter there are two inter-linked issues that need to be determined:

64.1. The first, is determination of *prima facie* violations of specific provisions of SEBI Act and PFUTP Regulations and who all are liable for the said violations.

64.2. The second, is to determine the persons who are *prima facie* liable for the wrongful gains generated from the above discussed *prima facie* front running trades.

65. I now proceed to address the first issue. I have already held above that the trades executed through the trading accounts of *Noticees* belonging to Marfatia Group, Woodstock Group and Kurani Group during the Investigation Period have been *prima facie* executed to 'front run' the impending orders of the Big Client. While the *Noticees* belonging to the Marfatia Group, Woodstock Group and Kurani Group have certainly performed the role of Enablers by allowing their trading accounts to be used as conduits for executing those front running trades, as noted from the entire discussions in the foregoing paragraphs of this Order, there are certain individuals other than registered owners of the trading accounts, who have *prima facie*, played crucial roles to successfully fructify the scheme of executing those *prima facie* front running trades in a pre-meditated and systematic manner by using those trading accounts of *Noticees* belonging to Marfatia Group, Woodstock Group and Kurani Group. At the outset, based on the discussions in preceding paragraphs there is no ambiguity over the finding that Mr. Viresh Joshi, the Dealer of Axis MF (Big Client), in an attempt to maintain anonymity and to avoid regulatory detection, had arranged a large number of conduit trading accounts with the active support of Mr. Sumit Desai and Mr. Pranav Vora wherein the *prima facie* front running trades have been executed. The broad *modus operandi* of the scheme employed in the instant matter to 'front run' the orders of the Big Client are found to be as follows:

65.1. Due to Mr. Viresh Joshi's official position in Axis MF (as a Dealer) and the then prevailing hybrid working model available to him due to the pandemic situation with an exclusive dealer room to him at office, Mr. Viresh Joshi sensed an opportunity to take advantage of the non-public information coming to his possession every day with respect to the impending orders of Axis MF, during the normal course of his work.

65.2. Mr. Viresh Joshi approached Mr. Sumit Desai to arrange some trading accounts in which (front running) orders could be placed as per his instructions.

65.3. Mr. Sumit Desai in turn with the help of his connected person, Mr. Pranav Vora arranged trading accounts which have been referred to in the present order as trading accounts of *Noticees* pertaining to Marfatia Group. Mr. Sumit Desai had also approached, Mr. Suresh Jajoo, Director of Woodstock Broking Pvt. Ltd. through his brother Mr. Darshan Desai and arranged the trading account of Visa Capital Partners for being used for the purpose of placing trade orders as per the instructions of Mr. Viresh Joshi.

65.4. Once such trading accounts were arranged, the next evident move was to get an individual who could simultaneously place orders in those multiple conduit trading accounts so arranged by Mr. Sumit Desai and Mr Pranav Vora. To fulfil the said requirement Mr. Sumit Desai approached Mr. Prijesh Kurani, who was located in Dubai and introduced him to Mr. Viresh Joshi.

65.5. In order to execute the trades from Dubai, trading terminal software, ODIN belonging to Marfatia Stock Broking Pvt. Ltd. and Woodstock Broking Pvt. Ltd. were remotely installed on the computer systems of Mr. Prijesh Kurani located at Dubai. The said act was done on the instructions of Mr. Sumit Desai to Mr. Pranav Vora (for trading terminal of Marfatia Stock Broking Pvt. Ltd.) and to Mr. Suresh Jajoo (for trading terminal of Woodstock Broking Pvt. Ltd.).

65.6. Post installation of the trading terminal software, trading terminal login ids and passwords were arranged by Mr. Sumit Desai and his associate, Mr. Vaibhav Pandya. Further, for any technical issues faced while operating the trading software, assistance to resolve those issues was provided by the IT heads of the stock brokers, Marfatia Stock Broking Pvt. Ltd. and Woodstock Broking Pvt. Ltd.

65.7. Once the trading accounts, trading terminal and trading terminal login ids and passwords were in place, Mr. Prijesh Kurani in close co-ordination with Mr. Viresh Joshi went on placing trade orders in the arranged trading accounts of *Noticees* pertaining to Marfatia Group and Woodstock Group. Mr. Prijesh Kurani also took advantage of the non-public information about the impending orders of Axis MF made available to him by Mr. Viresh Joshi and apart from placing orders as per instructions of Mr Viresh Joshi, also had placed orders in the trading accounts of his family members, i.e. the *Noticees* belonging to Kurani Group.

65.8. The orders were placed either in the Buy-Buy-Sell pattern or Sell-Sell-Buy pattern from the aforesaid arranged trading accounts around the time when the orders of the Big Client were being placed so as to generate substantial wrongful gains.

65.9. The details of the trades which were executed by Mr. Prijesh Kurani on the instructions of Mr. Viresh Joshi, were shared by Mr. Prijesh Kurani with Mr. Sumit Desai and Mr. Vaibhav Pandya on a regular basis.

