



WTM/KV/ISD/ISD-SEC-4/31383/2025-26

**SECURITIES AND EXCHANGE BOARD OF INDIA
EX-PARTE INTERIM ORDER CUM SHOW CAUSE NOTICE**

UNDER SUB-SECTION (1) OF SECTION 11, SUB-SECTION (4) OF SECTION 11, SUB-SECTION (4A) OF SECTION 11, SUB-SECTION (1) AND (2) OF SECTION 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH REGULATION 11 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO SECURITIES MARKET) REGULATIONS, 2003

IN THE MATTER OF FRONT RUNNING BY MADHAV STOCK VISION PVT. LTD. AND OTHERS

In respect of:

Sr. No.	NOTICEES	PAN
Front Runner (FR)		
1.	Madhav Stock Vision Pvt. Ltd.	AABCM8845M
Information Carriers		
2.	Jyotiswaroop Nandkishore Purohit	AGPPP6277R
3.	Pankit Bhagwati Jhaveri	ADMPJ9270G
Facilitators/Enablers		
4.	Rajesh Bhagwati Jhaveri	ADTPJ3856F
5.	Ajay Sampatraj Jain	AABPJ0451D
6.	Rajkumar Prabhu Damani	AECPD9155K

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



Table of Contents

A.	Background	3
B.	Details of Noticees involved in the matter.....	6
C.	Key evidences collected during the investigation	8
D.	Connection amongst Noticees and other entities	9
E.	Proximity of trading terminals of four stock brokers of the Big Client from where orders of the Big Client was placed	12
F.	Sharing of information (NPI) of the impending orders of the Big Client	25
G.	Instances of Trading in line with the sharing of NPI pertaining to the Big Client.....	35
H.	Role of Noticees	85
I.	Summary of profits made by the <i>Noticee no.1</i> based on the NPI received from Noticee nos. 2 and 3	87
J.	Sharing of profits amongst Noticees.....	88
K.	Examination of violation of provisions of SEBI Act and regulations made thereunder-	102
L.	Liability of Directors of MSVPL	116
M.	Need for interim ex-parte order	119
N.	Joint and several liability	121
O.	Interim Order	123



A. Background

1. The present proceedings have emanated from an investigation conducted for the period from April 01, 2020 to December 01, 2023 (hereinafter referred to as “**Relevant Period/ Investigation Period**”) by the Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”), to examine alleged front running of trades of the Big Client* by Madhav Stock Vision Pvt. Ltd. (hereinafter referred to as “**MSVPL/ Noticee No. 1**”), a registered stock broker and the role of *Noticee nos. 2 to 6* in the said trading activities of the *Noticee no. 1*.
2. Based on SEBI’s internal alert system, it was observed that trades of the Big Client placed through its empanelled brokers namely, (Broker no.1; Broker no.2; Broker no.3 and Broker no.4) were front run by MSVPL.
3. Considering the *prima facie* pattern of trades in common scrips by MSVPL, with the Big Client, further investigation was undertaken to ascertain whether acts of *Noticees* were in violation of provisions of the Securities and Exchange Board of India Act 1992 (hereinafter referred to as the “**SEBI Act**”) and the Regulations framed thereunder.
4. An Investigating Authority was appointed by SEBI, in terms of Section 11C of the SEBI Act, to carry out further investigation in the matter. Subsequently, after obtaining necessary permission from the Competent Court, search and seizure operations were carried out at various locations of 11 entities including *Noticees* on December 4, 2023. During the said operation, various electronic devices were seized and statements were recorded under oath. The details of the entities whose premises were searched are as follows:

* Name of the Big Client has not been used and entities who are not *Noticees* in the instant matter have their names as an acronym or as redacted. Actual names would be supplied to *Noticees* during inspection of documents and to Hon’ble SAT and Courts during proceedings.

General Note: some of the search entities have not been made *Noticees* as nothing adverse relating to securities market violation found so far.



Table no. 1

Details of entities whose premises were searched by SEBI

Sr. No.	Name / Description	Address
Entities who are Noticees in this order		
1	Jyotiswaroop Nandkishore Purohit (hereinafter referred to as <i>Noticee no.2/SE#1</i>)	Residence: Manali, 4A/64-65, Evershine Nagar, Malad W, Mumbai 400064 Office No. B1, Ground Floor, Kemp Plaza, Mind Space, Malad West, Mumbai 400064
2	Rajesh Bhagwati Jhaveri (hereinafter referred to as <i>Noticee no.4/ SE#2</i>)	Residence: A-603, Tulsi Niwas, Prabhat Colony, Opp. Hotel Galaxy, Road No 2, Santacruz East, Mumbai 400055
3	Ajay Sampatraj Jain (hereinafter referred to as <i>Noticee no.5/ SE#3</i>)	Residence: Flat No. 21, 2nd Floor, Kshitij Building, 47 L Jagmohandas Marg, Nepean Sea Road, Mumbai 400006
Entities who are not Noticees in this order		
4	Searched entity (4) (hereinafter referred as SE#4)	
5	Searched entity (5) (hereinafter referred as SE#5)	
6	Searched entity (6) (hereinafter referred as SE#6)	
7	Searched entity (7) (hereinafter referred as SE#7)	
8	Searched entity (8) (hereinafter referred as SE#8)	
9	Searched entity (9) (hereinafter referred as SE#9)	
10	Searched entity (10) (hereinafter referred as SE#10)	

5. Apart from above entities, search and seizure order was also issued by Competent Court against Pankit Bhagwati Jhaveri, (hereinafter referred to as the *Noticee*



no.3), however, on the day of search and seizure, his residence was found locked and the operation could not be conducted at his residence.

6. Based on the evidence collected during the search and seizure operation, it was prima facie suspected that, MSVPL, frontrunner (hereinafter '**FR**') used trading strategies to take advantage of the prior knowledge of the impending orders of the Big Client.
7. During the investigation period, it is observed that trades of the Big Client placed through its four empanelled brokers (Broker no.1, Broker no.2, Broker no.3, and Broker no.4) (hereinafter referred to as "**Four Stock Brokers**") were front run by MSVPL. The said four stock brokers are members of both National Stock Exchange Ltd. and BSE Ltd.
8. The details of representatives of four stock brokers (as submitted by the Big Client vide email dated July 24, 2024), who were authorized to call the dealers of the Big Client to obtain orders, are as given below in Table no.2. This list includes entities who were part of the list of Searched entities as well as Non-searched entities (hereinafter referred to as NonSE), details of the same are as under:

Table no. 2

Name of the Broker	Name of Dealers of stock brokers
Broker no.1	SE#6 Pankit Bhagwati Jhaveri Jyotiswaroop Nandkishore Purohit
Broker no.2	SE#8 SE#9 SE#10 Non SE #1 Non SE #2
Broker no.3	Non SE #3 SE#7 NonSE #4



Name of the Broker	Name of Dealers of stock brokers
	Non SE #5
Broker no.4	Non SE #6 Non SE #7 Non SE #8

9. From the above table and on further analysis the following was noted:

- i) Jyotiswaroop Nandkishore Purohit (*Noticee no. 2*), was dealer of Broker no.1 and also was an assistant to SE#6, who was an Authorized Person of Broker no.1. Pankit Bhagwati Jhaveri (*Noticee no.3*) was an employee and dealer of Broker no.1.
- ii) SE#8 to SE#10 were directors of Broker no.2, whereas NonSE#2 is an Authorized Person of Broker no.2 and NonSE#1 is the nephew of NonSE#2.
- iii) NonSE#3 is a director of Broker no.3, SE#7 and NonSE#5 are dealers of Broker no.3 and NonSE#4 was an assistant to SE#7.
- iv) NonSE#6, is a director of Broker no.4 and NonSE#7 and NonSE#8 are dealers of Broker no.4. Further, Broker no.4 submitted that the father of *Noticee no.2* was an Authorized Person of Broker no.4 and he was authorized to place orders of the Big Client during April 01, 2020 to January 15, 2021. (Note: The fact of him being the father of the *Noticee no.2* was acknowledged in his statement dated October 11, 2024)

B. Details of Noticees involved in the matter

10. A brief description of Noticees and their alleged role is given below.

10.1. Front Runner/Profit Maker -

MSVPL/Noticee No.1: MSVPL is a SEBI registered stock broker (SEBI Registration no. INZ000278135). The directors of MSVPL during investigation period included Ajay Sampatraj Jain (*Noticee no.5*) and Rajkumar Prabhu



Damani (*Noticee no.6*). Further, Rajesh Bhagwati Jhaveri (*Noticee no.4*) dealer of MSVPL and Ajay Sampatraj Jain (*Noticee no.5*), director of MSVPL, were connected to Jyotiswaroop Nandkishore Purohit (*Noticee no.2*) (who was a dealer of Broker no.1 and also an assistant to SE#6) and to Pankit Bhagwati Jhaveri (*Noticee no.3*), who was an employee and dealer of Broker no.1, through telephone calls. *Noticee nos.4 and 5* allegedly received information about impending orders of the Big client, which was a Non-public Information (hereinafter referred to as “**NPI**”) of the Big client from *Noticee nos. 2 and 3*. Based on this NPI, orders were allegedly placed by MSVPL, which front run the trades of the Big Client and thereby made profits.

10.2. Information Carriers

Jyotiswaroop Nandkishore Purohit (*Noticee no. 2*), was a dealer of Broker no.1 and also an assistant to SE#6 (who was an Authorized Person of Broker no.1). Pankit Bhagwati Jhaveri (*Noticee no. 3*) was an employee and dealer of Broker no.1. Both were responsible for placing orders of the Big Client at Broker no.1. Broker no.2 and Broker no.3, who were empanelled brokers of the Big Client were operating from the same premises as Broker no.1. Due to this proximity, *Noticee nos.2 and 3*, allegedly eavesdropped the conversation the dealers of Broker no.2 and Broker no.3, had with the dealers of the Big client. *Noticee nos.2 and 3*, were allegedly privy to the communication of NPI of the Big Client and thereby got access to the information of orders received by Broker no.2 and Broker no.3 from the Big Client. Investigation also revealed that, the *Noticee no.2* placed orders of the Big Client on behalf of Broker no.4 during Covid period. Thus, *Noticee nos.2 and 3*, being privy to the NPI allegedly passed the same to the *Noticee nos. 4 and 5* through telephone calls. *Noticee nos. 4 and 5*, in turn used the NPI to allegedly front run the trades of the Big Client and made unlawful gains in account of MSVPL. *Noticee nos.2 and 3*, have been categorized as Information Carriers.



10.3. Enablers

Rajesh Bhagwati Jhaveri (*Noticee No. 4*) was dealer of MSVPL and Ajay Sampatraj Jain (*Noticee no. 5*) and Rajukumar Prabhu Damani (*Noticee no. 6*), Directors of MSVPL are categorized as Enablers for front running of trades of the Big Client. *Noticee no.4*, dealer of MSVPL and *Noticee no.5*, Director of MSVPL, were connected with *Noticee nos.2 and 3*, through telephone calls and allegedly shared the NPI with *Noticee nos.4 and 5*, who in turn allegedly front run the trades of the Big Client. *Noticee nos. 5 and 6*, being directors of MSVPL, were aware of front running scheme and allowed terminals of MSVPL to be used for the carrying out the activity of front running the trades of the Big Client. *Noticee nos. 5 and 6*, allegedly facilitated in showing family members / related entities of *Noticees nos. 2, 3 and 4* as employees of MSVPL and shared unlawful gains with them.

C. Key evidences collected during the investigation

11. During the investigation, following evidences have been collected, namely:-
 - i) Evidence of connection in the form of Call Data Records (“CDR”), amongst brokers of the Big Client and dealers/directors of MSVPL;
 - ii) Evidence of proximity of *Noticee nos. 2 and 3* to dealing desks of the four Stock Brokers, who were authorized to take orders from the Big Client;;
 - iii) Trading profile and comparison of trading activity of MSVPL with the Big Client; including order placement of MSVPL and content of telephonic conversations amongst *Noticees* related to front running;
 - iv) Analysis of KYC; bank account statements; and statements taken under oath;
 - v) Evidence of sharing of profit amongst *Noticees*, which also included transfer of profit among the related entities of the *Noticees*.

12. These evidences are discussed in succeeding paragraphs in the following chronology: (i) connection between *Noticees* through Call record Records and proximity of trading terminals of the four stock brokers, who are brokers of the Big



Client; (ii) analysis of location of terminals of four stock brokers and *Noticees*, who were authorised to place orders for the Big Client (iii) analysis of sharing the NPI between *Noticees* and subsequent placing of orders by the Front Runner, MSVPL before the impending order of the Big Client; (iv) Details of profit sharing among *Noticees* including transfer of profits to related entities of *Noticees*. Pursuant to the analysis of above facts it is examined whether these facts lead to *prima facie* finding on violation of provisions of the SEBI Act as well as regulations made there under.

D. Connection amongst Noticees and other entities

13. In order to examine connection amongst *Noticees* and other entities, various evidence available on record have been examined/analysed and the following is observed:

14. Connections established through Call Data Records (CDRs):

Connection between dealers of Broker no.1 with dealers of MSVPL:

- i) CDR data showed that the *Noticee no.2* (dealer of Broker no.1 and assistant to SE#6) having mobile number '98xxx56xx0', was in contact with *Noticee no.4* (93xxx78xx6), *Noticee no.5* (98xxx59xx6), SE#5 having contact no.(99xxx49xx0) and SE#4 having contact no.(93xxx69xx7). SE#4 was director of MSVPL and SE#5 was dealer of MSVPL during the investigation period.
- ii) CDR data showed, that *Noticee no.3*, employee and dealer of Broker no.1, having mobile number '98xxx30xx8' was in contact with *Noticee no.4* (93xxx78xx6), *Noticee no.5* (98xxx59xx6), SE#5 having contact no.(99xxx49xx0) and SE#4 having contact no.(93xxx69xx7).
- iii) The details of analysis of calls of the *Noticee no.2*, with *Noticee nos. 4; 5*; SE#4 and SE#5 during the period from September 01, 2021 to December 01, 2023 is tabulated below.

Table no. 3



Entity (A)	Entity (B)	Incoming Calls		Outgoing Calls		Total	
		No of calls	Duration (seconds)	No of calls	Duration (seconds)	No of calls	Duration (seconds)
Notictee no.2 (98xxx56xx0)	Notictee no.4 (93xxx78xx6)	1,417	92,539	6,047	6,25,622	7,464	7,18,161
	Notictee no. 5 (98xxx59xx6)	94	5,987	854	58,787	948	64,774
	SE#5 (99xxx49xx0)	51	1,633	480	32,446	531	34,079
	SE#4 (93xxx69xx7)	6	182	38	2,590	44	2,772

- iv) No. of calls exchanged between *Notictee no.2* with *Notictee nos. 4, 5, SE#4* and *SE#5*, during market hours (9:00 AM to 03:30 PM) is tabulated below:

Table no. 4

Entity (A)	Entity (B)	Total No. of Calls	Calls exchanged during market hours (9:00 AM to 03:30 PM)	
			No. of calls	Percentage of total no. calls
Notictee no.2 (98xxx56xx0)	Notictee no.4 (93xxx78xx6)	7,464	7,278	97.51%
	Notictee no. 5 (98xxx59xx6)	948	868	91.56%
	SE#5 (99xxx49xx0)	531	522	98.31%
	SE#4 (93xxx69xx7)	44	44	100.00%

- v) The details of analysis of calls of the *Notictee no.3*, with *Notictee nos. 4; 5; SE#4* and *SE#5*, during the period from September 01, 2021 to December 01, 2023 is tabulated below



Table no. 5

Entity (A)	Entity (B)	Incoming Calls		Outgoing Calls		Total	
		No of calls	Duration (seconds)	No of calls	Duration (seconds)	No of calls	Duration (seconds)
Noticee no. 3 (98xxx30xx8)	Noticee no.4 (93xxx78xx6)	424	55,261	1,171	2,88,334	1,595	3,43,595
	Noticee no. 5 (98xxx59xx6)	1	15	27	2,952	28	2,967
	SE#5 (99xxx49xx0)	34	1,992	68	6,366	102	8,358
	SE#4 (93xxx69xx7)	0	0	0	0	0	0

- vi) No. of calls exchanged between the *Noticee no.3*, with *Noticee nos. 4; 5*; SE#4 and SE#5, during market hours (9:00 AM to 03:30 PM) is tabulated below:

Table no. 6

Entity (A)	Entity (B)	Total No. of Calls	Calls exchanged during market hours (9:00 AM to 03:30 PM)	
			No. of calls	Percentage of total no. calls
Noticee no.3 (98xxx30xx8)	Noticee no.4 (93xxx78xx6)	1,595	1,298	81.38%
	Noticee no. 5 (98xxx59xx6)	28	27	96.43%
	SE#5 (99xxx49xx0)	102	93	91.18%
	SE#4 (93xxx69xx7)	0	0	0



vii) From above tables, it is observed that:

- a) *Noticee nos. 2 and 3* made significant number of calls with *Noticee nos. 4, 5, SE#4 and SE#5*.
- b) No. of calls exchanged by the *Noticee no.3*, with *Noticee nos. 4, 5, SE#4 and SE#5*, during market hours (9:00 AM to 03:30 PM) ranges from 81.38% to 100% of the total calls between them.

E. Proximity of trading terminals of four stock brokers of the Big Client from where orders of the Big Client was placed

It was noted that four stock brokers had placed the trades of the Big Client from the same location. An analysis of the same is given below:

15. Analysis of location of terminal of Broker no.1 from where trades of the Big Client were executed:

- 15.1. During the investigation period, the Big Client placed orders through Broker no.1 on 2168 scrip days. NSE vide email dated October 16, 2024, provided details of the trades of the Big Client which were placed by Broker no.1 through NEAT and 2 different CTCL terminals. Details of which are as follows:

Table no. 7

Sr.No.	Terminal id/NEAT	No of scrip days	Percentage
1	40xxx400xxx1	1792	82.7%
2	40xxx00xxx1	353	16.3%
3	NEAT	23	1.1%
Grand Total		2168	100.0%

- 15.2. From the above table, it is observed that Broker no.1 placed majority of the orders of the Big Client through the Terminal ID '40xxx400xxx1'.



15.3. NSE vide email dated October 12, 2023, informed that CTCL terminal '40xxx400xxx1' of Broker no.1 is registered in the name of 'Pankit B Jhaveri'(Noticee no.3), located at the address: Office No 001, Kemp Plaza, Chincholi Bunder Road, Malad West, Mumbai, 400064.

15.4. Further, as per the information provided by the Big Client, vide its email dated August 20, 2024 and as noted from its empanelment review report, the address of dealing desk of Broker no.1, from where the orders were placed on behalf of the Big Client is as follows: Office No. 001, Gr. Floor, B-Wing, Kemp Plaza, Chincholi Bunder Road, Off Link Road, Malad (W), Mumbai – 400 064.

15.5. Further, Broker no.1 vide email dated September 25, 2024, submitted that orders for the Big Client were placed from terminal located at 'Office No. 001, Gr. Floor, B-wing, Kemp Plaza, Chincholi Bunder Road, Off Link Road, Malad (W), Mumbai – 400064.

16. Location of terminal of Broker no.2 from where trades of the Big Client were executed:

16.1. During the investigation period, the Big Client placed orders through Broker no.2 on 1967 scrip days. NSE vide email dated October 16, 2024 provided details of the trades of the Big Client which were placed by Broker no.2 through NEAT and 3 different CTCL terminals. Details of the same is given below:

Table no. 8

Sr.No.	Terminal id/NEAT	No of scrip days	Percentage
1	40xxx100xxx5	1646	83.7%
2	40xxx100xxx2	284	14.4%
3	NEAT	36	1.8%
4	40xxx100xxx7	1	0.1%
Grand Total		1967	100.0%



16.2. From the above table, it is observed that Broker no.2 placed orders of the Big Client majorly through the Terminal ID '40xxx100xxx5'.

16.3. During investigation, NSE vide email dated October 12, 2023, stated that CTCL terminal '40xxx100xxx5' of Broker no.2 is registered in the name of xxxxxxxx xxxxxx and is located at '811/812, P J Tower, Dalal Street, Fort, Mumbai 400001'.

16.4. Further, as per the information provided by the Big Client vide its email dated August 20, 2024 and as noted from its empanelment review report, the address of dealing desk of Broker no.2, from where the orders were placed on behalf of the Big Client is as follows: '811/812, P J Tower, Dalal Street, Fort, Mumbai 400001'.

16.5. However, investigation revealed that the actual location of the dealing desk of Broker no.2 from where orders were placed on behalf of the Big Client was different from the location provided by NSE and the Big Client. In order to establish the connection, an examination of the log analysis was carried out which reveals as under:

- i) Connection Log Analysis: It was noted that Broker no.2 had placed orders of the Big Client majorly through terminal having CTCL ID '40xxx100xxx5'. In order to verify the location details of CTCL terminal '40xxx100xxx5', connection log analysis of the trades through said terminal was carried out on sample basis. The connection logs provide information such as Internet Protocol (IP) address and timings of log in/log off of the person placing orders through internet. Investigation revealed that the orders of the Big Client were placed by Broker no.2 through BOW Terminal (<https://bow1.bseindia.com/>) and the service provider of the terminal was BSE Technologies Pvt. Ltd.
- ii) For further examination and on sample basis, the connection log details with respect to the trades of the Big client placed through Broker no.2 was sought



from BSE Technologies Pvt. Ltd.. For carrying out the sample based analysis, details were sought from NSE with respect to the orders placed by Broker no.2 for the Big Client during the relevant period. NSE vide email dated October 16, 2024 informed that Broker no.2, on November 16, 2022 had placed orders in the scrip of Hindustan Petroleum Corporation Ltd. for the Big client through terminal having CTCL ID: 40xxx100xxx5

- iii) In connection to the above order placed by Broker no.2 on November 16, 2022, BSE Technologies Pvt. Ltd. vide email dated August 30, 2024 provided the following details with respect to identity of location of the terminal of Broker no.2:

Table no. 9

IP Address	Login time	Logout time
122.179.133.xxx	08:53:39	16:16:41

- iv) As seen from the above table, on November 16, 2022 the orders of the Big Client were placed through public IP address 122.179.133.xxx during the time 08:53:39 - 16:16:41 hrs. and the Internet Service Provider ("ISP") for the IP address - 122.179.133.xxx was Bharti Airtel Limited ("Airtel").
- v) Further, details were sought form Airtel with regard to above IP address. Airtel vide emails dated September 13, 2024 and November 4, 2024 provided details of subscribers to whom the said IP address was allocated on the said date/time. The details of the same is as follows:

Table no. 10

DSL Id	Customer Name	IP Address	Address	City
02260019945_mh	SE#6	122.179.133.xxx	G-1 Kemp Plaza B Wing Off Link Road Nr Inorbit Mall Malad West, Mumbai, Maharashtra, 400064	Mumbai



- vi) As seen from the above table, it is noted that on November 16, 2022, at that time, IP address (*referred at table no.9 and 10*) was allocated to subscriber, SE#6, at address: G-1 Kemp Plaza B Wing Off Link Road Nr Inorbit Mall Malad West, Mumbai, Maharashtra, 400064.

16.6. Further, the reply submitted by Airtel, also provided details of other orders placed by Broker no.2 for the Big Client from the same IP address: 122.179.133.xxx. Details of the same is as under:

Table no. 11

Date	Scrip Name	IP Address	Login time	Logout time	DSL Id	Customer Name	Address
26/09/2022	Glaxosmithkline Pharma Lt	122.179.133.xxx	8:32:25	15:53:47	demux0.5849	SE#6	G-1 Kemp Plaza B Wing Off Link Road Nr Inorbit Mall Malad West, Mumbai, Maharashtra, 400064
14/10/2022	Titan Company Limited	122.179.133.xxx	8:02:38	16:36:44	demux0.5849		
15/12/2022	Bata India Ltd	122.179.133.xxx	8:55:03	16:41:46	02260019945_mh		
02/01/2023	Macrotech Developers Ltd	122.179.133.xxx	8:12:07	16:35:30	02260019945_mh		

16.7. In view of the above, it is found that most orders of the Big Client placed through Broker no.2 were from terminal having CTCL ID '40xxx100xxx5'. The address for this IP address is found to be: G-1, B Wing, Kemp Plaza, Mind Space, Malad West, Mumbai, Maharashtra, 400064.

16.8. In view of the above findings with respect to the desk location of Broker no.1 and Broker no.2, it is noted that the desk location address of both these brokers is the same which is given in the immediately preceding paragraph.



17. Location of terminal of Broker no.3 from where trades of the Big Client were executed

17.1. During the investigation period, the Big Client placed orders through Broker no.3 on 1919 scrip days. The trades of the Big Client were placed by Broker no.3 through 2 different CTCL terminals and the details of the same were provided by NSE vide email dated October 16, 2024 which is as under:

Table no. 12

Sr.No.	Terminal id/NEAT	No of scrip days	Percentage
1	40xxx400xxx2	1622	84.5%
2	40xxx400xxx1	297	15.5%
Grand Total		1919	100.0%

17.2. From the above table, it is observed that Broker no.3, placed majority of the orders of the Big Client through the Terminal ID “40xxx400xxx2”.

17.3. Details of the above terminal were sought from NSE, who vide email dated October 12, 2023, stated that CTCL terminal ‘40xxx400xxx2’ of Broker no.3 is registered in the name of SE#7(dealer of Broker no.3) and is located at: ‘Office No. B-209, Kemp Plaza, 2nd Floor, Chincholi Bunder Road, Near Mind Space, Malad West, Mumbai 400064’.

17.4. Further, as per the information provided by the Big Client vide its email dated August 20, 2024 and as noted from its empanelment review report the address of dealing desk of Broker no.3, from where the orders were placed on behalf of the Big client is: ‘Office No. B-209, Kemp Plaza, 2nd Floor, Chincholi Bunder Road, Near Mind Space, Malad West, Mumbai 400064’.

17.5. However, investigation revealed that the actual location of the dealing desk of Broker no.3 from where orders were placed on behalf of the Big Client is different from the details provided by NSE and the Big Client. In order to establish the



connection, an examination of the log analysis was carried out. Details of the same is as under:

- i) Connection Log Analysis – It was noted that Broker no.3 had placed orders of the Big Client majorly through terminal having CTCL ID ‘40xxx400xxx2’. In order to verify the location details of CTCL terminal ‘40xxx400xxx2’, connection log analysis of the trades, through the said terminal was carried out on sample basis. Broker no.3, vide email dated Sept 05, 2024, informed that the orders of the Big Client was placed through the FinSpot trading software, which belongs to FinSpot Technology Solutions Pvt. Ltd. (“Finspot”).
- ii) In relation to the log analysis, details sought from NSE showed that, on January 10, 2023, the Big Client had sold shares of TVS Motor Company Ltd. through Broker no.3 and these orders were placed by Broker no.3 through terminal having CTCL ID ‘40xxx400xxx2’.
- iii) From the details provided by Broker no.3 the CTCL login ID for terminal ‘40xxx400xxx2’ was found to be ‘CxxUMxxx’. The connection log details for the said order from CTCL login ID ‘CxxUMxxx’, obtained from Broker no.3 vide its email dated September 5, 2024 is as follows:

Table no. 13

IP Address	Login time
122.179.133.xxx	08:17:00

- iv) As seen from the above table, the orders of the Big Client were placed through public IP address 122.179.133.xxx, for which the ISP is Airtel.
- v) Airtel provided the details of the subscribers to whom the said IP address was allocated on the said date/time. The details provided by Airtel is as follows:

**Table no. 14**

DSL Id	Customer Name	IP Address	Address	City
02260019945_mh	SE#6	122.179.133.xxx	G-1 Kemp Plaza B Wing Off Link Road Nr Inorbit Mall Malad West, Mumbai, Maharashtra, 400064	Mumbai

- vi) From the above table, it is observed that the said IP was allocated to the subscriber SE#6 and on the above referred day and time, it was located at address: G-1 Kemp Plaza B Wing Off Link Road Nr Inorbit Mall Malad West, Mumbai, Maharashtra, 400064.

17.6. Further, the reply submitted by Airtel, also provided details of other orders placed by Broker no.3 for the Big Client from the same IP address: 122.179.133.xxx. Details of the same is as under:

Table no. 15

Date	Scrip Name	IP Address	Login time	DSL Id	Customer Name	Address
29/09/2022	Glenmark Pharmaceuticals	122.179.133.xxx	8:01:00	demux0.5849	SE#6	G-1 Kemp Plaza B Wing Off Link Road Nr Inorbit Mall Malad West, Mumbai, Maharashtra, 400064
27/10/2022	TVS Motor Company Ltd	122.179.133.xxx	8:19:00	demux0.5849		
23/12/2022	Vedanta Limited	122.179.133.xxx	8:29:00	02260019945_mh		
21/02/2023	NHPC Ltd	122.179.133.xxx	8:34:00	02260019945_mh		
31/03/2023	Gail (India) Ltd	122.179.133.xxx	8:31:00	02260019945_mh		
18/04/2023	TVS Motor Company Ltd	122.179.133.xxx	8:31:00	02260019945_mh		
04/05/2023	Rail Vikas Nigam Limited	122.179.133.xxx	9:34:00	02260019945_mh		
07/07/2023	Tata Steel Limited	122.179.133.xxx	8:14:00	02260019945_mh		
11/08/2023	Indus Towers Limited	122.179.133.xxx	9:07:00	02260019945_mh		
18/09/2023	Hindustan Unilever Ltd.	122.179.133.xxx	8:04:00	02260019945_mh		



17.7. Based on the sample analysis, it is noted that the orders of the Big Client were placed through Broker no.3 from the terminal ID 40xxx400xxx2, located at: G-1, B Wing, Kemp Plaza, Mind Space, Off Link Road, Malad West, Mumbai, Maharashtra, 400064.

17.8. From the above, it is found that the terminal having CTCL ID '40xxx400xxx2' through which Broker no.3 had majorly placed orders of the Big Client was located at: Office No. 001, Gr. Floor, B-Wing, Kemp Plaza, Chincholi Bunder Road, Off Link Road, Malad (W), Mumbai – 400 064, which is also the dealing desk location of Broker no.1.

18. Location of terminal of Broker no.4 from where trades of the Big Client were executed

18.1. The orders of the Big Client placed through Broker no.4 were front run by MSVPL during the period from April 01, 2020 to January 15, 2021.

18.2. During investigation, statement of NonSE#6, director of Broker no.4 was recorded under oath on October 4, 2024, wherein NonSE#6 stated that, father of the *Noticee no.2*, worked as authorised person of Broker no.4 and used to coordinate with the Big Client for secondary market business for the period from 2007 to January 15, 2021. His role was to call dealer of the Big Client and obtain orders from them. During the period of Covid pandemic, he was authorized to work from home. Further, the father of the *Noticee no.2*, during his statement under oath on October 11, 2024 stated that his son Jyotiswaroop (*Noticee no.2*) used to place orders of the Big Client received by Broker no.4 during the period from April 2020 to January 2021.

18.3. The period from April 01, 2020 to January 15, 2021 falls within Covid pandemic period and the Big Client was following 'work from home' procedure for dealing room. As per procedure detailed by the Big Client during Covid period, the Big Client used to communicate the order related information to empanelled stock broker through email which in this case is Broker no.4.

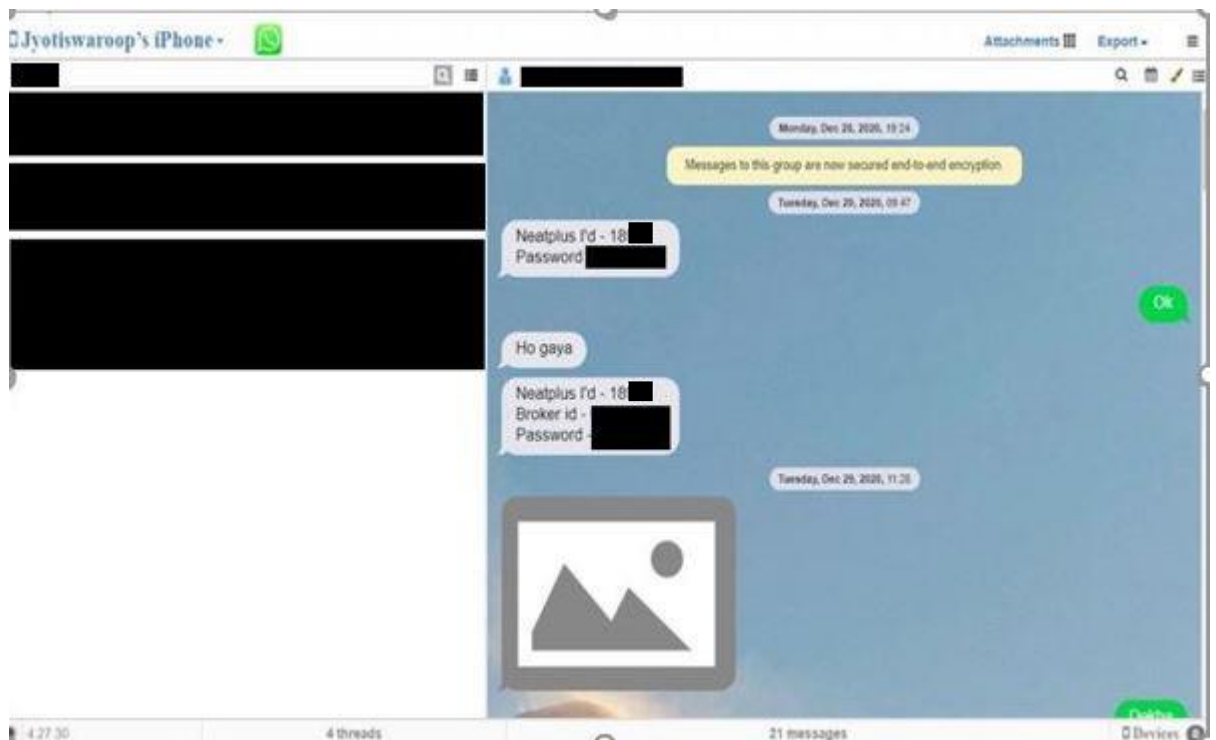


18.4. It was also noted that, NonSE#9 (an employee of Broker no.4) and NonSE#6 (director of Broker no.4), had access to the above referred emails and had shared the order related information with the *Notictee no.2* to execute the orders of the Big client. Details of the same is given in the subsequent paragraphs.

18.5. NonSE#9 (an employee of Broker no.4), shared credentials of terminal details of Broker no.4 with the *Notictee no.2*. The evidence given below enumerates the sharing of terminal credentials with the *Notictee no.2*.

Chat between the *Notictee no.2* (98xxx56xx0) and NonSE#9 (employee of Broker no.4) (98xxx70xx2) on December 29, 2020.

Clipping no. 1



Relevant messages from the clipping above are reproduced below:

NonSE#9: Neatplus I'd – 18xxx

Password - KxxxI@4x

Jyotishwaroop: Ok



NonSE#9: Ho gaya

NonSE#9: Neatplus I'd – 18xxx

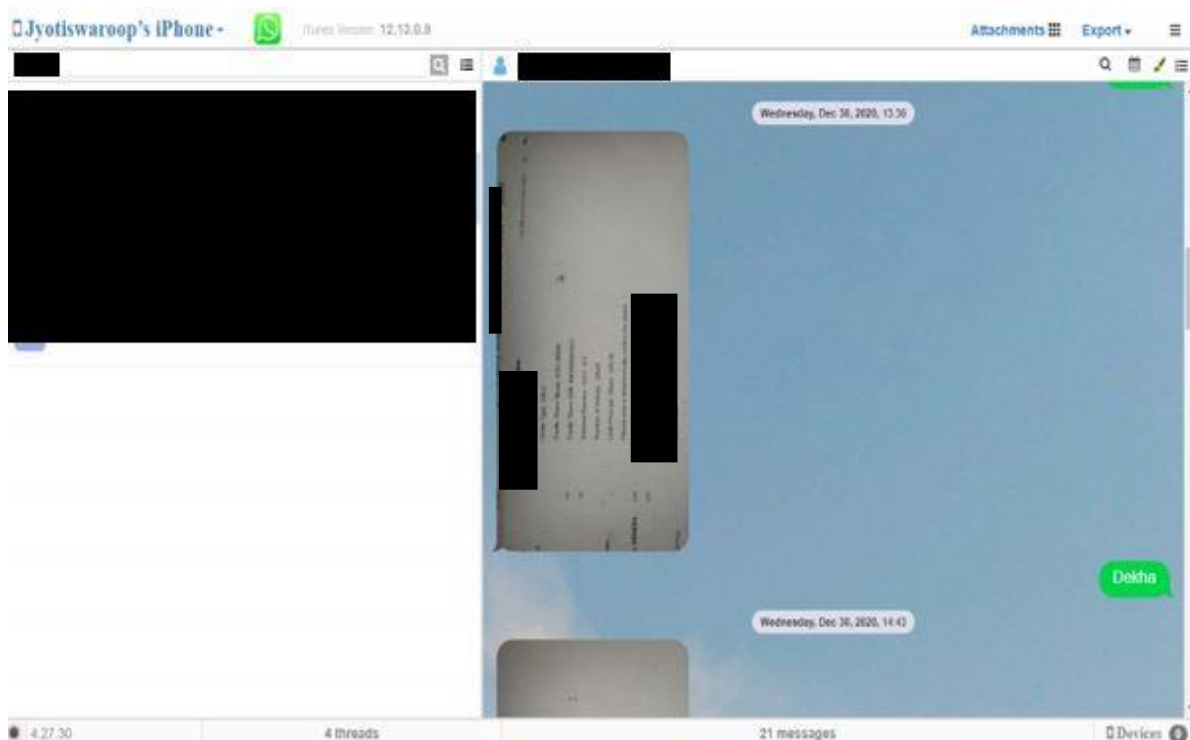
Broker id – 0xxx7

Password - KxxxI@4x

18.6. Further, NonSE#9 (employee of Broker no.4), also shared NPI which is order related information of the Big client received through email by Broker no.4 with the *Noticee no.2* for order placement on behalf of Broker no.4. The following evidence enumerates the sharing of information with the *Noticee no.2*.

Given below is the chat between the *Noticee no.2* (98xxx56xx0) and NonSE#9 (employee of Broker no.4) (98xxx70xx2) on December 30, 2020 which contains the snapshot of the email received by Broker no.4:

Clipping no. 2





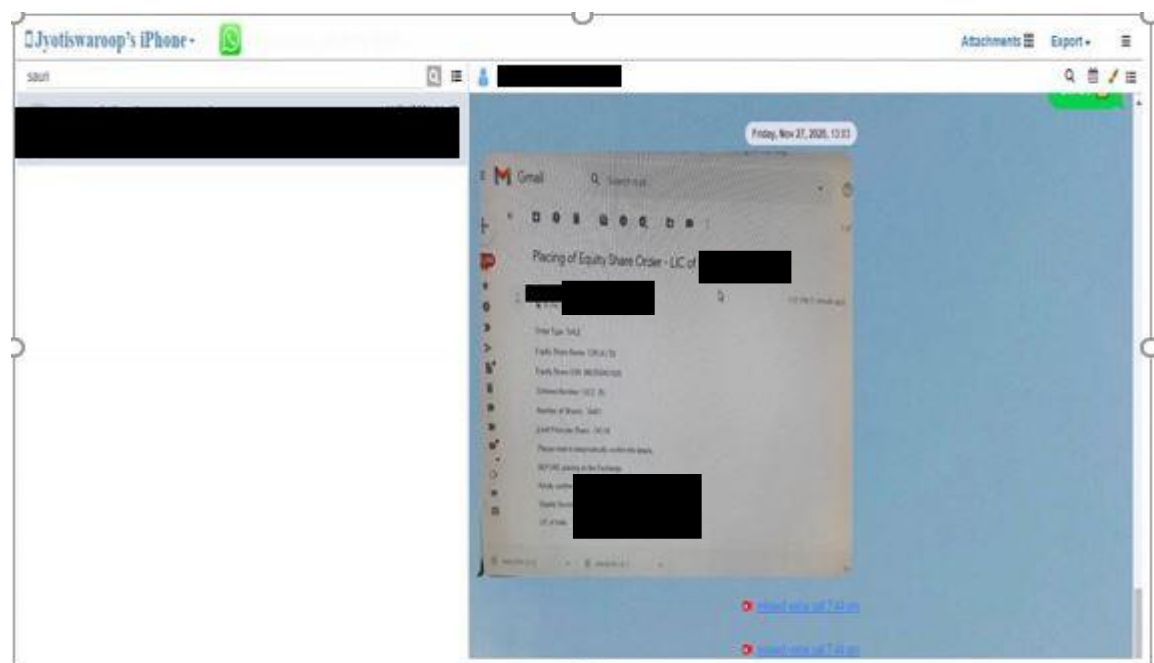
Relevant contents of the email received by Broker no. 4 from the Big Client which was shared in the above chat is reproduced below:

Order Type: SALE
Equity Share Name: ICICI Bank
Equity Share ISIN: INE090A01021
Scheme Number / UCC: 113
Number of Shares: 28500
Limit Price per Share: 526.00
Please note to telephonically confirm the details.