66. From the above factual observations which have emerged out of various evidence / facts collected during investigations as extracted and cited before in this order and corroborated by the depositions made by the *Noticees* before SEBI, it is *prima facie* evident that the *Noticees* in particular Mr. Viresh Joshi, Mr. Sumit Desai Mr. Prijesh Kurani, Mr. Pranav Vora and Mr. Vaibhav Pandya have acted swiftly and cleverly to make the scheme, that was conspired by Mr. Viresh Joshi in collusion with Mr. Sumit Desai to front run the trades of his own employer, Axis MF (Big Client) and aided in implementation by the rest, a successful one. In this scheme of engaging in front running trades, the *Noticees* in whose accounts the *prima facie* front running trades were executed have from their end, also contributed to the effective implementation of the scheme by permitting the other *Noticees* to execute those *prima facie* front running trades in their respective trading accounts. Under the circumstances, it will be apt here to note the findings of Hon'ble Securities Appellate Tribunal in the matter of *Hemant Sheth et.al.* vs. *SEBI and Other Connected Appeals* decided on March 4, 2020 wherein with respect to a scheme of manipulative and unfair trading, it was held as follows:

> *"In a scheme of manipulative and unfair trading it is not necessary that every participant should be indulging in every type of trading violation or even in the same / similar magnitude. Once they are found to be part of a group trying to manipulate the volume or price of the scrip they became party to the violation."*

67. In the light of the aforesaid, it can be seen that both Mr. Viresh Joshi and Mr. Sumit Desai have *prima facie*, not only employed a scheme to 'front run' the orders of the Big Client but were also *prima facie*, involved in every step that led to the fruition of the scheme, from the beginning (access to non-public information) till the generation of *prima facie* wrongful gains. Equally pertinent to note that each of the other *Noticees* involved in the matter, be it Mr. Pranav Vora who arranged the conduit trading accounts and arranged for a trading terminal for Mr. Prijesh Kurani

or Mr. Prijesh Kurani who *prima facie* punched those *prima facie* front running orders in the said conduit trading accounts or Mr. Vaibhav Pandya and the IT heads of Marfatia Stock Broking Pvt. Ltd. and Woodstock Broking Pvt. Ltd. without whose support execution of those front running trades would not have been possible or even the registered owners of those trading accounts who lent them for execution of the said orders, each of the aforesaid *Noticees* has played a very vital role to see to it that the said fraudulent scheme sails through successfully.

68. Keeping in view of the aforesaid discussions, it can be now *prima facie* held that Mr. Viresh Joshi, Mr. Sumit Desai, Mr. Prijesh Kurani, Mr. Pranav Vora and Mr. Vaibhav Pandya have acted primarily as the front runners and hence, are liable for executing the front running trades in various conduit trading accounts, as unearthed during the investigation. At the same time the stock brokers viz:, Marfatia Stock Broking Pvt. Ltd. and Woodstock Broking Pvt. Ltd. whose Directors have not only lent their own trading account and the trading accounts of their related entities but also allowed their IT heads to be always available to assist Mr. Prijesh Kurani in executing the *prima facie* front running trades (by installing trading terminal software in his Dubai located computer system and by resolving subsequent technical issues arising out of operating the said trading terminal software) have also played an active collusive role in aiding and abetting the aforesaid front runners in translating the said scheme for front running into real action. Similarly, the other registered owners of various trading accounts viz., Olga Trading Pvt. Ltd. and its Directors, Mr. Bhavin Shah, Ms. Rupal Bhavin Shah, Visa Capital Partners and its partners, Ms. Dharini Kurani, Ms. Rekha Kurani, Ms. Bharati Navnit Godaya and MKB Bespoke Audio General, have also played an equally vital part in the execution of the *prima facie* front running trades as they have knowingly lent their accounts to the aforesaid *prima facie* front runners which enabled them to execute those front running trades from their trading accounts.

69. In this regard, I would seek the assistance of the findings of the Hon'ble Securities Appellate Tribunal in the matter of *Mahavirsingh N Chauhan and Anr.* vs. *SEBI* decided on October 18, 2019, wherein the Hon'ble Tribunal has held as follows:

> "*We are of the opinion that by renting their demat account, trading account etc., the appellants were concealing the identity of the fraudster and, thus, were acting not only in concert but in connivance with the said fraudster. The appellants*

cannot, thus escape from the liability of debarment and the wrongful gains made by them."

Although the aforesaid order of the Hon'ble Tribunal talks about renting of demat account, it does however highlight that using a third party's account to trade in the securities market, is not an acceptable and a legal practice and can't be allowed by any means to foster as a practice, as it is inimical for an orderly and healthy growth of the securities market.

70. Before proceeding further, I would like to examine the role of the Director(s) of Olga Trading Pvt. Ltd. and MKB Bespoke Audio General and the Partners of Visa Capital Partners. It has to be acknowledged that all the acts which are executed in the name of an incorporated entity, are actually discharged by the natural persons who by their own minds and wisdom, are controlling the affairs and management of such artificial juristic person (company) in the capacity of its Directors. The company, being an artificial entity, cannot function on its own volition and will move only in such direction, as may be desired and dictated by the Directors who are controlling the overall functioning of the company. I note that the position of a 'Director' in a company comes along with various onerous responsibilities and compliances under law that are associated with such position, which have to be adhered to by such Director and in case of default, he / she has to face the consequences thereof. The Directors of a company are persons appointed to direct and supervise the management of the affairs of the company. They are expected to diligently perform their duties with honesty, fairness, skill and care in administering the affairs of the company. Such a duty requires the Directors to devote adequate time and attention to the affairs of the company so as to be able to take decisions that do not expose the company to unnecessary risks / actions by enforcement agencies. This implies a high degree of accountability and knowledge of the overall functioning of the company. Therefore, the Director cannot wriggle out from his / her liability arising out of any wrongdoing by the company.

71. With respect to the Directors of Olga Trading Pvt. Ltd., I note that Mr. Krunal Khamar and Mr. Kamlesh Arjundas Dhanrajani were its Directors during the relevant period when the *prima facie* front running trades were executed from the trading account of Olga Trading Pvt. Ltd. They being the Directors of Olga Trading Pvt. Ltd., were controlling its affairs and management and hence the access to the trading account

of Olga Trading Pvt. Ltd would have *prima facie* been provided by them to Mr. Pranav Vora or at least it would have been in their knowledge that the trading account of Olga Trading Pvt. Ltd. was being in active use during the Investigation Period, since significant intra-day trades were being executed from the said trading account which have *prima facie* generated profits to the tune of INR 3.01 crore. Since, Olga Trading Pvt. Ltd. has been associated with the securities market for a fairly long period, its Directors should have known that considering the dynamics of the securities market, consistent generation of profit over a sustained period of time, is an abnormal act which should have alerted them to the operations of the said trading account had they really been in the dark about the same being used for front running activities. However, in a display of *prima facie* collusive act in the scheme of front running, the aforesaid Directors deliberately chose to turn a blind eye to the operations of the trading account and have failed to exercise due care, skill and diligence while they were in charge of the management of Olga Trading Pvt. Ltd. and were also responsible for the conduct of business of Olga Trading Pvt. Ltd. Hence, Mr. Krunal Khamar and Mr. Kamlesh Arjundas Dhanrajani are *prima facie* liable for the act of Olga Trading Pvt. Ltd. along with Olga Trading Pvt. Ltd.

72. Similarly, with respect to MKB Bespoke Audio General which is a SEBI registered FPI, I note that Mr. Bindesh Kurani who is the brother of Mr. Prijesh Kurani is its Director and had *prima facie* knowledge that Mr. Prijesh Kurani was executing *prima facie* front running trades in its trading account on the instructions of Mr. Viresh Joshi. The same is demonstrated by the WhatsApp chat of Mr. Bindesh Kurani with Mr. Prijesh Kurani on February 22, 2022 wherein the former is enquiring about the trades of **Jadugar** (Mr. Viresh Joshi) and in response to this query, Mr. Prijesh Kurani is sharing with him the front running trades executed by him (apparently on instruction from Mr. Viresh Joshi) from the trading account of Visa Capital Partners. The said WhatsApp chat has been reproduced above at Figure No. 10. Furthermore, if the trading activities of MKB Bespoke Audio General are analysed, it can be noted that during the pre-Investigation Period which spanned over a period of 6 months, MKB Bespoke Audio General (this FPI was registered with SEBI on February 19, 2020) had insignificant trading both in the cash segment of the securities market and in the derivative segment of the securities market whereas during the Investigation Period, it had executed abnormally substantial amounts of trades in

both the segments of the securities market in terms of gross traded value. When the said sudden jump in trading activity is juxtaposed with the consistent generation of profit from such trading activities during the investigation period by MKB Bespoke Audio General over a sustained period of time, the same would have certainly alerted Mr. Bindesh Kurani to the fact that such trading activity of MKB Bespoke Audio General is not a normal trading activity during the course of its business. However, *prima facie* Mr. Bindesh Kurani deliberately chose to turn a blind eye to the operations in the trading account of this *Noticee* and failed to exercise due care, skill and diligence while he was in charge of the management of MKB Bespoke Audio General and was also responsible for the conduct of business of MKB Bespoke Audio General. Hence, Mr. Bindesh Kurani is not only *prima facie* liable for the act of MKB Bespoke Audio General along with MKB Bespoke Audio General itself, but also both of them are liable for their apparent collusive conduct in facilitating the successful implementation of the scheme of front running that becomes self-evident from their activities in the facts and circumstances of the case.

73. With respect to the partners of Visa Capital Partners., I note that Mr. Suresh Jajoo, Ms. Vimla S Jajoo, Mr. Ankit Jajoo and Ms. Sheepra Sumeet Kabra were its Partners during the relevant period when the *prima facie* front running trades were executed from the trading account of Visa Capital Partners. They being the Partners of Visa Capital Partners, were controlling its affairs and management and hence the access to the trading account of Visa Capital Partners would have *prima facie* been provided by them to Mr. Sumit Desai or at least it would have been in their knowledge that the trading account of Visa Capital Partners for which they are jointly and severally responsible, was being actively used since significant quantum of intra-day trades were being executed from the said trading account during the Investigation Period generating profits to the tune of INR 14.07 crore. Not only there was a jump of 814.43% in the profit figures of this firm during the Investigation Period (as compared to the pre-Investigation Period) in intra-day trades but the volume of such intra-day trades had also increased by 554.07%. Similar astronomical jump was also noted in the cash and derivative segment of the securities market in terms of gross traded value of trades executed from the said trading account during the Investigation Period as compared to the pre-Investigation Period. Since, Visa Capital Partners has been associated with the securities market for a fairly long period, its