18.7. It was further seen that NonSE#6 (director of Broker no.4) shared NPI of the Big Client received through email by Broker no.4 with the *Noticee no.2* for order placement on behalf of Broker no.4. The following evidence enumerates the sharing of NPI with the *Noticee no.2*.

Given below is the chat between the *Noticee no.2* (98xxx56xx0) and NonSE#6 (director of Broker no.4) (98xxx16xx0) on November 27, 2020 which contains the snapshot of the email received by Broker no.4:

Clipping no. 3





Relevant contents of the email received by Broker no. 4 from the Big Client which was shared in the above chat is reproduced below:

Order Type: SALE

Equity Share Name: CIPLA LTD

Equity Share ISIN: INE059A01026

Scheme Number / UCC: 05

Number of Shares: 34401

Limit Price per Share: 743.00

Please note to telephonically confirm the details.

18.8. As seen from the above, the terminal credentials of Broker no.4 through which the orders of the Big Client were placed included details of the orders of the Big Client which were shared with the *Noticee no.2*, who in turn placed orders of the Big Client from the terminal of Broker no.4. This shows that the *Noticee no.2* was aware of the NPI of the Big Client which was received from the Broker no.4.

18.9. The findings given above show that orders of the Big Client with respect to Broker no.1, Broker no.2 and Broker no.3 were placed from their respective terminals located at office premises: Office No. 001, Gr. Floor, B-wing, Kemp Plaza, Chincholi Bunder Road, Off Link Road, Malad (W), Mumbai – 400064. Further with respect to Broker no.4, the orders of the Big Client were placed by the *Noticee no.2* on behalf of Broker no.4.

18.10. It was also seen from the copies of telephone bills that the above office address belonged to ABC Ltd. The dealing desks of Broker no.1, Broker no.2 and Broker no.3 through which orders of the Big Client were placed are proximate to each other. ABC Ltd. vide emails dated October 30, 2024 and November 07, 2024, provided details of dealing desks of Broker no.1, Broker no.2 and Broker no.3 which were situated at their address.



18.11. The above findings show that the dealing desks of Broker no.1, Broker no.2 and Broker no.3 through which orders of the Big Client was placed were located at the same address and hence were proximate to each other. Due to this proximity of dealing desks of the three stock brokers, *Noticee nos.2 and 3* were allegedly privy to the conversations regarding the NPI, the dealers of Broker no.2 and Broker no.3, had with the dealers of the Big client.

F. Sharing of information (NPI) of the impending orders of the Big Client

19. Further to the above, evidences gathered showed content of conversations the *Noticee no.4*, dealer of MSVPL had with the *Noticee no.2*. The conversations between them was based on the information gathered by the *Noticee no.2*, due to proximity of the dealing desk of Broker no.1 had with Broker no.2 and Broker no.3. The conversations between *Noticee no.4* and *Noticee no.2*, shows how the proximity of dealing desk enabled *Noticee nos.2 and 3* to eavesdrop the order related information of the Big Client.

20. *Noticee nos.2 and 3*, took orders from the Big Client on behalf of Broker no.1. It was noted that *Noticee nos.2 and 3*, shared the NPI directly with dealers of MSVPL, majorly through telephone calls. This finding was corroborated from the table nos. 3 to 6 above, whereby it was noted that huge number of calls were made by *Noticee nos.2 and 3* to *Noticee nos. 4 and 5*, dealer and director respectively of MSVPL during market hours.

21. On behalf of Broker no.3, NonSE#4, assistant to dealer of Broker no.3, took orders from the Big Client through telephone call. The proximity of dealing desk of Broker no.1 and Broker no.3, enabled *Noticee nos. 2 and 3* to allegedly eavesdrop the order related information of the Big Client received by Broker no.3. Extracts of the same is detailed below:



- i) On September 17, 2021, the *Noticee no.2* (98xxx5xxx0) made a call to the *Noticee no.4* (93xxx7xxx6) at 20:39:09 hrs. which lasted for 124 seconds. The conversation took place in Hindi, the transcript of the same is given below:

Rajesh: Bol

Jyotiswaroop: Nahi toh bas yahi hai usme ki aapko update karne ka hai. Aisa nahi hai bhai ki Parla se order le liya toh Bengaluru ko bataya nahi. Woh agar kiya aur maloom pad gaya toh kuchh dino tak order nahi denge.

Rajesh: Hmm

Jyotiswaroop: But thik hai abhi. Dekho. Timing ka toh aisa hai ki opportunity milna chahiye. Time toh. Mail aaya jaisa woh phone pe repeat karte hai waise hi hai.

Rajesh: Mail tereko toh ek ka toh dikhta hai na?

Jyotiswaroop: Abhi toh woh wala option hi nahi hai na.

Rajesh: Hmm. Abhi woh wala option nikal gaya.

Rajesh: Abhi kaan lagane ke hai barabar.

Jyotiswaroop: Kaan toh apna waise hi tej hai. Dusre cabin mein kya baat hoti hai uspe apan kaam kar daalte hai.

Rajesh: Udhar se microphone laga de na ek. Zanzat nahi.

Jyotiswaroop: Nahi abhi maine bola na. Woh neechewale cabin mein jidhar yeh log baithte hai na xxxxxxxx aur xx(ref: NonSE#4). Usme kya hai ki yeh logo ka hahahaheehee chalu rehta hai na tabhi woh cabin ka darwaza band karte the, Woh ek case mein apne ko nahi maloom pade. Baki thik hai.

Rajesh: Hmm. Thik hai. Jo naseeb mein hai, jitna hai utna milega.

Conversation continues....

- ii) As seen from the above conversation, *Noticee nos.2 and 4* are referring to the big client's email dated September 17, 2021 at 20:26 hrs. which was sent to its brokers, wherein the Big Client informed the brokers that they are restarting operations of equity dealing room from office and work from home process of equity dealing will be stopped. It is seen that the Big client decided to operate equity dealing operations from 3 locations. The Big client also had informed its brokers that they have to give details of all orders received during the day and



if any broker takes two orders from two locations, there will be penalty in the form of not giving orders for few days.

- iii) In an another instance, the Noticee no.2 (98xxx5xxx0) made a call to the Noticee no.4 (93xxx7xxx6) on October 03, 2021 at 21:18:29 hrs. which lasted for 716 seconds. The conversation took place in Hindi, the transcript of the same is given below:

Rajesh: Bol

Jyotiswaroop: Bolo

Rajesh: Bol

Jyotiswaroop: Kya bol rahe the aap?

Rajesh: Nahi woh xxxxxx bol rahi thi, abhi main pehle jo phone use kar raha tha na chhota wala. Woh apna chhota hi hai. Apna 3 inch ki size ka hi hai. Toh woh bol rahi thi ki ek phone tere pocket mein ek tere pass hi rahega. Ek Pankit ke pass rakho. Aur 10:30-11 baje, 10:45 baje Pankit phone chalu kar dega terese. Aur uske pocket mein rakhneka. Phone chalu rakhneka. Jaisa sauda aayega tu kaan mein lagake suun sakta hai niche.

Jyotiswaroop: Kiskeliye bol rahe ho aap?

Rajesh: Suda aayega toh. Niche tereko kabhi kabhi sunai nahi deta hai na?

Jyotiswaroop: (ref:NonSE#4) ke liye na?

Rajesh: Ha

Jyotiswaroop: Nahi nahi itna mat karo risk.

Rajesh: Nahi Nahi phone bole toh Pankit ke pocket mein rahega niche ka.

Jyotiswaroop: Samajh gaya. Lekin woh itna kabhi kabhi sunane mein herfer ho gaya na to atak jayenge. Opportunity Rahega

Rajesh: Nahi nahi yaar. Aisa nahi hai.

Jyotiswaroop: Main samjha aapka baat, idea accha hai.

Rajesh: Baki toh tu sunn hi raha hai na. Tereko jo sunai deta hai na, toh kaan mein lagake sun. Kabhi kabhi kya rehta hai, chalo hum logone sauda kiya hai. Bich mein khade hai. Lene ka uss waqt bechane ka diya hai. Kitna becha hai kitna nahi. Kuchh bolenge ki 10000 gaya hai 20000 gaya hai toh tereko who maloom pad jayega. Samjha kya?

Jyotiswaroop: Work out karenge usko.



Rajesh: Ha. Tu jara soch jara aisa kuchh.

Jyotiswaroop: Hmm. Sochane wala matter to amount wise hai hi nahi kuchh.

Rajesh: Ha. Amount ka kuchh nahi hai.

Jyotiswaroop: 5000 ka aave ki 15000 aave.

Rajesh: Nahi, woh toh kya hai ki mere pass toh phone pada hai who. Abhi temporary check karneka toh mera mummy ke pass bhi same phone hai. Toh khali ek number lagega. Tum logonko chalu rakhne ke liye.

Jyotiswaroop: Lekin usko chalu kitni der tak rakhneka phone ko?

Rajesh: Woh toh chaluhi rakhneka, kya farak padta hai? Abhi toh kya unlimited sabka unlimited calls hai.

Jyotiswaroop: Nahi nahi woh samajh gaya. Lekin kabhi sunane mein nahi aaya, cut gaya, aadha suna, aadha rehe gaya. Apna toh baatchit pura sunane pe hai.

Rajesh: Woh barabar hai. Main kya bol raha hun. Tu abhibhi vaise bhi toh sunata hai tu. Abhi vaise hi kar rahe hai hum log.

Jyotiswaroop: Hmm

Rajesh: Samjha? Phone tera chalu rahega aur kabhi kuch confusion hua toh tu kaan mein se kabhibh sunn sakta hai. Iske liye. Baki kuchh nahi. Yeh added tera advantage hai. Aisa hai.

Jyotiswaroop: Woh kiske pass rahega phone phir?

Rajesh: Ek tere pass rakhneka aur ek Pankit ke pass rakhneka. Pankit uske pocket mein rahega. Pankit bathroom mein...

Jyotiswaroop: Nahi nahi, agar hum donoko aapas mein uske trade ka kuchh communicate karna hai toh main niche jake bhi dekhta hun. Ya phir puchh leta hun. Woh koi problem nahi hai.

Rajesh: Lekin sauda aayega toh sunai deta hai tereko? Kabhi woh andar cabin mein rahega ya aisa kuchh...darwaza...

Jyotiswaroop: Dekho abhi 10 mein se 9 baar, 10 mein se 8 baar aisa hua hai ki nahi maloom padta.

Rajesh: Ha, wohi toh bol raha hun na. Toh woh opportunity miss nahi hove.

Jyotiswaroop: Main mera toh dekh sakta hun ye cheez. Main rakh liya chalu. Par unke liye woh cheez thoda bhari hai.

Rajesh: Kyu? Pocket mein rakhne ka hai. Light wight kuchh nahi hai. Tera sadha phone apna.



Jyotiswaroop: Samajh gaya. Chhota, Samsung guru ya jo bhi

Rajesh: Haan wohi. Guru, Guru, Wohi.

Jyotiswaroop: Dekhte hai kal aayenge to discuss karte hai.

Rajesh: Ha ek baar socho tum log bhi.

Jyotiswaroop: Nahi nahi. Vaisa nahi. Sochna dekho amount wise nahi hai.

Workable hai ki nahi woh dekhneka hai.

Rajesh: Ha workable wohi

Jyotiswaroop: Dekho. Kya hota hai na..

Rajesh: Dekh sunn, phone toh mere pass abhi pada hai. Pankit ke pass hai. Tera number ek khali lagega ek temporary.

Jyotiswaroop: Vaisa kuchh hoyega toh 1800-1800 ka do phone bhi le lenge. Woh bhi problem nahi hai.

Rajesh: Ha. Wohi.

Jyotiswaroop: But woh workable hai ki nahi, who dekhna padega.

Rajesh: Wohi toh main bol raha hun. Tu sunn hi nahi raha hai. Workable check karne ke liye, ye temporary yeh mera ek phone hai aur ek mummy ka phone. Ek din use karke dekho maloom padega na. Khali sirf tereko number lagega kisika. Jo number woh alag hi rahega. Tum log dono ke bich ka.

Jyotiswaroop: Do sim card bhi toh lena padega na naya.

Rajesh: Woh toh naya sim card toh ek kisike bhi naam pe le sakta hai yaar tu.

Jyotiswaroop: Hmm

Rajesh: Woh toh prepaid hi leneka. Toh koi zanzat nahi hai. Woh prepaid hai to saal ka prepaid ka bhar diya hai. 1500 Rs mein pura saal ka chalta hai, unlimited calls.

Jyotiswaroop: Woh koi problem nahi hai.

Rajesh: Ha. Nahi nahi. Magar abhi. Ha toh. Mahine ka 125 bharneka hai.

Jyotiswaroop: Dekho. Main toh kya dekho upar akela reheta hu, toh main manage karta hun..

Rajesh: Tera problem nahi hai. Iske liye tu clearly sunn sakega kaan pe lagake.

Jyotiswaroop: Ismein kya hai niche, ki agar trade aaya samjho. Toh xxxxxx (ref.NonSE#1) bhi apna special comment aata hai ki pura mat maro (not clear), aadha maaro, aisa maaro, vaisa maaro. Phir manager bhi aa jata hai. Xxxxx (ref. SE#7) uncle bhi aa jaate hai bich mein toh...



Rajesh: Toh mai kya bol raha hun tereko. Phone pehle toh phone silent pe donoka rakhneka hai. Dusra tereko phone lagake lock automatic auto lock ho jaata hai. Barabar hai? Means tera ek baar phone chalu hoga toh button dabega toh bhi tera phone cut nahi hoyega. Unless and until woh system se band hota hai toh. Toh tu fataak se kaan se tu khali kaan pocket mein se nikalke kaan mein sunn sakta hai.

Jyotiswaroop: Mereko toh problem nahi hai. Main toh table pe baith lu, kaan mein lagalu. Woh bhi koi problem nahi hai.

Rajesh: Ha ha. Wahi. Hai na. Pankit ke pocket mein rahega. Achha woh phone itna chhota hai ki woh problem nahi hai. Achha tu silent pe rakhata hai toh ring bhi bajne wala nahi hai. Toh ye ek shanti hai. Dekh le. Tum log baat karo. Main Pankit ko bhi bola tha. Tum log jara socho ki possible hai nahi hai.

Jyotiswaroop: Woh toh workable hai toh kar hi lenge.

Rajesh: Ha. Dekh le na. Woh try karneka hai toh leke jao na phone. Naya baad mein lo.

Jyotiswaroop: Naya hi le lenge na phir.

Rajesh: Arre bhai, lekin try karneke liye pehle ek baar try karke dekho ki sunai deta hai barabar nahi hai. Phir lo na naya.

Jyotiswaroop: Woh agar... agar karneka view ban hi jaayega toh main do dabba nichese le lunga 1800-1800 ka aur naya sim card bhi le lunga. Kya farak girta hai.

Rajesh: Arre lekin pocket mein rakhake jamta hai ki nahi woh sab khali dekhne ke liye.

Jyotiswaroop: Woh kar lenge na.

Rajesh: Ha toh dekh le aur kal discuss kar.

Jyotiswaroop: Ha kal aamne samane baith ke baat kar lenge hum log.

Rajesh: Ha tu dekh ha.

Jyotiswaroop: Ha kar lenge, aur bolo baki.

Conversation continues....

- iv) As seen from the above conversations, NonSE#4, (assistant to dealer of Broker no.3), would repeat the order information over the call made to the Big Client to get the confirmation. This conversation would be eavesdropped by Noticee nos.2 or 3, who in turn used to pass on the information to dealer of MSVPL directly



(which as per the above conversation is the Noticee no.4) through telephone calls. Due to the proximity of dealing desk of Broker no.1 and Broker no.3, Noticee nos.2 and 3 were able to allegedly eavesdrop the order related information of the Big Client received by Broker no.3.

- v) With respect to Broker no.2, it was found that NonSE#1, nephew and assistant to NonSE#2 (Authorised Person of Broker no.2), had placed orders of the Big Client and hence NonSE#1 had knowledge of the NPI such as scrip, quantity, price range and discretion of time of orders of the Big Client.
- vi) Dealer of the Big client, received call from NonSE#1 on April 15, 2021. The conversation held between NonSE#1 (from his mobile no. 99xxx8xxx2) and dealer of the Big client on April 15, 2021 at 11:13:16 hrs., the call lasted for 35 seconds. Further, from the transcript details, it is observed that NonSE#1 repeated the order of the Big Client received over email to buy 47,800 shares of Voltas Ltd. on April 15, 2021 at the price of Rs. 944. The conversation took place in Hindi, the transcript of the same is given below:

Dealer of Big Client: Hello

NonSE#1: xxxxx Sir, xxxx(ref: NonSE#1) baat kar raha hun xxxnaxxx xxxxx (ref. Broker no.2) se Sir.

Dealer of Big Client: Ha ji boliye.

NonSE#1: Ha sir, mail aaya hai. Voltas purchase kar rahe hai. 47800 shares at 944. 18 number scheme mein.

Dealer of Big Client: Current market price boliye.

NonSE#1: Sir current market price aa raha hai 941-941.45.

Dealer of Big Client: Thik hai. Usko kijiye 942.50.

NonSE#1: Thik hai, 942.50 karta hun main.

Dealer of Big Client: Ha

NonSE#1: Hum purchase kar rahe hai. xxxxxx xxxxx. First order we are buying Sir Voltas.

Dealer of Big Client: Hit nahi karna hai. Baad mein average bataiye. Dheere dheere purchase karna hai.



NonSE#1: Dheere Dheere purchase karta hun Sir. Ok Sir

Dealer of Big Client: 18 number scheme mein purchase karna hai. Ok.

NonSE#1: Done. Done Sir.

- vii) As seen from the above, NonSE#1 is seen to be privy to the NPI on the Big Client in terms of scrip, price, quantity, order size. This conversation between NonSE#1 and dealer of Big Client was eavesdropped by the *Noticee no.2* who in turn shared the NPI with the *Noticee no.4* of MSVPL.
- viii) The conversation between *the Noticee no.2* (98xxx5xxx0) and the *Noticee no.4* (93xxx7xxx6), on April 15, 2021 at 11:12:29 hrs lasted for 184 seconds i.e. it started before the above conversation and ended after the above conversation. The conversation took place in Hindi, the transcript of the same is given below:

Jyotiswaroop: Bol mummy.

Rajesh: xxx xxx xxxxxxxx (Greetings). Koi hai baju mein? Thik hai. Chal.

Jyotiswaroop: Hmm

Rajesh: Hmm

Jyotiswaroop: Bolo

Rajesh: Bas kuchh nahi. Chalu nahi hua abhi tak?

Jyotiswaroop: Voltas

Rajesh: 940

Jyotiswaroop: Limit confirm karno do. Chalu rakho.

In the background, NonSE#1 could be heard talking to the dealer of the Big client. Transcript of that call is produced earlier.

Jyotiswaroop: Hello. 5,000 buy karo 41 mein . 5000 buy.

Rajesh: 2,000 aaya hai

Jyotiswaroop: 42 karo. 42 karo.

Rajesh: Aa gaya. 41.51 mein. Kya bhaav rakhu?

Jyotiswaroop: Hello. 5 aur lo. 5 aur lo. 41 mein.

Rajesh: Kya bhaav?

Jyotiswaroop: 41 mein 5 aur buy karo

Rajesh: Ha . Daala daala mere bhai. 7000 hua. 7500 hua.



Jyotiswaroop: Hata do. Hata do. 42.40

Rajesh: 7430. 942.40, na?

Jyotiswaroop: 44 ka limit tha

Rajesh: ??

*Jyotiswaroop: 44 wala limit usne 42.5 kiya. *****, Apna average kya hai?*

Rajesh: 41.32 . Abhi main hi dikh raha hun 1217 jo hai usme.

Jyotiswaroop: Upar karo. 43 karo. 43 karo

Rajesh: 42.95 kiya

Jyotiswaroop: Thik hai. Khade raho.

*Rajesh: 6500 baki hai. 6600. Sindhi mein sauda aata hai toh *** wahi takleef hai*
(This is a reference to dealer of Big client). *F&O ka item hai.*

Jyotiswaroop: Ek minute. Main karta hun wapis. Limit 42 ki hai. Wapis call karta hun.

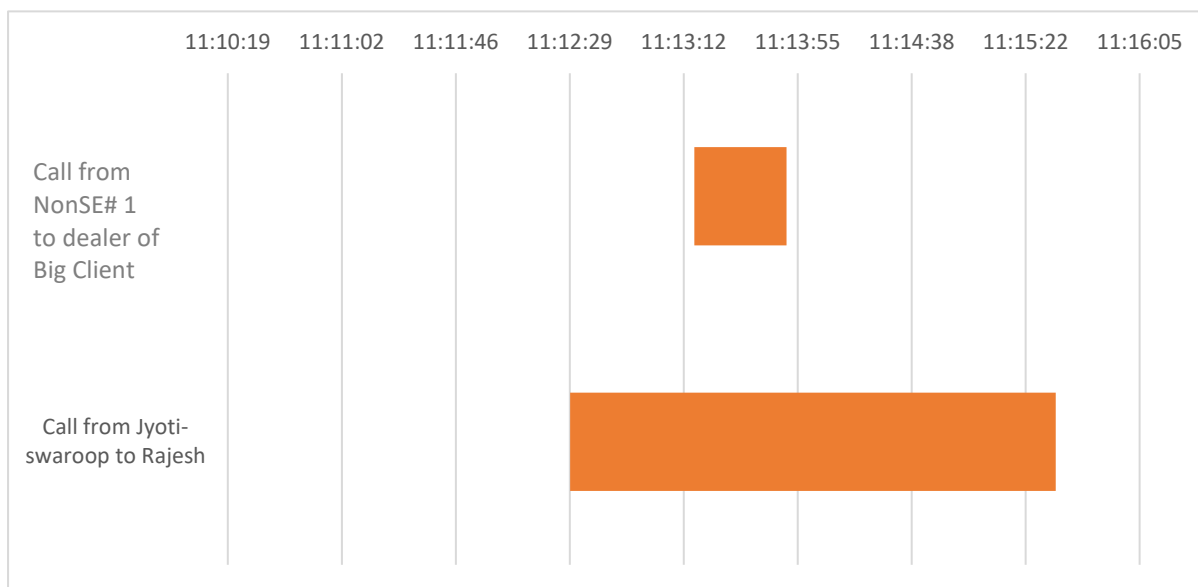
ix) From the above conversation, following is noted:

- a) While starting the call with the *Noticee no.4*, the *Noticee no.2* pretended to be talking to his mother as there seems to be somebody next to him.
- b) The *Noticee no.2* was listening to the conversation of NonSE#1 and the dealer of Big client.
- c) The *Noticee no.2* knew that NonSE#1 has received an email from the Big Client to buy shares of Voltas.
- d) The *Noticee no.2* waited for NonSE#1 to call the dealer of the Big Client and on gathering the limit price asked the *Noticee no.4*, to place order before the orders of the Big Client.
- e) The *Noticee no.2*, also gathered that limit price given to NonSE#1 in the email was INR 944, but during the telephonic call with the dealer of the Big Client revised the limit price to INR 942.5. The *Noticee no.2*, mentioned the revised limit price to the *Noticee no.4*. These conversations show that the *Noticee no.2* was listening to NonSE#1's conversation with the dealer of the Big client.
- f) As seen from the diagram below, the call between *Noticee nos.2 and 4*, and the call between NonSE#1 and the dealer of the Big client were



going on simultaneously. The fact that the *Noticee no.2* was conveying to the *Noticee no.4* the content of conversation between NonSE#1 and dealer of the Big client clearly shows that he was intentionally listening to NonSE#1's conversation with the dealer of the Big Client.

Clipping no. 4



- x) Above conversations show that while NonSE#1, would repeat the NPI over the telephonic call made to the dealer of the Big Client. These conversations were allegedly eavesdropped by the *Noticee no.2* or the *Noticee no.3*, who then passed on the information to *Noticee nos.4 and 5* dealer and director respectively of MSVPL mainly through telephone calls.
- xi) Pursuant to the above conversations, on the same day i.e. on April 15, 2021, MSVPL front run the orders of the Big Client which were placed through Broker no.2 in the scrip of Voltas Ltd on NSE using buy-buy-sell (BBS) strategy. The trade details are as under:



Table no. 16

Entity	Buy/Sell	Count of Orders	Original order Vol or range	Order Start Time	Order End Time	Trade Start Time	Trade End Time	Sum of Trade Qty	Order Type	Order Price Range (Rs.)	Trade Price	LTP at Order Entry	Avg. Trade Price (Rs.)	Match Vol.	Match Vol. %	Profit (Rs.)
FR	Buy	2	5,000	11:13:28	11:13:51	11:13:28	11:13:57	7,430	Limit	941-942	940.40-942.00	940.30-940.60	941.32			
BC*	Buy	3	5,000 - 10,000	11:13:59	11:16:18	11:13:59	11:31:34	22,800	Limit	941.5-942.5	941.10-942.50	941.00-942.30	941.93			
FR	Sell	2	1598 - 7430	11:14:13	11:15:51	11:14:30	11:20:59	7,430	Limit	942.40-942.95	942.40-942.95	942.00-942.45	942.79	1,493	20.09	10,894.5

*Big Client orders front run by entities

G. Instances of Trading in line with the sharing of NPI pertaining to the Big Client

22. Certain instances have been examined in order to see how NPI was used by MSVPL to place orders to front run the trades of the Big Client. Some of the instances have been discussed below:

RITES Limited: June 19, 2023 (SSB)

23. On June 19, 2023 at 10:56:08 hrs, the *Notictee no.2*, made a call to the dealer of the Big Client at telephone number 022-220xxxx1 which lasted for 91 seconds and ended at 10:57:39 hrs. Call recording details of aforementioned call were received from the Big Client. Further, from the transcript of aforementioned call, it is observed that the *Notictee no.2* received information from the dealer of the Big Client to place a sell order for 2,01,000 shares of RITES Ltd. at the price of Rs. 398 or better. The conversation took place in Hindi, the transcript of the same is given below:

Dealer of Big Client: Hello.



Jyotiswaroop: Hello.

Dealer of Big Client: Haan ji.

Jyotiswaroop: xxxxxxxx.

Dealer of Big Client: xxxxx bol raha hun sir xxx (Ref. Name of the Big Client) se.

Jyotiswaroop: xxxxxxxx, namaskar. Jotu. xxxxxxxxxx (ref: Broker no.1)se.

Dealer of Big Client: xxxxxxxxxx (ref: Broker no.1) se. Aur kaise ho sir?

Jyotiswaroop: Bas, badhiya sir, aap batayein.

Dealer of Big Client: Bas badhiya. Aap ye batayein. RITES Ltd batayein. RITES.

Jyotiswaroop: 408.95 – 401.

Dealer of Big Client: Ok. Note kijiye sir. We have to sell RITES Ltd.

Jyotiswaroop: Apneko bechana hai RITES.

Dealer of Big Client: 2,01,000 quantity. Two zero one triple zero.

Jyotiswaroop: Thik hai sir

Dealer of Big Client: At the rate 398 or better in Scheme 05.

Jyotiswaroop: 05. Sir, repeat karta hun. RITES apne ko bechana hai. 2,01,000 quantity. 2,01,000. Our limit is 398 or better. For scheme normal 05, we are selling.

Dealer of Big Client: Haan ji

Jyotiswaroop: Ok Sir

Dealer of Big Client: Order size?

Jyotiswaroop: Order size hua hai (not clear) 8 Crore.

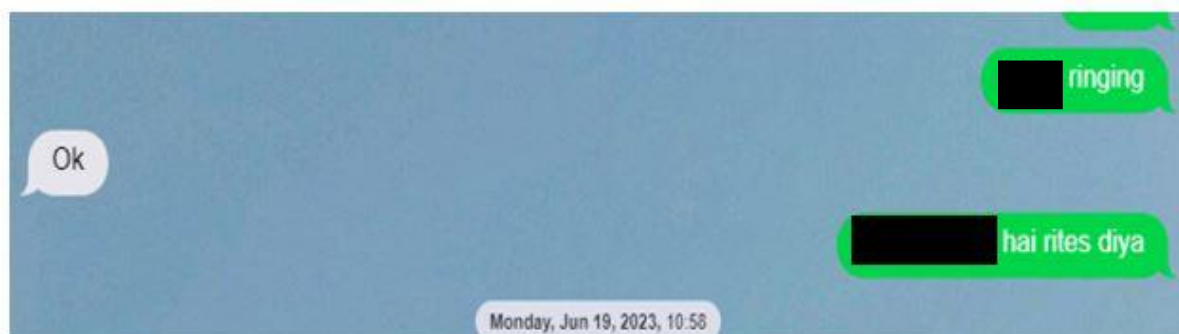
Dealer of Big Client: thik hai sir. Thik hai.

Jyotiswaroop: Yeah. Thank you.

24. From the above, it is seen that the Noticee no.2 was privy to the NPI of the Big Client in terms of scrip, price, quantity, order size. Once order from the Big Client was received, the Noticee no.2 (9xxx25xxx0) informed the same to the Noticee no.3 (9xxx23xxx8). Screenshot of their conversation on June 19, 2023 is given below:



Clipping no. 5



Relevant messages are reproduced below:

Jyotiswaroop: xxxx ringing

Pankit: Ok

*Jyotiswaroop: xxxxx xxxxx (ref. Name of dealer of Big client) hai
RITES diya*

25. The number 'xxxx' refers to the telephone number of the Big Client. Further, the *Noticee no.2* messaged the details of scrip RITES in which the Big Client intended to place order on that day.

26. Upon receipt of the NPI from the Big Client, the *Noticee no.2* communicated the order related information through WhatsApp to the *Noticee no.3*, another dealer of Broker no.1. Investigation revealed that both *Noticee nos.2 and 3* decided the quantum and prices of orders of MSVPL which front run the orders of the Big Client. Further, it is also observed that order placement details of MSVPL such as scrip price, quantity etc. were exactly same as discussed between *Noticee nos.2 and 3*.

27. It was also noted that, on June 19, 2023, before start of trading for the day, the *Noticee no.2* (98xxx5xxx0) had messaged the *Noticee no.3* (98xxx3xxx8) in relation to order placement of MSVPL. Screenshot of the conversation is as follows:



Clipping no. 6



Relevant messages are reproduced below:

Jyotiswaroop: Bhaiji or xxxxxx (ref. SE#5)

Pankit: What say

Jyotiswaroop: Bhaiji

28. The discussion is about through whom the order of MSVPL shall be placed i.e. either through Bhaiji (Ajay Sampatraj Jain/*Noticee no.5* i.e director of MSVPL) or another dealer of MSVPL. Both finally decided to deal with *the Noticee no.5*. The screenshot below shows that the *Noticee no.5* has been referred to as 'Bhaiji' by *Noticee no.2*. Further, it is noted that the *Noticee no.2* had called the *Noticee no.5* throughout the day and majority of the orders of MSVPL were placed while the call between the *Noticee no.2* and the *Noticee no.5* was ongoing.



The below chat shows that the *Noticee no.5* was referred as 'Bhaiji' by the *Noticee no.2*:

Clipping no. 7

Jyotishwaroop: Bhaiji super hit

Jyotishwaroop: Good morning bhaiji
Just called to know about your health. Take care

Jyotishwaroop: Good morning bhaiji

Jyotishwaroop: Good afternoon bhaiji

29. On June 19, 2023, Broker no.1 placed the sell orders of RITES Limited on NSE on behalf of the Big Client. These sell orders were placed by the Broker no.1, as per



the conversation the *Noticee no.2* had with the dealer of the Big client. The *Noticee no.2*, executed the orders of the Big Client and therefore had the NPI, such as scrip, quantity, price range and discretion of time of orders related to the Big Client.

30. As stated in the earlier paragraphs, on June 19, 2023, the *Noticee no.2* was on telephonic calls with the *Noticee no.5* of MSVPL throughout the day. It was also noted that majority of the orders were placed by MSVPL while the *Noticee no.2* and the *Noticee no.5* were in conversation with each other.

31. MSVPL engaged in front running in the scrip of RITES Ltd. on the said day, wherein they first executed their sell transactions. Subsequently, when the Big Client placed its sell order, MSVPL executed the buy orders around the same time so that their buy orders could match with the sell orders of the Big Client, thereby squaring off their earlier sell transactions and earning a profit. Herein, MSVPL adopted a Sell-Sell-Buy (SSB) strategy for carrying out front running.

32. The aforementioned order of MSVPL was partially executed and the same is confirmed through the trade log of the scrip. The order details of the Big Client of scrip of RITES Ltd. as obtained from trade logs are tabulated below:

Table no. 17

Particulars	Count of orders	Original Order Volume Range	Order Start Time	Order End Time	Trade Start Time	Trade End Time	Sum of Trade Quantity	Avg. Trade Price Range (in Rs.)
Non-FR Big Orders*	20	250-5000	11:03:34	13:54:05	11:13:52	13:57:49	27,066	395.56
FR Big Orders	9	3,500-20,000	11:00:18	14:20:37	11:00:18	14:20:37	88,275	396.48

* Non-FR Big Orders are orders of the Big client which have not been front run by MSVPL, the front runner.



33. It is seen that on June 19, 2023, MSVPL front run 9 sell orders of the Big Client ranging from 3,500 – 20,000 shares. The details of the orders of the Big Client along with the front run orders of MSVPL are placed below:

Table no. 18

Entity	Buy / Sell	Count of Orders	Original order Vol or range	Order Start Time	Order End Time	Trade Start Time	Trade End Time	Sum of Trade Qty	Order Type	Order Price Range (Rs.)	Trade Price	LTP at Order Entry (Rs.)	Avg. Trade Price (Rs.)	Matched Vol.	Match Vol. %	Profit (Rs.)
FR	Sell	7	5,000-20,000	10:59:14	14:15:42	10:59:14	14:18:56	58,128	Limit	395.70 - 400.00	395.70-401.15	394.60-401.35	397.85			
BC	Sell	9	3,500-20,000	11:00:18	14:20:37	11:00:18	14:20:37	88,275	Limit	394.00-398.00	394.00-398.55	394.40-398.85	396.48			
FR	Buy	5	1500 – 25,000	10:59:54	14:19:51	11:00:18	14:20:37	58,128	Limit	394.20-398.00	394.20-398.00	394.55-399.05	396.05	50,191	86.35	1,04,259.55

34. Further, it is observed that MSVPL front run the trades of the Big Client in the scrip of RITES in five tranches during the day. Investigation revealed that the order placed by MSVPL matched with the orders of the Big Client, in the range of 57.05% to 100%. The details of the same are given below:

35. Tranche 1: Trade details of orders of the Big Client which were front run by MSVPL on June 19, 2023 are given below:

Table no. 19

Entity	Buy / Sell	Count of Orders	Order Start Time	Order End Time	Trade Start Time	Trade End Time	Order Quantity	Trade Quantity	Order Price Range (Rs.)	Avg. Trade Price (Rs.)	Matched Vol.	Matched Vol%
FR	Sell	2	10:59:14	10:59:24	10:59:14	11:00:01	25000	25000	398.5 - 400	400.24	-	-
BC	Sell	3	11:00:18	11:03:05	11:00:18	11:03:05	50000	48070	398	398.02	-	-

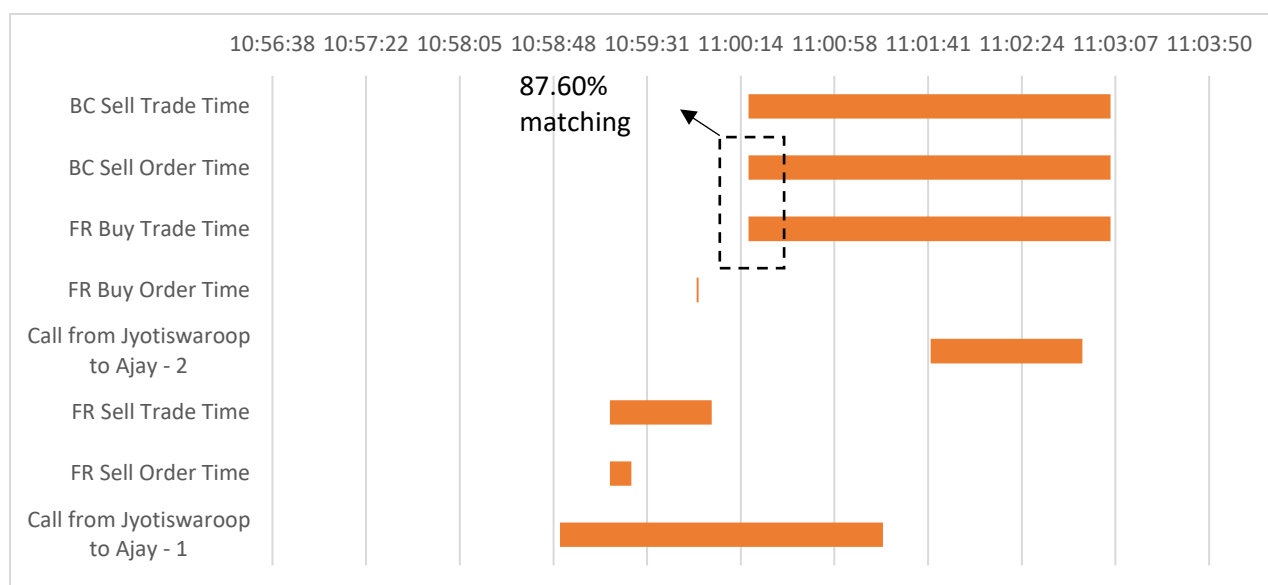


Entity	Buy / Sell	Count of Orders	Order Start Time	Order End Time	Trade Start Time	Trade End Time	Order Quantity	Trade Quantity	Order Price Range (Rs.)	Avg. Trade Price (Rs.)	Matched Vol.	Matched Vol%
FR	Buy	1	10:59:54*	10:59:54	11:00:18	11:03:05	25000	25000	397.55 – 398	397.96	21901	87.6

* Order timing may be before the sell order of the Big client. However since NPI was already known, buy order with limit price was placed in advance.

36. Pictorial representation of order and trade timings of the Big Client and MSVPL and calls made between the *Noticee no.2* (98xxx5xxx0) and the *Noticee no.5* (98xxx5xxx6) on June 19, 2023 is given below:

Clipping no. 8



37. The above time chart reveals that the orders of MSVPL and the Big Client were placed during the call conversation between *Noticee nos.2 and 5*. Further, the trades of MSVPL matched with the trades of the Big Client to the extent of 87.6% during this tranche.