Partners ought to have known that considering the dynamics of the securities market, consistent generation of profit over a sustained period of time and astronomical jump in profit figures including sudden substantial spurt in the volume of trades by their firm in both the cash and derivative segment of the securities market, was an abnormal development which should have alerted them to closely monitor the operations of the trading account. However, *prima facie* the aforesaid Partners did not show any concerns and instead, deliberately chose to close their eyes when such unusual trades were being executed in the trading account of their firm and also deliberately ignored to exercise due care, skill and diligence while they were in charge of the management of Visa Capital Partners and were also responsible for the conduct of business of Visa Capital Partners. Hence, I have no doubt in mind that *prima facie*, Mr. Suresh Jajoo, Ms. Vimla S Jajoo, Mr. Ankit Jajoo and Ms. Sheepra Sumeet Kabra along with Visa Capital Partners itself are liable for the above noted collusive acts of Visa Capital Partners for enabling the scheme of front running to meet success.

74. It will be relevant here to refer to the Palmer's Company Law, 25th Edition (2010), Volume 2 at page 11097 wherein it the following has been stated:

> *"Market manipulation is normally regarded as the "unwarranted" interference in the operation of ordinary market forces of supply and demand and thus undermines the "integrity" and efficiency of the market."*

75. Further, the Hon'ble Supreme Court of India in the matter of *N Narayanan* vs. *Adjudicating Officer, Sebi* decided on April 26, 2013 while dealing with the concept of market abuse in securities market has held as follows:

> *"Prevention of market abuse and preservation of market integrity is the hallmark of Securities Law. Section 12A read with Regulations 3 and 4 of the Regulations 2003 essentially intended to preserve 'market integrity' and to prevent 'Market abuse'. The object of the SEBI Act is to protect the interest of investors in securities and to promote the development and to regulate the securities market, so as to promote orderly, healthy growth of securities market and to promote investors protection. Securities market is based on free and open access to information, the integrity of the market is predicated on the quality and the manner on which it is made available to market. 'Market abuse' impairs*

economic growth and erodes investor's confidence. Market abuse refers to the use of manipulative and deceptive devices, giving out incorrect or misleading information, so as to encourage investors to jump into conclusions, on wrong premises, which is known to be wrong to the abusers. The statutory provisions mentioned earlier deal with the situations where a person, who deals in securities, takes advantage of the impact of an action, may be manipulative, on the anticipated impact on the market resulting in the "creation of artificiality'."

76. In the instant matter as already held by me above, the *Noticees* by employing a scheme have *prima facie* 'front run' the trades of the Big clients. The said act of indulging in front running trades is *prima facie* fraudulent and manipulative in nature as per the provisions of regulation 4 (2) (q) of PFUTP Regulations. By engaging in such fraudulent and manipulative trades, not only the *Noticees* have interfered with the market forces of supply and demand of a particular scrip but have also artificially influenced the price and volume of those particular scrips and have in effect, *prima facie* distorted price discovery of those scrips. Such manipulative trade practices followed by the *Noticees* in the present matter, can be said to have the potential to mislead the investors as well as induce the investors at large, to deal in such securities (the market price of which has been manipulated) to their detriment. Thus, in light of the aforesaid decision of Hon'ble Supreme Court of India, it can be *prima facie* held that the actions of the *Noticees* have led to gross 'market abuse'.

77. Moreover, the Hon'ble Supreme Court of India in the matter of *SEBI* vs. *Kanaiyalal BaldevBhai Patel* decided on September 20, 2017 while dealing with the definition of "fraud" as given under Regulation 2(1)(c) of PFUTP Regulations have held as follows:

"The definition of 'fraud', which is an inclusive definition and, therefore, has to be understood to be broad and expansive, contemplates even an action or omission, as may be committed, even without any deceit if such act or omission has the effect of inducing another person to deal in securities. Certainly, the definition expands beyond what can be normally understood to be a 'fraudulent act' or a conduct amounting to' fraud'. The emphasis is on the act of inducement and the scrutiny must, therefore, be on the meaning that must be attributed to the word "induce"..."

78. The examination of the definition of fraud under the PFUTP Regulations envisages among other things, fraud by way of an "act" so as to have an "effect of inducement" on another person for dealing in securities. Further, regulation 3 (c) of PFUTP Regulations prohibits employment of any device, scheme or artifice for fraud. In the given situation, the *Noticees* by employing a *prima facie* scheme have sent distorted signals with respect to the price and volume of the scrip and have thereby *prima facie* induced the investors to deal in the scrip. Thus, the *Noticees* have apparently defrauded the investors by their acts of executing fraudulent front running trades.

79. Regulation 4(1) of PFUTP Regulations refers to unfair trade practices in securities. It would be noteworthy to quote the observations of Hon'ble Supreme Court of India in the matter of *Securities and Exchange Board of India and Ors.* vs. *Shri Kanaiyalal Baldevbhai Patel and Ors.* decided on September 20, 2017 wherein it was held as follows:

"…Although unfair trade practice has not been defined under the regulation, various other legislations in India have defined the concept of unfair trade practice in different contexts. A clear cut generalized definition of the 'unfair trade practice' may not be possible to be culled out from the aforesaid definitions. Broadly trade practice is unfair if the conduct undermines the ethical standards and good faith dealings between parties engaged in business transactions. It is to be noted that unfair trade practices are not subject to a single definition; rather it requires adjudication on case to case basis. Whether an act or practice is unfair is to be determined by all the facts and circumstances surrounding the transaction. In the context of this regulation a trade practice may be unfair, if the conduct undermines the good faith dealings involved in the transaction. Moreover the concept of 'unfairness' appears to be broader than and includes the concept of 'deception' or 'fraud'."

80. In the extant matter the *Noticees* have engaged in the act of misusing the confidential non-public information of the Big Client to execute their front running trades which gave them *prima facie* an undue and unfair advantage over the general investors. Therefore, the said acts of the *Noticees* do not conform to the fair and transparent principles of transactions in the securities market and rather undermine the ethical standards of dealing in securities markets. Moreover, the orders executed by the front runners are not good faith dealings between the parties to the trade as the front

runners are privy to the non-public information about the trades of the Big Client which are not in the public domain and the front runners have acted under the influence of such non-public information while trading in the trading accounts of those conduit/mule trading account holders. Thus, the counter parties to the trade of a front runner are always at a disadvantage due to the inherent information asymmetry in such trades and the deceitful behaviour of the front runner / absence of good faith dealings.

81. In view of the aforesaid, it can be *prima facie* held that Mr. Viresh Joshi, Mr. Sumit Desai, Mr. Prijesh Kurani, Mr. Pranav Vora and Mr. Vaibhav Pandya by employing a *prima facie* scheme to 'front run' the orders of the Big Client, have not only acted in a fraudulent and unfair manner while executing those *prima facie* front running trades as identified during the investigation but also by their such acts have defrauded the general investors by distorting the price and volume of such scrips being front run by them. Such fraudulent acts of the aforesaid *Noticees* have led to gross market abuse by the *Noticees* as pointed out above and also have resulted in gross unfair trade practice on the part of the said *Noticees*. Under the circumstances, the *Noticees* have *prima facie* violated Sections 12A (a), (b), (c) and (e) of SEBI Act and regulations 3 (a), 3 (b), 3 (c), 3(d), 4(1) and 4(2)(q) of PFUTP Regulations. Moreover, as observed by me earlier, the registered owners of the conduit trading accounts viz., Mr. Nishil Marfatia, Olga Trading Pvt. Ltd. and its Directors, Mr. Krunal Khamar and Mr. Kamlesh Arjundas Dhanrajani, Mr. Bhavin Shah, Ms. Rupal Bhavin Shah, Visa Capital Partners and its partners, Mr. Suresh Jajoo, Ms. Vimla S Jajoo, Mr. Ankit Jajoo and Ms. Sheepra Sumeet Kabra, Ms. Dharini Kurani, Ms. Rekha Kurani, Ms. Bharati Navnit Godaya and MKB Bespoke Audio General, have also played an equally vital part in the execution of those *prima facie* front running trades as they have knowingly lent their accounts to the aforesaid front runner *Noticees* which enabled them to execute front running trades from their trading accounts, that led to the *prima facie* violation of Sections 12A (a), (b) and (c) of SEBI Act and regulations 3 (a), 3 (b), 3 (c), 3(d) and 4(1) of PFUTP Regulations.

82. The next issue which now merits discussion is who amongst the aforesaid *Noticees*, would be *prima facie* liable for the wrongful gains generated by the afore discussed front running trades. From the above discussion, I note that broadly there are two sets of people who were *prima facie* involved in the entire scheme to 'front run' the

orders of the Big Client; the first set of people includes individuals who were *prima facie* the brains behind the scheme and had the knowledge of the front running trades while those trades were being executed viz., Mr. Viresh Joshi, Mr. Sumit Desai, Mr. Prijesh Kurani, Mr. Pranav Vora and Mr. Vaibhav Pandya and the second set of individuals are those who *prima facie* colluded with and enabled the aforesaid five *Noticees* to execute the scheme by allowing them access to their trading accounts, viz., Mr. Nishil Marfatia, Olga Trading Pvt. Ltd. and its Directors, Mr. Krunal Khamar and Mr. Kamlesh Arjundas Dhanrajani, Mr. Bhavin Shah, Ms. Rupal Bhavin Shah, Visa Capital Partners and its partners, Mr. Suresh Jajoo, Ms. Vimla S Jajoo, Mr. Ankit Jajoo and Ms. Sheepra Sumeet Kabra, Ms. Dharini Kurani, Ms. Rekha Kurani, Ms. Bharati Navnit Godaya and MKB Bespoke Audio General and its Director, Mr. Bindesh Kurani. Therefore, based on the available records and foregoing discussions and findings in this order, it is *prima facie* held that it is the first set of individuals, as mentioned above who have *prima facie* devised and employed the scheme to 'front run' the trades of the Big Client are *prima facie* liable for the wrongful gains generated from those front running trades along with the registered owners of the said trading accounts, to the extent, as mentioned in the table below, jointly and/or severally, wherever applicable. For the purpose of calculation of wrongful gains, number of scrip days where the *Noticees* have day traded and commonly traded with the Big Client and have earned a positive square off of at least INR 1 or more, have been taken into consideration.