38. Tranche 2: Trade details of orders of the Big Client which were front run by MSVPL on June 19, 2023 are given below:

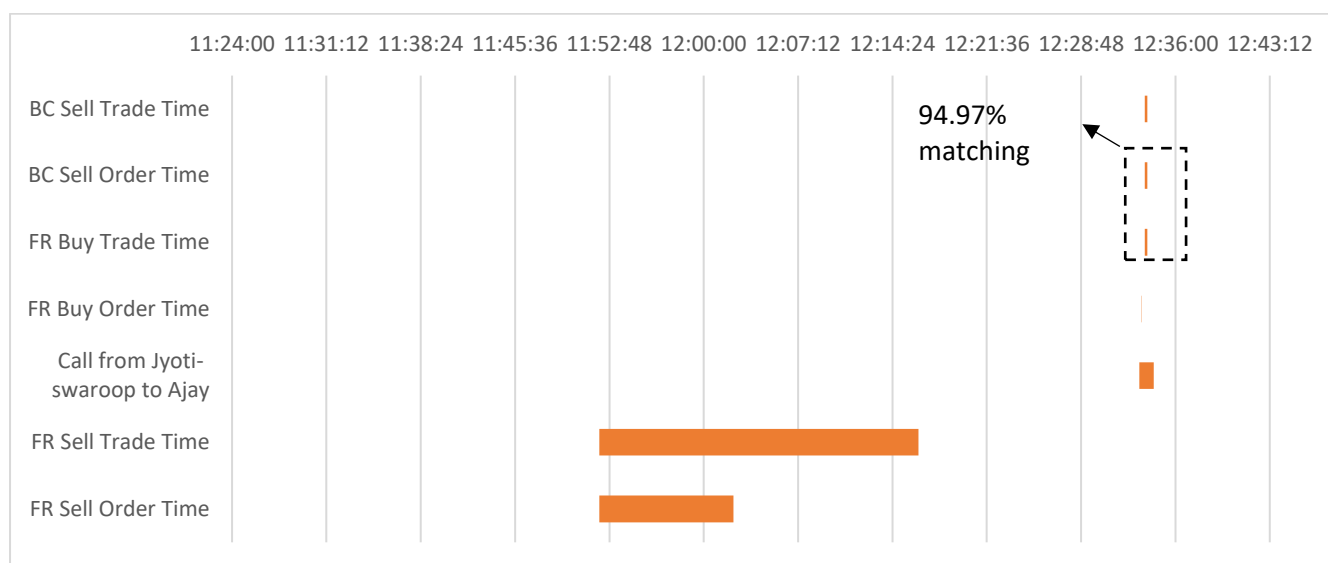


Table no. 20

Entity	Buy / Sell	Count of Orders	Order Start Time	Order End Time	Trade Start Time	Trade End Time	Order Quantity	Trade Quantity	Order Price Range (Rs.)	Avg. Trade Price (Rs.)	Matched Vol.	Matched Vol%
FR	Sell	2	11:52:02	12:02:16	11:52:02	12:16:23	25000	10798	395.8-397	396.33	-	-
BC	Sell	2	12:33:40	12:33:52	12:33:40	12:33:52	16000	16000	395	395.03	-	-
FR	Buy	1	12:33:24	12:33:24	12:33:40	12:33:52	10798	10798	395	395	10255	94.97

39. Pictorial representation of order and trade timings of the Big Client and MSVPL and calls between the *Noticee no.2* (98xxx5xxx0) and the *Noticee no.5* (98xxx5xxx6) on June 19, 2023 is given below:

Clipping no. 9

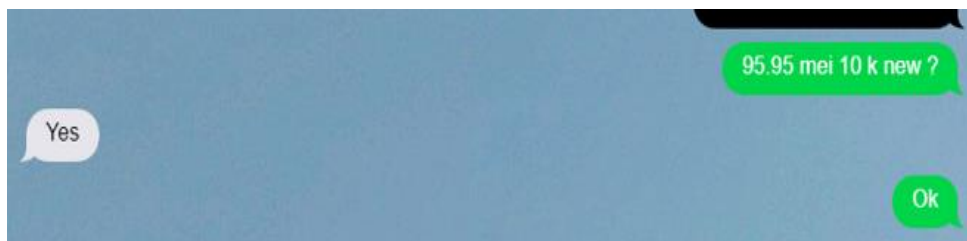


40. The above time chart reveals that the second leg orders of MSVPL and the Big Client were placed during the call conversation between *Noticee nos.2 and 5*. Further, the trades of MSVPL matched with the trades of the Big Client to the extent of 94.97% during this tranche.



41. Tranche 3: Later in the day on June 19, 2023, the *Noticee no.2* (98xxx5xxx0) messaged the *Noticee no.3* (98xxx3xxx8) whether they should sell 10,000 shares of RITES at 95.95. Screenshot of the conversation is given below:

Clipping no. 10



Relevant messages are reproduced below:

Jyotiswaroop: 95.95 mei 10k new?

Pankit: Yes

Jyotiswaroop: Ok

42. The price '95.95' is used as shorthand for intended price of RITES shares which was 'Rs. 395.95'. It is seen that the *Noticee no.3* gave go ahead to the *Noticee no.2*. It is observed that an order of selling 10,000 shares of RITES at the price of Rs. 395.95 was actually entered in the account of MSVPL for first leg of FR in Tranche 3. Details of orders of the Big Client and MSVPL is given below:

Table no. 21

Entity	Buy / Sell	Count of Orders	Order Start Time	Order End Time	Trade Start Time	Trade End Time	Order Quantity	Traded Quantity	Order Price Range (Rs.)	Avg. Trade Price (Rs.)	Matched Vol.	Matched Vol%
FR	Sell	1	12:38:42	12:38:42	12:38:58	12:49:56	10000	10000	395.95	395.95	-	-
BC	Sell	1	13:12:48	13:12:48	13:12:48	13:12:48	10000	5705	394.5	394.5	-	-
FR	Buy	1	13:12:28	13:12:28	13:12:48	13:12:48	10000	10000	394.5	394.5	5705	57.05

43. As seen from above table, MSVPL sold 10,000 shares in first leg of FR in tranche 3. In second leg, MSVPL bought back 10,000 shares at the price of INR 394.5. The *Noticee no.2* informed this to the *Noticee no.3* on June 19, 2023, the screenshot of the conversation is given below:



Clipping no. 11



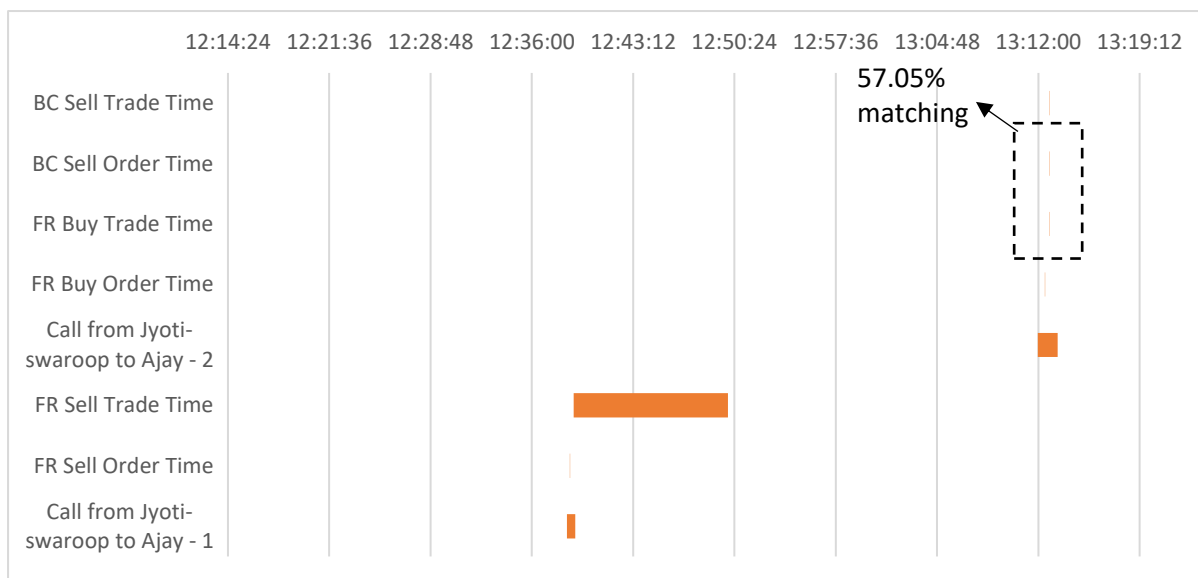
Relevant messages are reproduced below:

Jyotiswaroop: 94.5 mei kaat liya sab rites

Jyotiswaroop: xx (ref. Broker no.1) sold 89632

44. The price of '94.5' is used as shorthand for actual price of RITES shares which was 'Rs. 394.5'. Pictorial representation of order and trade timings of the Big Client and MSVPL and calls between the *Noticee no.2* (98xxx5xxx0) and the *Noticee no.5* (98xxx5xxx6) is given below:

Clipping no. 12



45. The above time chart reveals that the orders of MSVPL and the Big Client were placed during the call conversation between *Noticee nos.2* and 5. Further, the

Order in the matter of front running by Madhav Stock Vision Pvt. Ltd. and Others Page 45 of 127



trades of MSVPL matched with the trades of the Big Client to the extent of 57.05% during this tranche.

46. Tranche 4: Later on June 19, 2023 itself, the *Notictee no.3* (98xxx3xxx8) told the *Notictee no.2* (98xxx5xxx0) to sell 15,000 shares of RITES at Rs. 396 in the account of MSVPL. Accordingly, order was placed in account of MSVPL and the same was updated by the *Notictee no.2* to the *Notictee no.3*. Screenshot of the conversation on June 19, 2023 is given below:

Clipping no. 13



Relevant messages are reproduced below:

Pankit: Sell new 15k at 96

Jyotiswaroop: Ok

Pankit: Bhaiji place

Jyotiswaroop: Yea

Jyotiswaroop: 15000 at 95.95 with 1500 dc

47. Prices '96' and '95.95' are used as shorthand for 'Rs. 396' and 'Rs. 395.95'. It is observed that an order of selling 15,000 shares of RITES at the price of Rs. 395.95 was actually entered in the account of MSVPL for first leg of trades which were front run in tranche 4. Details of orders of the Big Client and MSVPL are given below:



Table no. 22

Entity	Buy / Sell	Count of Orders	Order Start Time	Order End Time	Trade Start Time	Trade End Time	Order Quantity	Traded Quantity	Order Price Range (Rs.)	Avg. Trade Price (Rs.)	Matched Vol.	Matched Vol%
FR	Sell	1	13:15:09	13:15:09	13:46:57	13:47:23	15000	1500	395.95	395.95	-	-
BC	Sell	1	13:55:17	13:55:17	13:55:17	13:55:17	5000	5000	394	394.28	-	-
FR	Buy	1	13:55:09	13:55:09	13:55:17	13:55:17	1500	1500	394.20	394.20	1500	100

48. As observed from above table, MSVPL sold 1,500 shares in first leg of trades which were front run in Tranche 4. The *Noticee no.2* informed this to the *Noticee no.3* on June 19, 2023. *Noticee no.3* asked him to sell some shares belonging to the Big Client through Broker no.1. Screenshot of the conversation on June 19, 2023 is given below:

Clipping no. 14



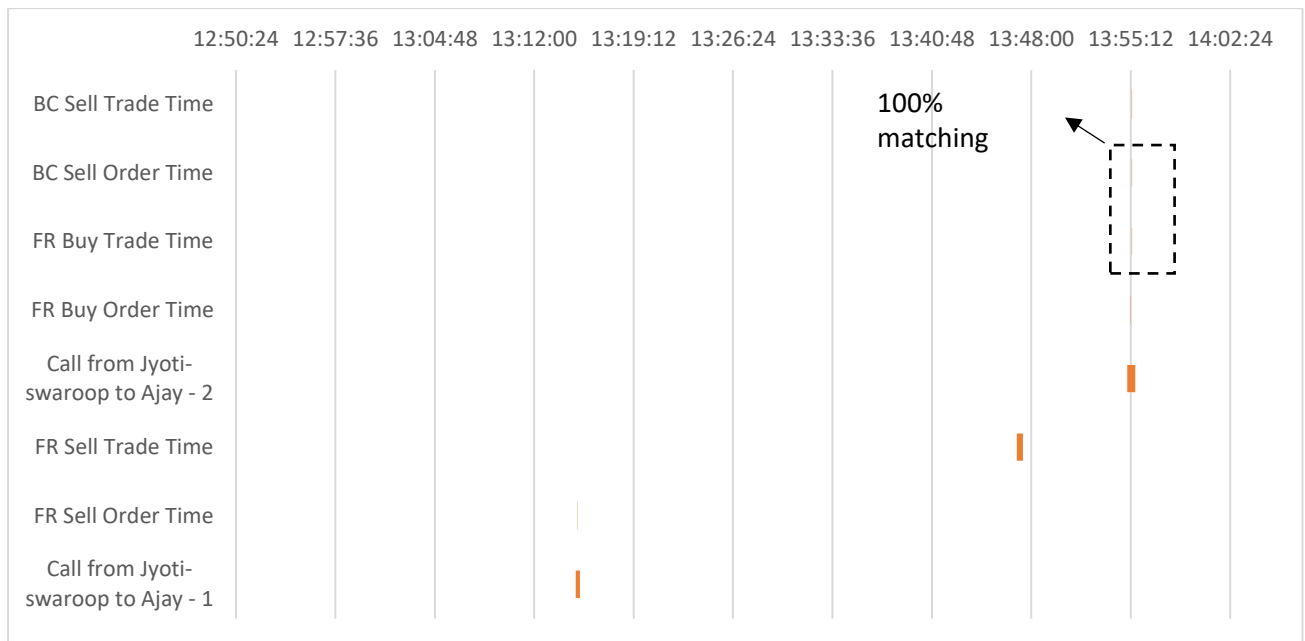
Relevant messages are reproduced below:

Jyotiswaroop: 1500 Bika hai out of 15000
Jyotiswaroop: We are at 95.95
Pankit: Ok, Thoda xx (ref. Broker no.1) ka bech

49. Pictorial representation of order and trade timings of the Big Client and MSVPL and calls between the *Noticee no.2* (98xxx5xxx0) and the *Noticee no.5* (98xxx5xxx6) is given below:



Clipping no. 15



50. The above time chart reveals that the orders of MSVPL and the Big Client were placed during the call conversation between *Noticee nos.2 and 5*. Further, the trades of MSVPL matched with the trades of the Big Client to the extent of 100%.

51. As seen at table 22 above, in the aforementioned first leg order of MSVPL of selling 15,000 shares, only 1500 shares were sold till 13:47:23 hrs. While this order was open, second leg of the trades which were front run was completed at 13:55:17 hrs. for 1500 shares. At 14:18:56 hrs. further 5,830 shares were sold in the said order. These 5,830 shares were carried forward and were squared off in second leg of tranche 5.



52. Tranche 5: Details of orders of the Big Client and MSVPL are given below:

Table no. 23

Entity	Buy / Sell	Count of Orders	Order Start Time	Order End Time	Trade Start Time	Trade End Time	Order Quantity	Traded Quantity	Order Price Range (Rs.)	Avg. Trade Price (Rs.)	Matched Vol.	Matched Vol%
FR	Sell	1	14:15:42	14:15:42	14:18:47	14:18:47	5000	5000	395.70	395.70	-	-
BC	Sell	2	14:20:22	14:20:37	14:20:22	14:20:37	13500	13500	394-394.30	394.39	-	-
FR	Buy	1	14:19:51	14:19:51	14:20:22	14:20:37	10830*	10830	394.40	394.40	10830	100

**10,830 shares squared off in second leg of tranche 5 consist of 5,000 shares sold in first leg of tranche 5 and 5,830 shares sold in first leg of tranche 4 and carried forward to tranche 5.*

53. After completion of first leg of trades which were front run in tranche 5, the *Noticee no.3* (98xxx3xxx8) told the *Noticee no.2* (98xxx5xxx0) on June 19, 2023 to square off the trades of MSVPL. In response, the *Noticee no.2* informed the *Noticee no.3* that they had sold 10,000 odd shares (10,830 shares in actual) till that point in time and they had bought back the shares. Screenshot of the conversation on June 19, 2023 is given below:

Clipping no. 16



Relevant messages are reproduced below:

Jyotiswaroop: Ok

Pankit: Bika hua kaat le

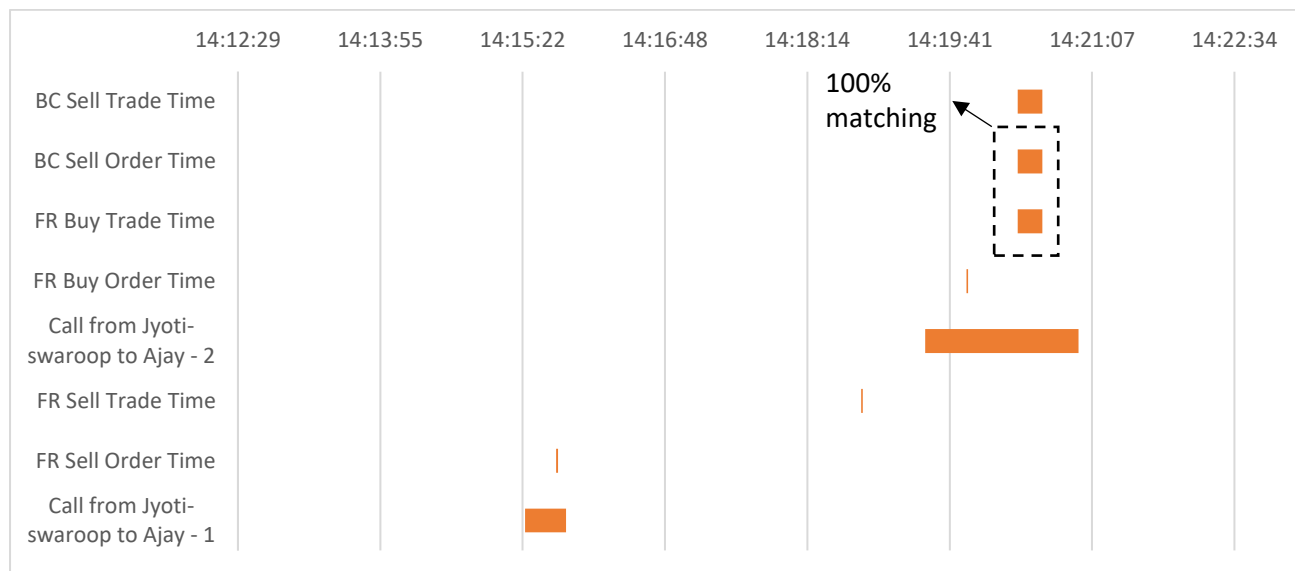
Jyotiswaroop: 10k odd Bika tha kaat liya

Pankit: Ok



54. Pictorial representation of order and trade timings of the Big Client and MSVPL and calls between the *Noticee no.2* (98xxx5xxx0) and the *Noticee no.5* (98xxx5xxx6) is given below:

Clipping no. 17

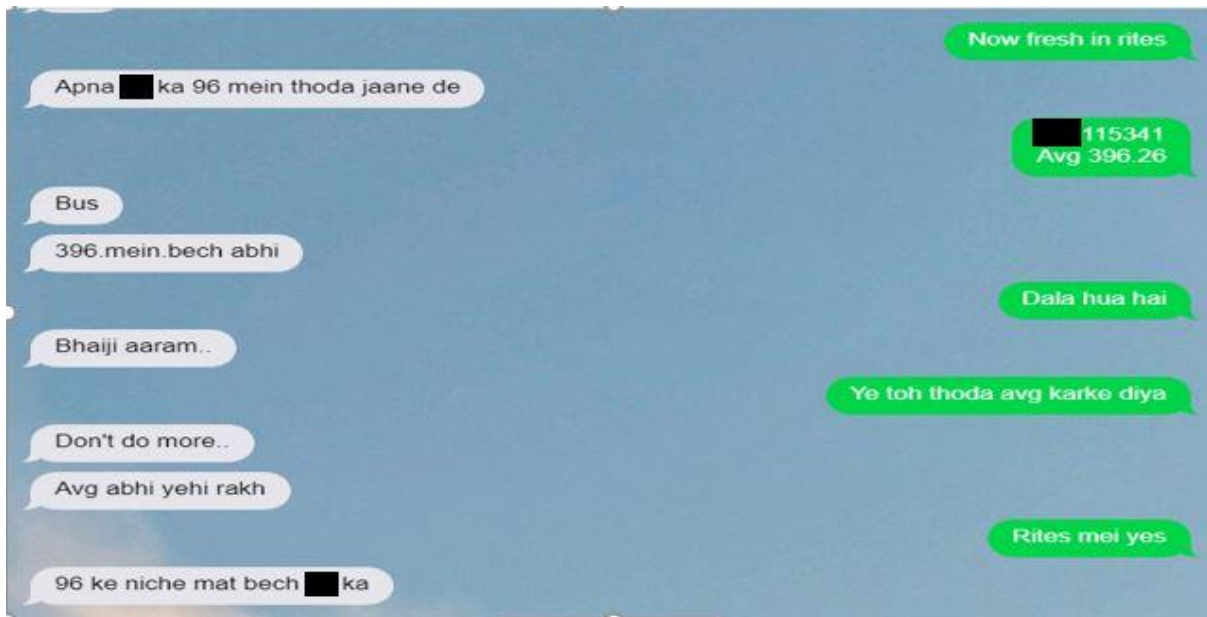


55. The above time chart reveals that the orders of MSVPL and the Big Client were placed during the call between *Noticee nos.2 and 5*. Further, the trades of MSVPL matched with the trades of the Big Client to the extent of 100%.