Table No. 15

S. No.	Trading Account	Liability of *Noticee*	Wrongful Gains (in INR)
1	Mr. Nishil Surendra Marfatia	Mr. Viresh Joshi, Mr. Sumit Desai, Mr. Prijesh Kurani, Mr. Pranav Vora, Mr. Vaibhav Pandya and Mr. Nishil Surendra Marfatia	3,08,28,714.16
2	Olga Trading Pvt. Ltd.	Mr. Viresh Joshi, Mr. Sumit Desai, Mr. Prijesh Kurani, Mr. Pranav Vora, Mr. Vaibhav Pandya, Olga Trading Pvt. Ltd., Mr. Krunal	3,01,08,853.61

S. No.	Trading Account	Liability of *Noticee*	Wrongful Gains (in INR)
		Khamar and Mr. Kamlesh Arjundas Dhanrajani	
3	Mr. Bhavin Shah	Mr. Viresh Joshi, Mr. Sumit Desai, Mr. Prijesh Kurani, Mr. Pranav Vora, Mr. Vaibhav Pandya and Mr. Bhavin Shah	1,98,38,702.85
4	Ms. Rupal Bhavin Shah	Mr. Viresh Joshi, Mr. Sumit Desai, Mr. Prijesh Kurani, Mr. Pranav Vora, Mr. Vaibhav Pandya and Ms. Rupal Bhavin Shah	1,41,85,265.60
5	Visa Capital Partners	Mr. Viresh Joshi, Mr. Sumit Desai, Mr. Prijesh Kurani, Mr. Vaibhav Pandya, Visa Capital Partners, Mr. Suresh Jajoo, Ms. Vimla S Jajoo, Mr. Ankit Jajoo and Ms. Sheepra Sumeet Kabra	14,07,03,340.80
6	Ms. Dharini Kurani	Mr. Viresh Joshi, Mr. Prijesh Kurani and Ms. Dharini Kurani	2,79,23,321.24
7	Ms. Rekha Kurani	Mr. Viresh Joshi, Mr. Prijesh Kurani and Ms. Rekha Kurani	1,40,36,644.95
8	Ms. Bharati Navnit Godaya	Mr. Viresh Joshi, Mr. Prijesh Kurani and Ms. Bharati Navnit Godaya	96,65,397.50
9	MKB Bespoke Audio General	Mr. Viresh Joshi, Mr. Prijesh Kurani, MKB Bespoke Audio General and Mr. Bindesh Kurani	1,82,99,428.25
Total			**30,55,89,668.96**

83. I note that Section 11 of SEBI Act confers 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 an object, SEBI has been authorised to take such measures as it thinks fit. Thus, the power to take all measures as may be

necessary to discharge its duty under the statute which is a reflection of the objective disclosed in the preamble of SEBI Act has been conferred in widest amplitude. Pursuant to the said objective, PFUTP Regulations have been formulated with the main objective of preventing fraudulent activities which also seek to curb fraudulent and manipulative activities in the securities market in order to boost investor confidence in the securities market and to provide an environment conducive to increased participation and investment in the securities market that is so vital to the growth and development of the economy. Since the conduct of the aforementioned *Noticees*, do not *prima facie* appear to be in the interest of investors and the securities market, necessary action has to be taken against them immediately, else it may lead to loss of investors' trust in the securities market. The trading activity of a front runner not only causes notional monetary loss to investors but also has the effect of interfering with the development of securities market, as investors tend to lose faith in the securities market. The same is detrimental to the development of the securities market and qualifies as an irreparable injury. The objective of SEBI as enshrined in the SEBI Act is not only the protection of investors but also orderly development of securities market.

84. Considering the facts and circumstances of this case and the grave fraudulent conduct as *prima facie* evident in this case, I am convinced that this is a fit case where, pending finalisation of the instant proceedings, effective and expeditious preventive and remedial action is required to be taken by way of ad interim ex – parte order to protect the interests of investors and preserve the safety and integrity of the securities market. Such action needs to be taken urgently to prevent any further harm to investors. Further, as already exhaustively discussed in preceding paragraphs, there are ample *prima facie* evidences unearthed during the investigation which visibly demonstrate that the conduct of the *Noticees* while indulging in front running trades has been misleading and fraudulent in nature which has not only *prima facie* violated the integrity of the market but has also caused fraud on the investors thereby causing irreparable injury to the securities market. Furthermore, the wrongful gains which have been generated from such front running trades are intrinsically linked to the *prima facie* fraudulent conduct of the *Noticees*. Hence, the following factors compel me to invoke the provisions under

Section 11(4) (d) of the SEBI Act to impound the proceeds of such *prima facie* wrongful gains made by the *Noticees* by indulging in such front running trades:

84.1. Mr. Viresh Joshi has glaringly abused his employment as a Dealer with Axis MF by taking pecuniary advantages of the non-public information about the impending orders of his employer fund, i.e. Axis MF (Big Client), for his personal gains.

84.2. Mr. Viresh Joshi has also conducted himself in an audacious and defiant manner, oblivious of minimum standards of ethics that need to be followed by a person who is dealing with the hard earned money of large number of unit holders of Axis MF, as he is seen to have not only taken undue advantage of the non-public information to generate ill-gotten personal gains by front running the trades of his own employer, but has also *prima facie* used the same empaneled stock brokers of Axis MF (Big Client) to first place orders/execute trades in specific scrips in the mule trading accounts prior to negotiating the said trades on behalf of the Big Client.