56. After completion of five tranches, the *Noticee no.3* (98xxx3xxx8) informed the *Noticee no.2* (98xxx5xxx0), on June 19, 2023 to sell RITES shares for the Big Client through Broker no.1 and not do front run of trades anymore through the *Noticee no.5*. Screenshot of the conversation June 19, 2023 is given below:



Clipping no. 18



Messages in above chat are reproduced below:

Jyotiswaroop: Now fresh in rites

Pankit: Apna xx (reference to Broker no.1) ka 96 mein thoda jaane de

Jyotiswaroop: (reference to Broker no.1) 115341

Avg 396.26

Pankit: Bus

396.mein.bech abhi

Jyotiswaroop: Dala hua hai

Pankit: Bhaiji aaram..

Jyotiswaroop: Ye toh thoda avg karke diya

Pankit: Don't do more..

Avg abhi yehi rakh

Jyotiswaroop: Rites mei yes

Pankit: 96 ke niche mat bech xx (reference to Broker no.1) ka

57. From the pictorial representations stated above, it is found that the Noticee no.2 called the Noticee no.5 prior to the placement of first leg of order of MSVPL in 4 out of 5 tranches. Subsequent to execution of first leg order, during the call, MSVPL

Order in the matter of front running by Madhav Stock Vision Pvt. Ltd. and Others Page 51 of 127



placed the reverse order after the *Noticee no.2* placed order on behalf of the Big Client. Orders of MSVPL matched with the Big Client orders. Thus, placement of order during call, the order timing, order price of both MSVPL and the Big Client reveals the fact that the *Noticee no.2* informed the NPI of the Big Client to the *Noticee no.5*, director of MSVPL.

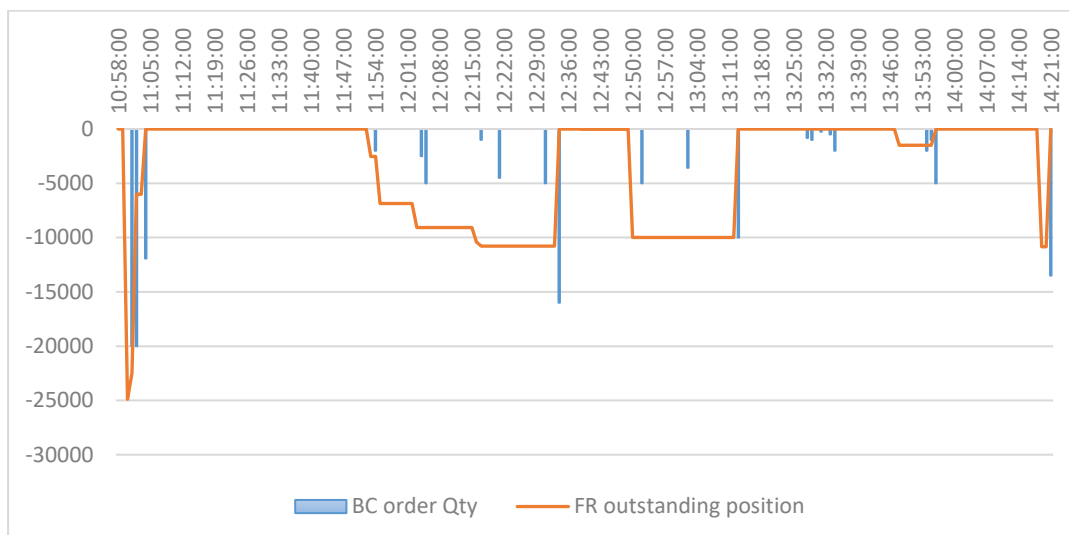
58. From the above, following is noted:

- i) The dealer of the Big Client, through a telephone call at 10:56:08 hrs, placed order “to sell 2,01,000 shares of RITES Ltd. at the price of Rs. 398 or better” with the *Noticee no.2*.
- ii) Totally 29 sell orders of the Big Client were placed during 11:00:18 - 14:20:37 hrs. Out of these, 9 orders, which were placed during 11:00:18 - 14:20:37 hrs for total quantity of 94,500 were front run by MSVPL.
- iii) MSVPL placed sell orders (first leg) for a quantity of 80,000 shares and were executed before the completion of sell orders of the Big Client.
- iv) The buy limit orders (second leg) of MSVPL were placed prior to the sell order of the Big Client and during the call between *Noticee nos.2 and 5*.
- v) MSVPL placed limit sell orders in the price range of INR395.70 - Rs 400.00 which were same / proximate to limit order price range INR398 of the Big Client.



59. A graph of the Big Client order quantity and MSVPL outstanding position is given below:

Clipping no. 19



60. Above graph shows close co-ordination of the *Noticee no.2* who executed orders for the Big Client and the *Noticee no.5*, director of MSVPL. It is observed that the *Noticee no.2* placed bigger orders only when MSVPL had accumulated enough sell position. Other Big Client orders were quite smaller in quantity. Essentially, the *Noticee no.2* made shares available whenever MSVPL had significant sell position which it needed to square off.

61. In view of the above, it is seen that the orders of MSVPL were placed at the price same / proximate to the order price of the Big Client so that the orders of MSVPL and the Big Client were matched and executed.

Bajaj Auto Limited: April 19, 2021 (BBS)

62. On April 19, 2021, the Big Client bought shares of Bajaj Auto Limited on NSE through the Broker no.1. The *Noticee no.2* had executed the orders of the Big Client and therefore had NPI such as scrip, quantity, price range and discretion of time of orders of the Big Client.



63. With respect to the orders placed by the Big Client in the scrip of Bajaj Auto Ltd., MSVPL adopted a Buy-Buy-Sell (BBS) strategy to carry out the front running of trades with the Big Client. The same is explained in the subsequent paragraphs.
64. Based on the recorded conversation provided by the Big Client, it is noted that its dealer received a call from the *Noticee no.2* on April 19, 2021.
65. From the recorded conversation, it was noted that on April 19, 2021 at 13:09:40 hrs. The *Noticee no.2* (from landline number which belongs to the Broker no.1) had a conversation with the dealer of the Big Client and the call lasted for 21 seconds. From the details of the transcript, it is seen that the order of the Big Client (to buy 12,800 shares of Bajaj Auto Ltd. on April 19, 2021 at a price of Rs. 3515) which was received through email by the Broker no.1 was repeated during the conversation by the *Noticee no.2*. The conversation took place in Hindi, the transcript of the same is given below:

Dealer of Big Client: Hello.

Jyotiswaroop: Sirji pranaam. Jyotu . xxxxxxxxxx (reference to Broker no.1) se.

Dealer of Big Client: ha.

Jyotiswaroop: Second email aaya hai. Bajaj Auto kharid rahe hai. 12,800. 3515 mein. Under scheme normal 05. We are buying.

Dealer of Big Client: Thik hai.

Jyotiswaroop: Ha Sir

From the above, it is clear that the *Noticee no.2* was privy to the NPI of the Big Client in terms of scrip, price, quantity, order size with respect to the purchase of shares of Bajaj Auto Ltd.



66. Aforementioned order was executed and details of the same is tabulated below:

Table no. 24

Particulars	Count of orders	Original Order Volume Range	Order Start Time	Order End Time	Trade Start Time	Trade End Time	Sum of Trade Quantity	Avg. Trade Price Range (in Rs.)
Non-FR Big Orders*	1	800	13:10:33	13:10:33	13:10:33	13:10:34	800	3506.93
FR Big Orders	1	12,000	13:11:43	13:11:43	13:11:43	13:11:43	12,000	3513.48

* Non-FR Big Orders means orders of the Big Client which have not been front run by MSVPL.

67. Investigation revealed that MSVPL had front run a buy order of the Big Client of 12,000 shares. Details of these orders along with the orders which were front run are placed below and discussed in succeeding paragraphs:

Table no. 25

Entity	Buy/Sell	Count of Orders	Original order. Vol or range	Order Start Time	Order End Time	Trade Start Time	Trade End Time	Sum of Trade Qty	Order Type	Order Price Range (Rs.)	Trade Price	LTP at Order Entry	Avg. Trade Price (Rs.)	Match Vol.	Match Vol. %	Profit (Rs.)
FR	Buy	2	1,000-2,000	13:09:19	13:10:22	13:09:19	13:11:34	3,000	Limit	3502-3509	3501.35-3509	3501.35-3505.20	3505.86			
BC*	Buy	1	12,000	13:11:43	13:11:43	13:11:43	13:11:43	12,000	Limit	3515	3508.7-3515	3508.7	3513.48			
FR	Sell	1	3,000	13:11:19	13:11:19	13:11:43	13:11:43	3,000	Limit	3513.85	3513.85	3508.95	3513.85	3,000	100	23,986.15

*Big Client orders front run by entities

68. From the evidence gathered during investigation, it was seen that the Noticee no.2 shared NPI with respect to order of the Big Client with the Noticee no.4. The call between Noticee nos. 2 and 4 on April 19, 2021, at 13:09:03 hrs lasted for 165 seconds. The conversation took place in Hindi, the transcript of the same is given below:



Jyotiswaroop: Hello

Rajesh: Hmmm

Jyotiswaroop: Mereko aaya hai Bajaj Auto. 3515 mein lene ka hai.

Rajesh: Kitna?

Jyotiswaroop: 3515 mein 12000.

Rajesh: Toh main le lu 2000?

Jyotiswaroop: Chalu rakho.

Rajesh: 2 mein abhi daala hai leneka

Jyotiswaroop: 5 karo

Rajesh: Hm? Kya karu? Jotu?

Jyotiswaroop: 5 karo.

69. At this point, the Noticee no.2 made the call to dealer of the Big Client which was audible to the Noticee no. 4 as well. Transcript of this call between the Noticee no.2 and dealer of the Big Client is given at para 65 above. The part of the conversation between the Noticee no.2 and the Noticee no.4 is as under:

Jyotiswaroop: Hello

Rajesh: Wahi limit hai?

Jyotiswaroop: 15. 15.

Rajesh: Abhi 1200 aaya hai sirf. 5 mein khada hun main.

Jyotiswaroop: 6 karo

Rajesh: Aa raha hai. 5 mein.

Jyotiswaroop: Maine maara hai thoda.

Rajesh: Ha. Maar na. Mera 2000 aaya hai. 453 ki average mein.

Jyotiswaroop: Kitna aaya?

Rajesh: 453 ki average mein. 4.5 ki average mein 2000 aaya hai. 5 mein khada hun aur 1000.

Jyotiswaroop: 8 karo. Kitna aaya?

Rajesh: 2145

Jyotiswaroop: 1390

Rajesh: Mereko aa raha hai. Abhi ruk ja. 1385 rakhta hun

Jyotiswaroop: 15 ka limit hai. 15 ka limit hai mera

Rajesh: Hmm.



Jyotiswaroop: Maaru?

Rajesh: Ruk ja na. Main le leta hun na.

Jyotiswaroop: Thik hai.

Rajesh: 3,000 aa gaya. Rakh diya maine 1390 mein.

Jyotiswaroop: Maaru 15?

Rajesh: Ha ha, maar. Gaya.

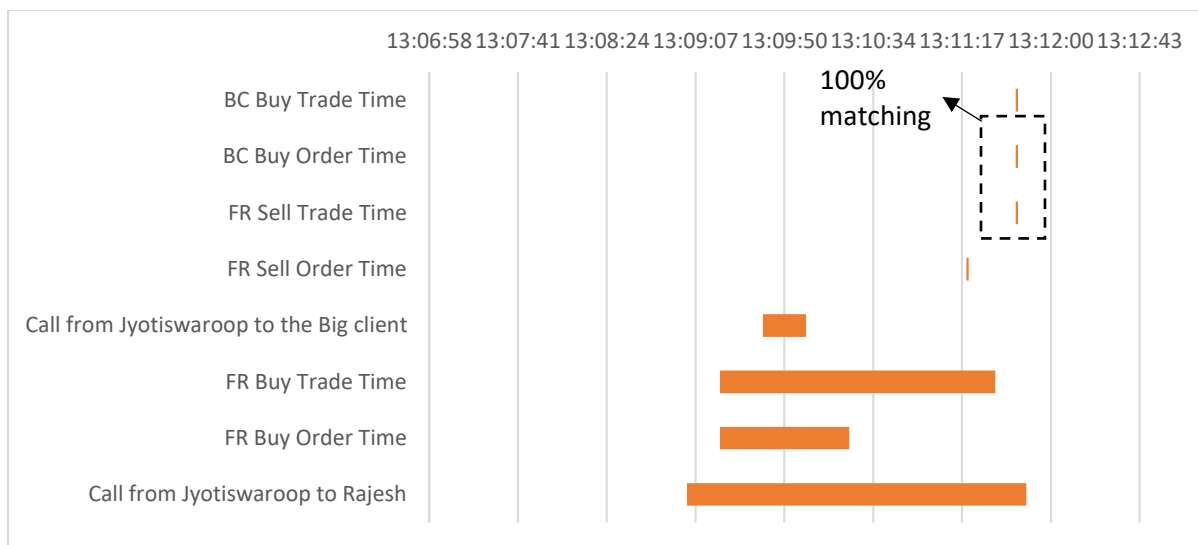
Jyotiswaroop: Ok. xxx xxx xxxxxxxx (Greetings).

Rajesh: xxx xxx xxxxxxxx (Greetings).

70. From the above conversation, following are observed:

- i) The *Noticee no.2* informed the *Noticee no.4* about impending order of the Big Client which included scrip name, price and quantity.
- ii) Execution of buy orders for MSVPL took place exactly as discussed between *Noticee nos. 2 and 4*.
- iii) The *Noticee no.4* could listen to the conversation between the *Noticee no.2* and dealer of the Big Client.
- iv) The *Noticee no.2* provided details to the *Noticee no.4* with respect to quantity and price at which order for MSVPL should be placed.
- v) Updation of order related information and order status were also shared in the conversation between *Noticee nos. 2 and 4*.
- vi) Placement of orders of front runner was prioritized over placement of orders of the Big client.

71. Investigation revealed that both Big Client and MSVPL orders were placed while *Noticee nos. 2 and 4* were in conversation with each other. Further, it is observed that the sell order of MSVPL matched with the Big Client to the extent of 100%. The details of the same is represented pictorially as given below:



72. The above time chart reveals that the orders of MSVPL and the Big Client were placed during the call conversations between *Noticee nos.2 and 4*. Further, the trades of MSVPL matched with the trades of the Big Client to the extent of 100%.

73. From the above, following is observed:

- i) The dealer of the Big Client, through an email, placed order “to buy 12,800 shares of Bajaj Auto Ltd. at the price of Rs. 3515” with the *Noticee no.2*. The order received via email was confirmed by the *Noticee no.2* through a telephonic call with the dealer of the Big Client at 13:09:40 hrs.
- ii) 2 buy orders of the Big Client were placed during 13:10:33 – 13:11:43 hrs. Out of which, one order of the Big Client, was placed at 13:11:43 hrs for total quantity of 12,000 shares. This buy order of the Big Client was front run by MSVPL.
- iii) MSVPL placed buy orders (first leg) for a quantity of 3,000 shares and this order was executed before the completion of buy orders of the Big Client.
- iv) The sell orders (second leg) of MSVPL was placed prior to the buy order of the Big Client.



- v) All orders of the Big Client and MSVPL were placed while *Noticee nos. 2 and 4* were in conversation with each other.
- vi) Based on the above, the call timings, transcript of the calls, the order placement and matching of trades brings out the nexus between *Noticee nos. 2 and 4*, while front running the orders of the Big Client.
- vii) MSVPL engaged in front running in the scrip of Bajaj Auto Ltd., wherein it first executed the buy transactions. Subsequently, when the Big Client placed its buy order, MSVPL executed its sell transactions around the same time so that its sell orders could match with the Big Client's buy orders, thereby squaring-off their earlier buy transactions with a profit.

NHPC Limited: September 12, 2022 (SSB)

74. On September 12, 2022, the Big Client sold shares of NHPC Limited on NSE through Broker no.3. NonSE#4, assistant to SE#7, dealer of Broker no.3, had placed the orders of the Big Client and therefore NonSE#4 had NPI such as scrip, quantity, price range and discretion of time of orders of the Big Client.
75. With respect to the orders placed by the Big Client in the scrip of NHPC Ltd., MSVPL adopted a Sell-Sell-Buy (SSB) strategy for carrying out the front running of trades with the Big Client. The same is explained in subsequent paragraphs.
76. The Big Client provided details of calls made by NonSE#4 to its dealer on September 12, 2022 at 12:52:02 hrs. The call was made by NonSE#4 to the dealer of the Big Client at telephone number of the Big client which lasted for 107 seconds and ended at 12:53:49 hrs.
77. From the transcript details given below, it is seen that NonSE#4 received information from the Big Client to place a sell order for 9,00,000 shares of NHPC Ltd. at the price of INR37. The conversation took place in Hindi, the transcript of the same is given below:



Dealer of Client : Hello

NonSE#4: Hello

Dealer of Client: Yeah, bolo.

*NonSE#4: Sir, xxxxxxxx (reference to Broker no.3) se (reference to: NonSE#4)bol
raha hun.*

Dealer of Client: Kya kiya aapne?

NonSE#4: Second ke liye call kiya hai. Second ke liye call kiya hai

Dealer of Client: Second ke liye. NHPC dekho.

NonSE#4: Sir, NHPC aa raha hai 37.30 – 37.35

Dealer of Client: 9 Lakh we have to sell. 9 lakh bechana hai

NonSE#4: 9 Lakh bechane ka hai.

Dealer of Client: 37 rate

NonSE#4: 37 rate

Dealer of Client: Scheme 05

NonSE#4: Scheme 05

Dealer of Client: Ek baar repeat karo.

*NonSE#4: Sir, main repeat karta hun. NHPC bechana hai. 9 Lakh shares. 9 Lakh
shares. Rs. 37 or better. 05 scheme normal.*

Conversation continues....

78. As seen from the above transcripts, it is seen that NonSE#4 was privy to the NPI of the Big Client in terms of scrip, price, quantity, order size.

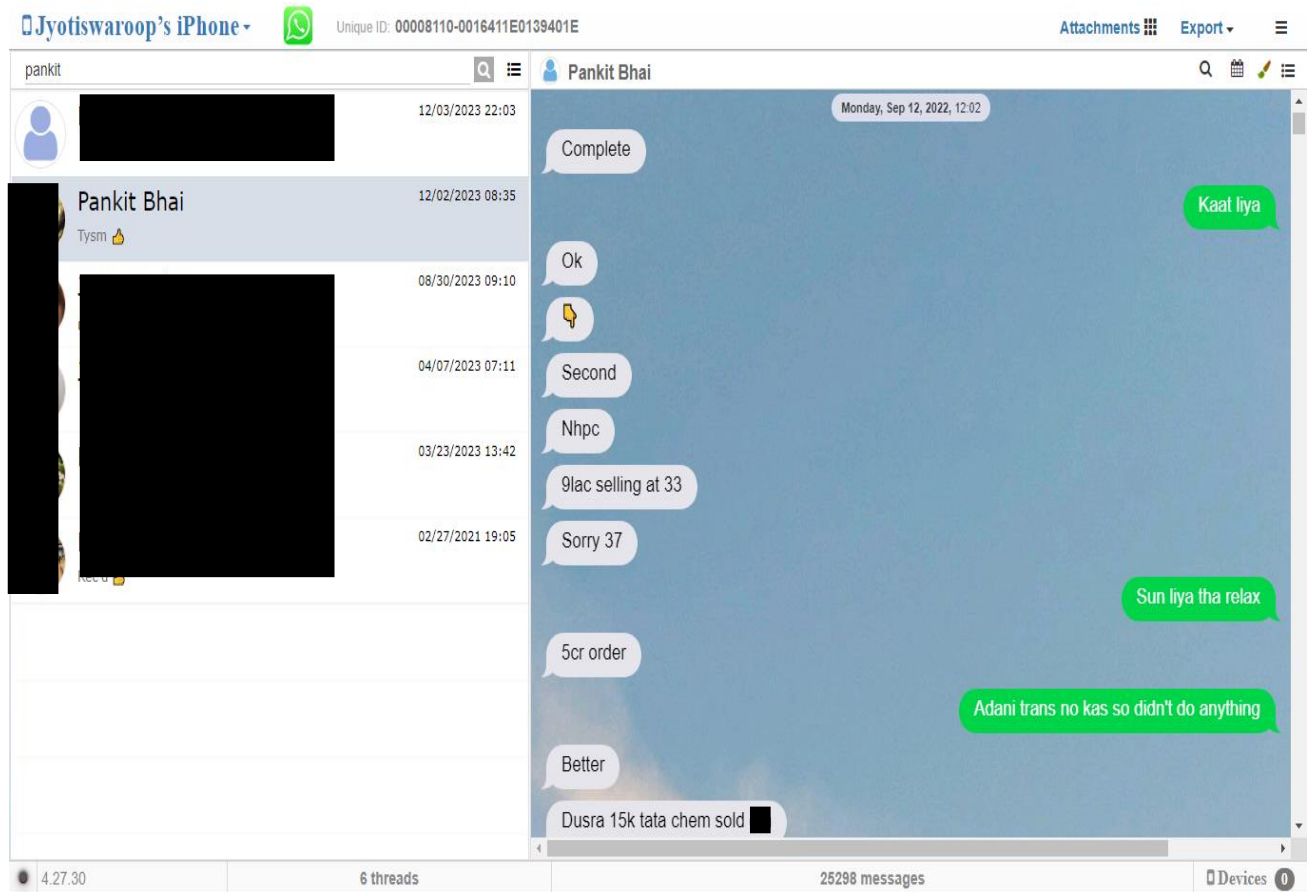
Proximity between NonSE#4 and Pankit Bhagwati Jhaveri (Noticee no. 3)

79. As seen from the details of the telephonic conversation between the Noticee no.2 and the Noticee no. 4 (referred at para 21 above), it is seen that the Noticee no.3 was in proximity to NonSE#4 and hence was privy to the orders of the Big Client, which were placed through Broker no.3. Due to this proximity, the Noticee no.3 was aware of the sell order placed by the Big Client in the scrip of NHPC of September 12, 2022. The fact of Noticee no. 3 being privy to this information was also supported by the conversation he had with the Noticee no.2 through WhatsApp

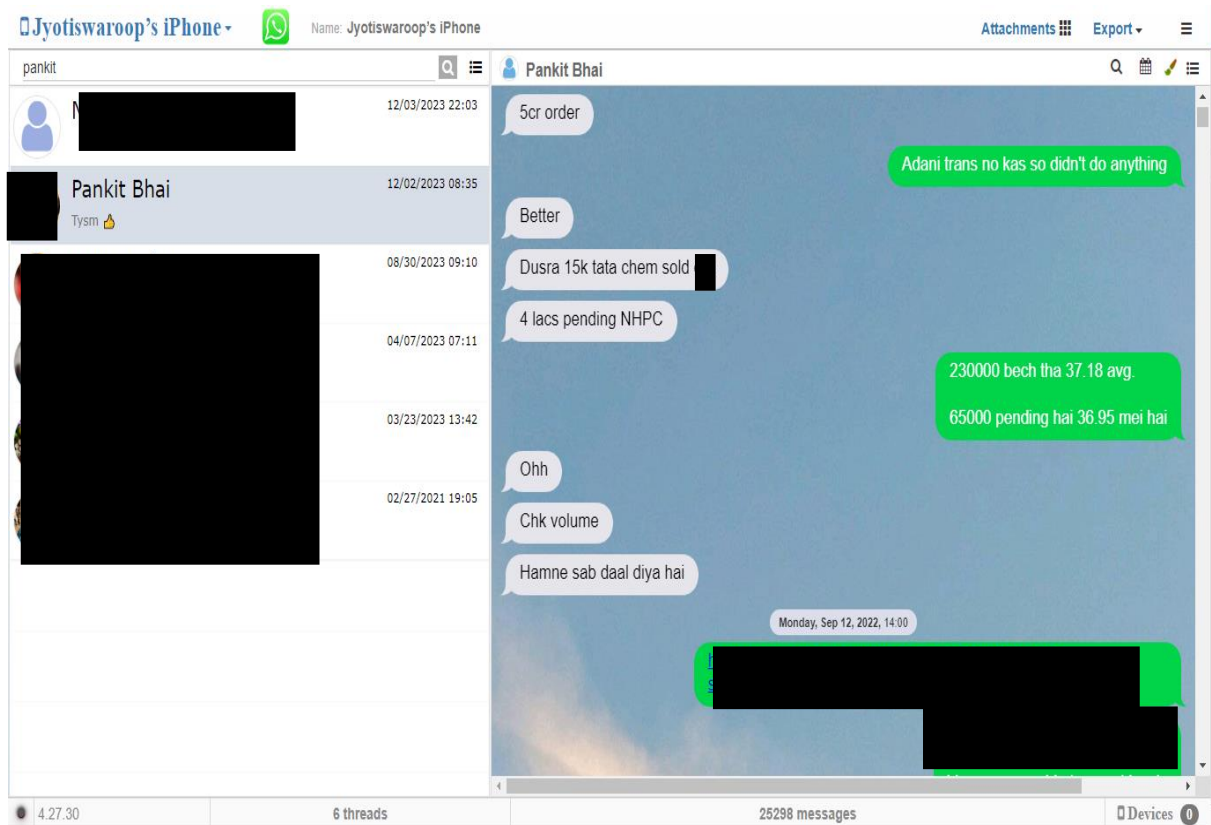


where the aforementioned sell order of the Big Client was shared by the *Notictee no. 3* with the *Notictee no.2*. The conversation on WhatsApp between *Notictee nos. 3 and 2* on September 12, 2022 is given below:

Clipping no. 21



Clipping no. 22



Relevant chats from the above two clipping nos. 21 and 22 are reproduced here:

Pankit: Complete

Jyotiswaroop: Kaat Liya

Pankit : Ok

Showing a sign pointing to next message

Second

Nhpc

9 lac selling at 33

Sorry 37

Jyotiswaroop: Sun liya tha relax

Pankit: 5 cr order

Jyotiswaroop: Adani trans no kas so didn't do anything

Pankit: Better

Dusra 15K tata chem sold (ref. to NonSE#4)

4 lac pending NHPC

Jyotiswaroop: 230000 bech tha 37.18 avg.

65000 pending hai 36.95 mei hai

Pankit:Ohh



*Chck volume
Hamne sab daal diya hai*

80. From the above chats it is seen that :

- i) The *Noticee no.3* informed the *Noticee no.2* regarding receipt of sell order of 9,00,000 shares of NHPC at INR 37 from the Big Client, which the *Noticee no.2* admitted to have heard.
- ii) The *Noticee no.3* informed the pending sell order of 4,00,000 shares of NHPC.
- iii) The *Noticee no.2*, informed that 2,30,000 shares of NHPC were sold by MSVPL at the average rate of INR37.18. From the trade log at table 27 below, it is observed that MSVPL had sold 2,32,462 at the average price of INR37.18.
- iv) Further, the *Noticee no.2* informed that all shares have been bought back except for 65,000 shares for which order price is INR36.95. From the trade log at table 27 below, it is observed that order price for last order of MSVPL for 68,000 shares was INR36.95.

81. The details of the sell order of the Big Client which was executed with respect to shares of NHPC is tabulated below:

Table no. 26

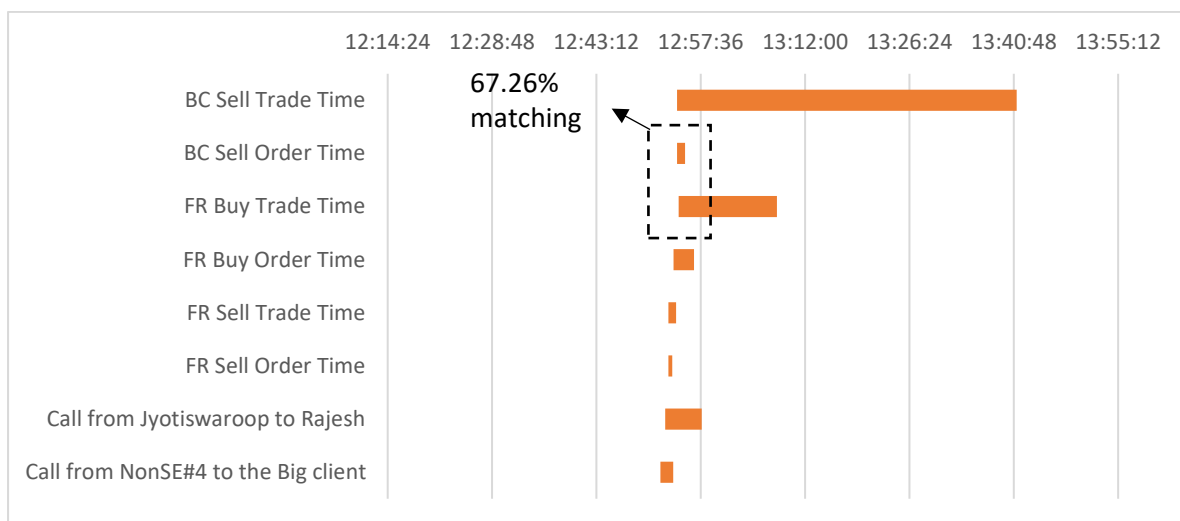
Particulars	Count of orders	Original Order Volume Range	Order Start Time	Order End Time	Trade Start Time	Trade End Time	Sum of Trade Quantity	Avg. Trade Price Range (in Rs.)
Non-FR Big Orders*	-	-	-	-	-	-	-	-
FR Big Orders	3	2,00,000-5,00,000	12:54:21	12:55:25	12:54:21	13:41:12	9,00,000	37.01

* *Non-FR Big Orders* means orders of the Big client which have not been front run by MSVPL.



82. It was noted that prior to order of MSVPL, the *Noticee no.2* (98xxx5xxx0) called the *Noticee no.4* (93xxx7xxx6) and MSVPL placed its orders while the conversation between *Noticee nos. 2 and 4* was ongoing. The front run orders which matched with the Big Client was to the extent of 67.26% of the orders of the Big Client. The details of the same is represented pictorially as given below:

Clipping no. 23



83. The trades of the Big Client which were front run by MSVPL was through 3 sell orders in the scrip of NHPC ranging from 2,00,000 – 5,00,000 shares. The details of these orders along with the orders of MSVPL which it front run based on the orders of the Big Client are given below:

Table no. 27

Entity	Buy/Sell	Count of Orders	Original order. Volume or range	Order Start Time	Order End Time	Trade Start Time	Trade End Time	Sum of Trade Qty	Order Type	Order Price Range (Rs.)	Trade Price	LTP at Order Entry	Avg. Trade Price (Rs.)	Matched Volume	Matched Volume %	Profit (Rs.)
FR	Sell	3	1,00,000	12:53:08	12:53:39	12:53:08	12:54:13	2,32,462	Limit	37.00-37.15	37.10-37.30	37.20-37.30	37.18			
BC*	Sell	3	2,00,000-5,00,000	12:54:21	12:55:25	12:54:21	13:41:12	9,00,000	Limit	37.00-37.10	37.00-37.10	37.05-37.10	37.01			
FR	Buy	5	644-1,00,000	12:53:51	12:56:41	12:54:32	13:08:07	2,32,462	Limit	36.95-37.00	36.95-37.00	37.00-37.15	36.98	1,56,365	67.26	46,366.75

*Big Client orders front run by entities



84. From the facts referred at paras above, the following findings are seen:

- i) The dealer of the Big Client, through telephone call on September 12, 2022 at 12:52:02 hrs, placed order “to sell 9,00,000 shares of NHPC Ltd. at the price of Rs. 37” with NonSE#4 of Broker no.3.
- ii) From the WhatsApp chats it is also seen that the *Noticee no.2* confirmed to the *Noticee no. 3* that he had heard the order information of the Big client when NonSE#4 was on call with the dealer of the Big Client
- iii) The *Noticee no.3* being privy to the NPI of the Big Client received by NonSE#4 communicated the NPI through WhatsApp to the *Noticee no.2*.
- iv) While MSVPL was placing orders which was front running the trades of the Big Client, it was noted that the *Noticee no.2* was in continuous conversation with the *Noticee no.4*.
- v) On September 12, 2022, 3 sell orders of the Big Client were placed during 12:54:21 – 12:55:25 hrs. All these orders were front run by MSVPL.
- vi) MSVPL placed sell orders (first leg) for a quantity of 3,00,000 shares and majority of the shares were executed before the completion of sell orders of the Big Client. The buy orders (second leg) of MSVPL was placed prior to the sell order of the Big Client.
- vii) The call timings, WhatsApp chats, transcript of the calls, the order placement and matching of trades clearly brings out the nexus between *Noticee nos. 2, 3 and 4* in front running the orders of the Big Client.
- viii) MSVPL engaged in front running in the scrip of NHPC Ltd., wherein they first executed their sell transactions. Subsequently, when the Big Client placed its sell order, MSVPL executed their buy transactions around the same time so



that their buy orders could match with the Big Client's sell orders, thereby squaring-off their earlier sell transactions with a profit.

Gujarat Gas Ltd.: May 29, 2023 (BBS)

85. On May 29, 2023, the Big Client bought shares of Gujarat Gas Ltd. on NSE through Broker no.2. NonSE#1, nephew of NonSE#2(Authorised Person of Broker no.2), had placed the orders of the Big Client and therefore NonSE#1 had NPI such as scrip, quantity, price range and discretion of time of orders of the Big Client.
86. With respect to the orders placed by the Big Client, in the scrip of Gujarat Gas Ltd., MSVPL adopted a Buy-Buy-Sell (BBS) strategy for carrying out front running of trades of the Big Client. The same is explained in the subsequent paragraphs.
87. The Big Client provided details of calls made by NonSE#1 to its dealer on May 29, 2023 at 12:39:24 hrs. The call made by NonSE#1, to the dealer of the Big Client lasted for 169 seconds and ended at 12:42:13 hrs.
88. From the transcript details, it is seen that NonSE#1 received information from the Big Client to place buy order for 1,20,000 shares of Gujarat Gas Ltd. at the price of INR500. The conversation took place in Hindi, the transcript of the same is given below:

Dealer of Big Client: Hello

NonSE#1: Sirji, xxxxxx (ref. NonSE#1) baat kar raha hun xxxxxxxx xxxxxx (ref. Broker no.2) se. Good morning Sir

Dealer of Big Client: Good morning Sir. xxxnxxxx xxrxx (ref. Broker no.2). Apna NSE hai na?

NonSE#1: Haan ji, haan ji.

Conversation continues...

Dealer of Big Client: Next Gujarat Gas batayein.

NonSE#1: Gujarat Gas. Sir, Gujarat Gas aa raha hai 496.05 – 496.35.

Dealer of Big Client: Sir, buy order hai. We to buy Gujarat Gas. 1,20,000 shares.

NonSE#1: 1,20,000 shares.



Dealer of Big Client: Rate 500. Five zero zero.

NonSE#1: Ok

Dealer of Big Client: Scheme 05

NonSE#1: Thik hai. Sir, order repeat karta hun sir. Gujarat Gas purchase kar rahe hai. Kharid rahe hai. 1,20,000 shares. 500 Rs. Mein. 500 or lower. 05 scheme. We are buying. Iski order value sir 6 Crore

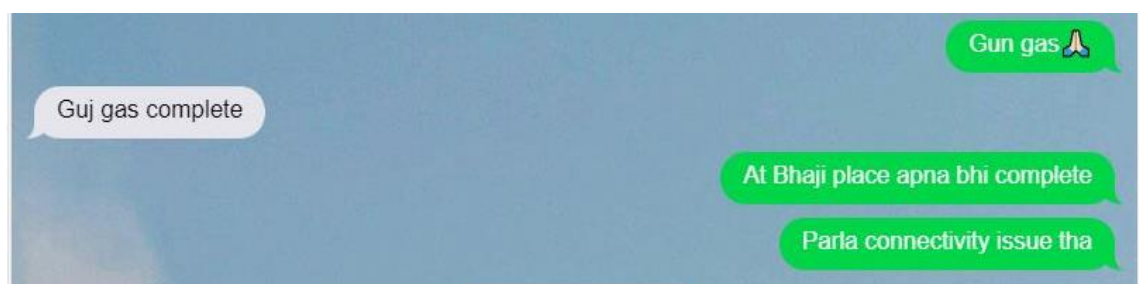
Conversation continues...

89. As seen from the above transcripts, it is seen that NonSE#1 was privy to the NPI of the Big Client in terms of scrip, price, quantity, order size.

Proximity between NonSE#1 and Jyotiswaroop Nandkishore Purohit (Noticee no. 2)

90. As detailed at para 21 above, the Noticee no.2 was in proximity of NonSE#1. It was due to this proximity that on May 29, 2023, the conversations NonSE#1 had with the dealer of the Big Client with respect to the buy order of Gujarat Gas Ltd. was heard by the Noticee no. 2. The finding with respect to the abovementioned proximity is further supported by the WhatsApp chat, the Noticee no.2 had with the Noticee no.3 whereby it is seen that the Noticee no.2 was informing the Noticee no.3 with respect to the buy order of the Big Client in the scrip of Gujarat Gas Ltd. on May 29, 2023. Details of the conversation on May 29, 2023 is given below:

Clipping no. 24



Relevant messages are reproduced below:

Jyotiswaroop: Gun gas

Pankit: Guj gas complete

Jyotiswaroop: At Bhaji place apna bhi complete



Jyotiswaroop: Parla connectivity issue tha

91. As seen from the above WhatsApp chat, the *Noticee no.2* informed the *Noticee no.3* about the buy order of the Big Client in the scrip Gujarat Gas Ltd. The chat “at bhaiji place apna bhi complete” infers that the *Noticee no.5* had completed the front running trades in Gujarat Gas Ltd. through MSVPL.