84.3. In order to prevent any such fraudulent or manipulative act as observed above, the mutual fund houses normally put in place appropriate various restrictions on usage of communication devices like mobile phones in the dealing rooms. However, Mr. Viresh Joshi by taking advantage of the then prevailing work environment during pandemic times which allowed him to use a separate dealing room so as to adhere to the norm of social distancing, had exploited the said situation by using a second mobile number issued in some other person's name (and without disclosing to Axis MF that he had access to a second mobile phone), used the said phone to communicate with Mr. Prijesh Kurani for giving him trade related instructions. Thus, Mr. Viresh Joshi appears to have successfully circumvented the prohibition on usage of mobile phones, while on duty in the dealing room during trading hours.

84.4. As highlighted above, the *Noticees* have been able to earn large amounts of wrongful gains by their *prima facie* well-crafted manipulative scheme of front running the trades of the Big Client. In the process of executing the said scheme, they have been deliberately placing orders over the period in a manner to execute their first leg of trades ahead of the orders of Axis MF and the frequency of such trades did not continue for merely one or two stray incidents, but went on consistently with much more frequency in a manner to ensure that such front run trades generate large sums of gains to them. Interestingly, to avoid regulatory detection and to maintain anonymity, the brains behind the scheme had arranged trading accounts and had also got the trading terminal installed in the computer systems of Mr. Prijesh Kurani at Dubai through the help of two stock brokers who had no connection with Mr. Prijesh Kurani in any capacity, either as an Authorised Person or as a trading client.

84.5. The temerity of the *Noticees* did not stop short by merely placing the *prima facie* front running trades in those conduit trading accounts arranged by them for the said purpose. It is observed that when a whistleblower made a complaint with respect to the trades executed in one of such arranged trading accounts (Mr. Bhavin Shah), in order to discredit the whistleblower complaint, Mr. Viresh Joshi, Mr. Sumit Desai, Mr. Prijesh Kurani and Mr. Pranav Vora engaged themselves in another scheme in terms of which they made Mr. Bhavin Shah to send an email / letter to his stock broker, claiming that he has full knowledge of the trades being executed from his trading account. This shows the length to which the aforesaid *Noticees* have gone in order to cover up their tracks and to prevent exposure, for which they were creating false records.

84.6. The *Noticees* have been collectively found to have earned an aggregate sum of wrongful gains to the tune of INR 30.56 crore (approximately) from their trading activities. Further, going by their unabated misconduct as demonstrated by their sustained front running trading activities over a period as discussed aforesaid and moreover their desperate attempt to create false records so as to evade detection of their fraudulent scheme, when seen along with the *prima facie* fact that Mr. Viresh Joshi has incorporated a company in Dubai apparently for indulging in such fraudulent acts including transferring the wrongful gains using clandestine channels in the bank accounts of the said Company and the fact that a few of the *Noticees* did not cooperate with SEBI during investigation, there is a strong likelihood that the said ill-gotten wrongful gains may be siphoned off by the *Noticees*, in an attempt to thwart any possible actions from SEBI for recovering such unlawful gains made out the aforesaid *prima facie* front running trades.

85. At this stage, I refer and seek reliance on the order of the Hon'ble Securities Appellate Tribunal, passed in the matter of *Amalendu Mukherjee* vs*. SEBI* (Appeal (L) no. 169 of 2020), wherein the Hon'ble Tribunal has underscored the necessity of passing impounding orders and *inter alia* has held as follows:

"We are of the opinion that the WTM is empowered under the SEBI Act and the Regulations to pass an ex-parte order in order to protect the interests of securities

market and the investors. If such impounding order is not passed, it may result in defeating the ultimate direction of disgorgement if any, as there would be chances of such monies being dissipated by the appellant. ...”

86. **Before concluding** I have to observe that over the years, mutual funds have grown as most popular gateways for retail investment in securities market. Most of the retail investors in the country take their first baby step to invest their money through SIP routes or otherwise by purchasing units of a desired scheme of a mutual fund in the expectation of better returns as they are assured of the fact that their money will be handled by a professional expert team comprising fund manager, dealers, analysts etc. who will handle their money in their fiduciary capacity with due care, transparency and honesty. The job profile of the top officials of any mutual fund demands high standards of diligence, honesty and ethics as they are dealing with public monies of innocent investors. Keeping the aforesaid in view, I find that the way Mr. Viresh Joshi has conducted himself as a dealer of Axis MF in conceiving a fraudulent scheme and executing the said scheme so meticulously over a sustained period in collusion with other unscrupulous entities to front run the trades of his very own mutual fund where approx. 66 lakh unit holders have put an aggregate sum of AUM of INR2.52 lakh crore (as on March 31, 2022), it smacks of rampant dishonesty and unfairness on the part of Mr. Viresh Joshi and his accomplices. At a time, when SEBI is extensively engaged in investors education and is taking series of steps to win investors’ faith in the securities market, indulgence in such heinous acts of market manipulation and fraudulent trade practices as have been blatantly displayed by a senior official of a mutual fund like Mr. Viresh Joshi has caused serious breach of trust reposed by the investors/unit holders of Axis MF and can potentially cause further erosion of the trust in mutual funds *per se* as a medium of investment in securities market. Hence, senior functionaries like Mr. Viresh Joshi discharging sensitive job like that of a Dealer of a reputed mutual fund, when play mischief with the trades of the mutual fund in collusion with his associates as part of a well calculated scheme, the same deserves to be dealt with a firm hand.
87. Under the aforesaid circumstances and my observations, and also keeping in view the commission of the alleged violation of securities laws by the *Noticees* through their *prima facie* front running activities, which have *prima facie* led to unlawful enrichment of the *Noticees* consistently in a regular manner by way of executing