92. The details of the buy order of Big Client which was executed with respect to shares of Gujarat Gas Ltd. is tabulated below:

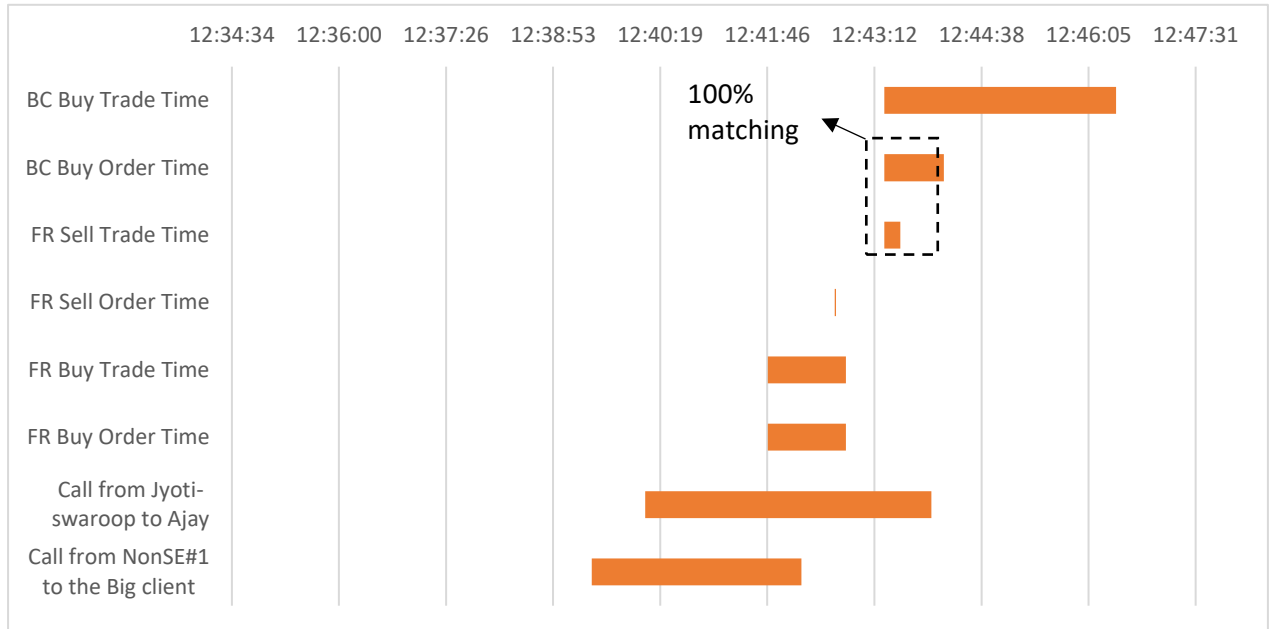
Table no. 28

Particulars	Count of orders	Original Order Volume Range	Order Start Time	Order End Time	Trade Start Time	Trade End Time	Sum of Trade Quantity	Avg. Trade Price Range (in Rs.)
Non-FR Big Orders	-	-	-	-	-	-	-	-
FR Big Orders	4	20,000-50,000	12:43:20	12:44:08	12:43:20	12:46:27	1,20,000	499.45

93. It was noted that, prior to the order of MSVPL, the *Noticee no.2* (98xxx5xxx0) called the *Noticee no.5* (98xxx5xxx6) and MSVPL placed its orders while the conversation between *Noticee nos. 2 and 5* was ongoing. The front run orders which matched with the Big Client was to the extent of 100% of the orders of the Big Client. The details of the same is represented pictorially as given below:



Clipping no. 25



94. The trades of the Big Client which were front run by MSVPL was through 4 buy orders in the scrip of Gujarat Gas Ltd. ranging from 20,000-50,000 shares. The details of these orders along with the orders of MSVPL which were front run based on the orders of the Big Client are given below:

Table no. 29

Entity	Buy/Sell	Count of Orders	Original order. Vol or range	Order Start Time	Order End Time	Trade Start Time	Trade End Time	Sum of Trade Qty	Order Type	Order Price Range (Rs.)	Trade Price	LTP at Order Entry	Avg. Trade Price (Rs.)	Match Vol.	Match Vol. %	Profit (Rs.)
FR	Buy	4	2,500-20,000	12:41:46	12:42:49	12:41:46	12:42:49	27,062	Limit	497.00-498.50	496.40-498.50	496.35-498.30	497.17			
BC*	Buy	4	20,000-50,000	12:43:20	12:44:08	12:43:20	12:46:27	1,20,000	Limit	500.00-499.50	498.80-499.50	498.80	499.45			
FR	Sell	1	27,062	12:42:40	12:42:40	12:43:20	12:43:33	27,062	Limit	499.50	499.50	498.30	499.50	27,062	100	63,187.00
*Big Client orders front run by entities																



95. From the facts referred at paras above, the following is noted:

- i) The dealer of the Big Client, through telephone call on May 29, 2023 at 12:39:24 hrs, placed order “to buy 1,20,000 shares of Gujarat Gas Ltd. at the price of Rs. 500” with NonSE#1, nephew of NonSE#2(Authorised Person of Broker no.2).
- ii) Due to the proximity of the dealing desks between Broker no.1 and Broker no.2, the *Noticee no.2* was privy to the NPI of the Big Client received by NonSE#1 from the dealer of the Big Client. This is also corroborated by the fact that the *Noticee no.2* and the *Noticee no. 3* spoke about front running through WhatsApp Chat.
- iii) The *Noticee no.2* was in continuous conversation with the *Noticee no.5*, while MSVPL was placing orders which front run the trades of the Big Client.
- iv) On May 29, 2023, 4 buy orders of the Big Client were placed during 12:43:20 – 12:44:08 hrs. All these orders were front run by MSVPL.
- v) MSVPL placed buy orders (first leg) for a quantity of 30,000 shares and these were executed majorly before the completion of buy orders of the Big Client. The sell order (second leg) of MSVPL was placed prior to the buy order of the Big Client and they were limit orders with price of INR499.50 as they knew that the Big client order would be at INR500.
- vi) The call timings, WhatsApp chats, the order placement and matching of trades clearly brings out the nexus between *Noticee nos. 2 and 5* in front running the orders of the Big Client.
- vii) MSVPL engaged in front running in the scrip of Gujarat Gas Ltd., wherein they first executed their buy transactions. Subsequently, when the Big Client placed its buy order, MSVPL executed their sell transactions around the same time so that their sell orders could match with the Big Client’s buy orders, thereby squaring-off their earlier buy transactions with a profit.



Shriram Transport Finance Limited: September 04, 2020 (BBS)

96. On September 04, 2020, the Big Client bought shares of Shriram Transport Finance Limited on NSE through Broker no.4. As brought out at para 21, it is noted that the *Noticee no.2* executed the orders of the Big Client on behalf of the Broker no.4 and therefore had NPI of the Big Client's order such as scrip, quantity, price range and discretion of time of orders of the Big client.
97. MSVPL adopted a Buy-Buy-Sell (BBS) strategy for carrying out front running of trades with the Big Client. The same is explained in the subsequent paragraphs.
98. It is noted that September 04, 2020 falls within Covid pandemic period and as mentioned earlier the Big Client was following work from home procedure for dealing room. As per procedure detailed by the Big Client during Covid period, the Big Client used to send emails to its empanelled stock brokers with order related information such as scrip, quantity, price etc. and the same was confirmed on call with stock broker.
99. The trading of the Big Client through Broker no.4 was carried out by the *Noticee no.2* only on behalf of his father. Therefore, the *Noticee no.2* was aware of the NPI of the Big Client received through email by his father, who was also the authorised person of Broker no.4.
100. The Big Client provided details of calls made by the father of the *Noticee no.2* on September 04, 2020, to the dealer of the Big Client.
101. The recorded conversation held between the father of the *Noticee no.2* and dealer of the Big Client on September 04, 2020 at 14:45:29 hrs., lasted for 17 seconds. Further, it is seen that the father of the *Noticee no.2*, while in conversation with the dealer of the Big Client repeated the order of the Big Client received over email to buy 59,000 shares of Shriram Transport Finance Limited



on September 04, 2020 at the price of Rs. 685. The conversation took place in Hindi, the transcript of the same is given below:

Dealer of Big Client: Hello

Father of the Noticee no.2: Ha xxxxxxxx Sir, xxxxx (ref. father of the Noticee no.2) bol raha hun xxxxxxxx xxxx (ref. Broker no.4) se. Mail aaya hai.

Dealer of Big Client: Bolo Xxxxxx (ref. father of the Noticee no.2) Ji, bolo.

Father of the Noticee no.2: Ha. Yeh Shriram Transport lena hai. 59000. 685. Normal scheme.

Dealer of Big Client: Thik hai. 59000 lena hai ha. Thik hai? Right.

Father of the Noticee no.2: Right Sir. Thank you Sir.

From the above, it is clear that the father of the *Noticee no.2* was privy to the NPI related to order of the Big Client with respect to scrip, price, quantity, order size.

102. Based on WhatsApp chats of the *Noticee no.2* had with NonSE#6 and NonSE#9 (director and employee of Broker no.4 respectively) and statement of father of the *Noticee no.2*, it is noted that the *Noticee no.2* was aware of the NPI of the Big Client received by Broker no.4. In view of the connection given at para 18 above, it is found that the *Noticee no.2* was aware of the NPI related to order of the Big Client in the scrip of Shriram Transport Finance, which was received by the father of the *Noticee no.2* .

103. From the evidence gathered during investigation, it was seen that the *Noticee no.2* shared NPI of the Big Client with the *Noticee no. 4*. The conversations held between *Noticee nos.2 and 4* on September 04, 2020 at 14:44:20 hrs lasted for 148 seconds. The conversation took place in Hindi, the transcript of the same is given below:

Rajesh: Bol

Jyotiswaroop: Shriram Transport

Rajesh: Ha?

Jyotiswaroop: Shriram Transport nikalo jaldi.

Rajesh: Shriram Transport Finance. Bol.



Jyotiswaroop: Kaise aata hai?

Rajesh: SRT

Jyotiswaroop: 685 tak lene ka hai. Hello?

Rajesh: Bol

Jyotiswaroop: 10,000 lo 682 mein

Rajesh: Ek bhi nahi aaya.

Jyotiswaroop: 83

Rajesh: Aa gaya 10. Hello?

Jyotiswaroop: 5 aur daalo 83 mein.

Rajesh: Aa gaya.

Jyotiswaroop: Kya average hai?

Rajesh: 15,000 aaya tera 82.80.

Jyotiswaroop: 85 ka limit hai. 60,000 lene ka hai.

Rajesh: 84.90 rakhu?

Jyotiswaroop: Chalu rakho ek minute. 25 aur lo. 25 aur lo. Hello. Hello. Kitna liya?

Rajesh: 15,000 aaya hai

Jyotiswaroop: Chalu rakho. Isko confirm karne do. Phir naya maal lo.

Rajesh: Ha?

Jyotiswaroop: Pichhe aavaj aa raha hai.

Rajesh: Ha yaar. Bol raha hun main.

Jyotiswaroop: Hello

Rajesh: Bol

Jyotiswaroop: 5,000 aur lo.

Rajesh: 682 mein rakha hai.

Jyotiswaroop: Ha?

Rajesh: 82 tak nahi aaya hai.

Jyotiswaroop: Arre chhod do. Hello. Bechne ka kya bhaav mein rakha hai?

Rajesh: Nahi rakha hai. Wahi toh main bol raha hun tereko.

Jyotiswaroop: Jaane do. 84.40.

Rajesh: Arre yaar.

Jyotiswaroop: Gaya?



Rajesh: Nahi. Limit bhi jaana chahiye na yaar ek saath mein itna. Gaya. Kitna gaya?

Jyotiswaroop: Gaya?

Rajesh: Ruk mereko yaar, Jotu. Mera ja hi nahi raha hai yaar.

Jyotiswaroop: Ek bhi nahi gaya abhi tak?

Rajesh: Gaya hai. Ruk ja.

Jyotiswaroop: Toh bolo na mereko.

Rajesh: Ek minute ruk ja. Zero ho gaya chal. 84.60 ke rate mein gaya.

Jyotiswaroop: Zero na?

Rajesh: Zero

Conversation continues.

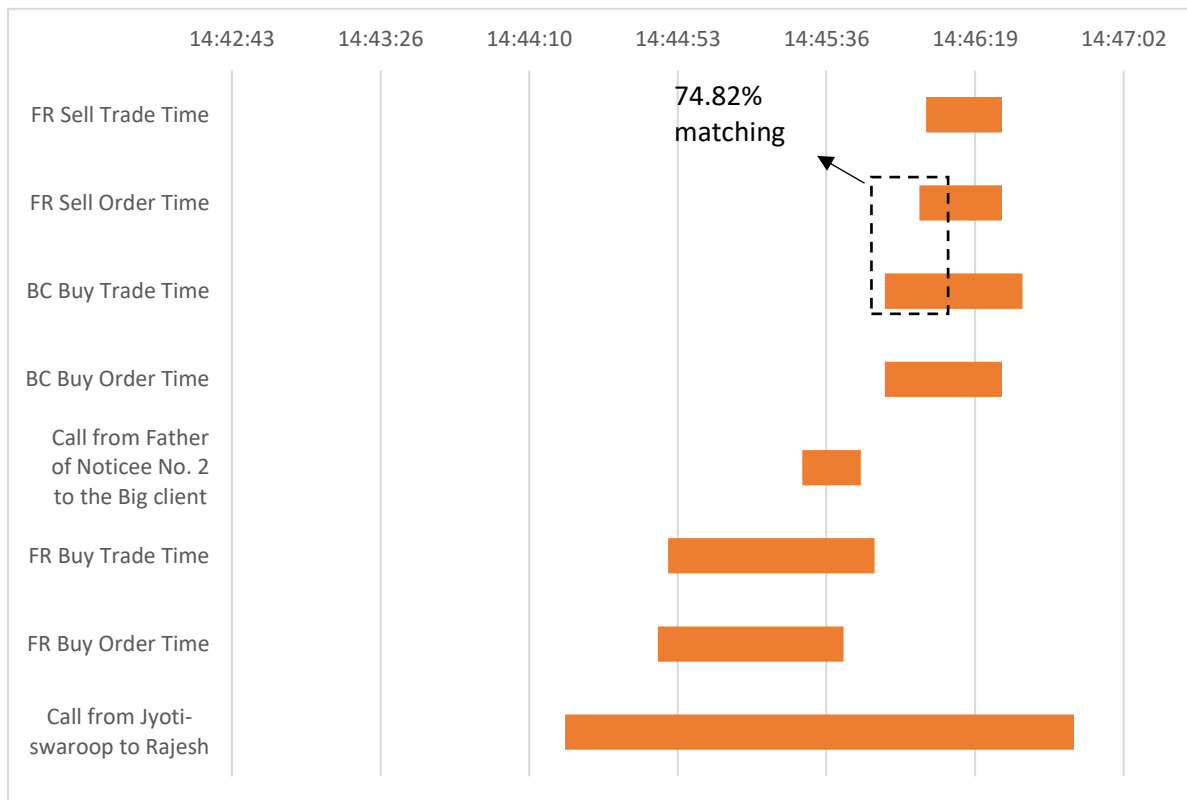
104. From the above conversation, following is noted:

- i) The *Noticee no.2* informed *the Noticee no.4* about impending order of the Big Client which includes scrip name, price and quantity.
- ii) Execution of buy orders for MSVPL took place exactly as discussed between *Noticee nos.2 and 4*.
- iii) The *Noticee no.2* provides details of the quantity and price at which order for MSVPL should be placed.
- iv) Updation of order related information and order status were also shared during the conversation.

105. It was also noted that the orders of the Big Client and MSVPL were placed while *Noticee nos. 2 and 5* were in conversation with each other. Further, it is observed that the sell order of MSVPL matched with the Big Client to the extent of 74.82%. The details of the same is represented pictorially as given below:



Clipping no. 26



106. The details of orders that got executed pursuant to the conversation between the father of the *Noticee no.2* and dealer of the Big Client and the subsequent chats between *Noticee nos. 2 and 4* is tabulated below:

Table no. 30

Particulars	Count of orders	Original Order Volume Range	Order Start Time	Order End Time	Trade Start Time	Trade End Time	Sum of Trade Quantity	Avg. Trade Price Range (in Rs.)
Non-FR Big Orders	-	-	-	-	-	-	-	-
FR Big Orders	6	9,000-10,000	14:45:53	14:46:27	14:45:53	14:46:33	59,000	684.56



107. As seen in the table below MSVPL front run buy order of the Big client for 59,000 shares. The details of these orders along with the orders which were front run by MSVPL are given in the table below:

Table no. 31

Entity	Buy/Sell	Count of Orders	Original order. Vol or range	Order Start Time	Order End Time	Trade Start Time	Trade End Time	Sum of Trade Qty	Order Type	Order Price Range (Rs.)	Trade Price	LTP at Order Entry	Avg. Trade Price (Rs.)	Match Vol.	Match Vol. %	Profit (Rs.)
FR	Buy	3	5,000-10,000	14:44:47	14:45:41	14:44:50	14:45:50	19,938	Limit	682.00-683.00	681.80-683.00	681.70-682.00	682.72	-	-	-
BC*	Buy	6	9,000-10,000	14:45:53	14:46:27	14:45:53	14:46:33	59,000	Limit	685.00	682.60-685.00	682.30-684.70	684.56			
FR	Sell	4	4,938-5,000	14:46:03	14:46:27	14:46:05	14:46:27	19,938	Limit	684.00-684.50	684.00-685.00	683.90-685.20	684.61	14,917	74.82	37,744.90

108. From the above findings the following is observed:

- On September 4, 2020, the Big Client, through an email, placed order “to buy 59,000 shares of Shriram Transport Finance Ltd. at the price of Rs. 685” with the father of the *Noticee no.2*, (dealer of Broker no.4). The order was confirmed by the father of the *Noticee no.2*, by calling the dealer of the Big Client at 14:45:29 hrs. This order was placed when the ‘work from home’ procedure was followed due to Covid.
- The *Noticee no.2* was aware of NPI of the Big Client received from Broker no.4 and in turn had placed order of the Big Client on behalf of the Broker no.4.
- 6 buy orders of the Big Client were placed on September 4, 2020 during 14:45:53 – 14:46:27 hrs. These orders were front run by MSVPL.
- MSVPL placed buy orders (first leg) for a quantity of 20,000 shares and were executed before the completion of buy orders of the Big Client. The sell orders



(second leg) of MSVPL was placed immediately after the buy order of the Big Client at a limit price of below INR685 (the buy price of the Big client).

- v) All orders of the Big Client and MSVPL were placed while *Noticee nos. 2 and 4* were in conversation with each other.
- vi) The call timings, transcript of the calls, the order placement and matching of trades clearly brings out the nexus between *Noticee nos.2 and 4* in front running orders of the Big Client.
- vii) MSVPL engaged in front running in the same scrip i.e. Shriram Transport Finance Limited on September 4, 2020, wherein they first executed their buy transactions. Subsequently, when the buy order of the Big Client was placed, MSVPL executed their sell transactions around the same time which resulted in MSVPL's sell orders to match with the Big Client's buy orders, thereby squaring-off MSVPL earlier buy transactions with a profit.

109. The factual details of the trading activities carried out in the account of the MSVPL whereby generally the first leg of order placement was ahead of the order placement of the Big Client; and the second leg (reversal of first trade) of such order was in sync with the order placement of the Big Client. In the process, the *Noticees* were successful in generating quick profits. Such clearly identifiable profit generating trades were found to have been executed on various days during the Investigation Period.

Role of *Noticee no.3* in the front running scheme

110. Investigation also revealed that apart from the *Noticee no.2*, the *Noticee no.3* another dealer of Broker no.1, was also involved in the front running scheme. It is observed that the *Noticee no.3* shared the order related information of the Big client with the *Noticee no.4*, dealer of MSVPL, which in turn front run the trades of the Big client. In order to substantiate the same, an instance narrating the role of



the *Noticee no.3* in sharing the NPI of the Big client with MSVPL is explained in the subsequent paragraphs.

111. On November 11, 2021, MSVPL front run the orders of the Big client placed through the Broker no.1 in the scrip of P I Industries Ltd on NSE using BBS strategy. The