front running trades in the manner discussed as above, I observe that it is a fit case to pass interim directions to insulate the securities market from the mischievous acts of the *Noticees* as well as to protect the wrongful gains from getting siphoned off beyond the regulatory reach. Accordingly, I, in exercise of the powers conferred upon me under Sections 11, 11 (4), 11B (1) read with Section 19 of the SEBI Act hereby by way of the present *interim order* issue the following directions, which shall remain in force until further orders:

87.1. The *Noticees* are restrained from buying, selling or dealing in the securities market or associating themselves with the securities market, either directly or indirectly, in any manner whatsoever until further orders. If the *Noticees* have any open position in any exchange traded derivative contracts, as on the date of the order, they can close out /square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. The *Noticees* are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this order.

87.2. An amount of INR 30,55,89,668.96 as mentioned in Table No. 15 above, being the total wrongful gains earned from the *prima facie* front running activities is impounded, jointly and severally from the *Noticees as* indicated in the said table.

87.3. The *Noticees* as mentioned under Table No. 15 above are directed to credit/deposit the aforesaid amount of wrongful gains into an interest bearing Escrow Account or Savings a/c with a lien marked in favour of SEBI created specifically for the purpose in a Nationalized Bank. The Escrow Account(s) and/or Savings Account(s) shall create a lien in favour of SEBI and the monies kept therein shall not be released without permission from SEBI. The credit/deposit of aforesaid unlawful gains in the Escrow Account(s) and/or Savings Account(s) shall be made within a period of 15 days from the date of the order.

87.4. Banks are directed that no debits shall be made, without permission of SEBI, out of the bank accounts held jointly or severally by the *Noticees*, except for the purposes of transfer of funds to the Escrow Account(s) and/or Savings Account(s) to be created as directed above at paragraph no. 87.3. Further, the Depositories are also directed that no debit shall be made, without permission of SEBI, in the demat accounts held by the aforesaid persons. However, credits, if any, into the said bank accounts and demat accounts maybe allowed. Banks and the Depositories are directed to ensure that all the aforesaid directions are strictly enforced. However, debits in the bank accounts may also be allowed in the event the amounts available in the said accounts are in excess of the amount directed to be impounded above at paragraph no. 87.2. Banks are allowed to debit the accounts for the purpose of complying with this Order.

87.5. The Registrar and Transfer Agents are directed to ensure that, they neither permit any transfer nor redemption of the securities, including Mutual Funds units, held by the *Noticees*.

87.6. The *Noticees* are directed not to dispose of or alienate any of their assets/properties/securities, till such time the amount of wrongful gains is credited to Escrow Account(s) and/or Savings Account(s) as directed at paragraph no. 87.2 above, except with the prior permission of SEBI.

87.7. The *Noticees* are further directed to provide a full inventory of all their assets whether movable or immovable, or any interest or investment or charge in any of such assets, including property, details of all their bank accounts, demat accounts, holdings of shares/securities if held in physical form and mutual fund investments and details of companies in which they hold substantial or controlling interest immediately but not later than 7 working days from the date of this Order.

88. The *prima facie* observations/findings contained in this Order are made on the basis of the materials available on record. In the light of the alleged violations of the provisions of the SEBI Act and PFUTP Regulations by the *Noticees* as stated in this order, this Order shall be treated as a show cause notice under Sections 11(1), 11(4), 11(4A), 11B (1), 11B (2) 11(5) and 27 of SEBI Act, read with SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005, calling upon all the *Noticees* to show cause as to why certain directions including some as proposed below shall not be passed against them, as proposed hereunder:

88.1. Direction to disgorge an amount equivalent to the total wrongful gains made on account of alleged front running trades, along with interest, if any thereon;

88.2. Direction to restrain them from accessing the securities market and prohibiting them from buying, selling or otherwise dealing in securities for an appropriate period;

88.3. Direction to restrain them from associating themselves with the securities market, either directly or indirectly, in any manner and

88.4. Directions for imposition of penalty under Sections 11B (2), 11(4A) and 27 (Directors of Olga Trading Pvt. Ltd. and MKB Bespoke Audio General and Partners of Visa Capital Partners) read with Section 15HA of the SEBI Act as may be deemed appropriate under SEBI Act.

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

90. This Order is without prejudice to any other action that SEBI may initiate under the securities laws, as deemed appropriate, against the above mentioned persons/*Noticees*. I note that proceedings are being initiated separately against the trading members alleged to be involved in the impugned front running activities.

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

92. A copy of this Order shall be forwarded to the *Noticees,* Stock Exchanges, Depositories, Registrar and Share Transfer Agents and Banks to ensure necessary compliance.

Sd/-

DATE: February 28, 2023 **S. K. MOHANTY**

PLACE: MUMBAI **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA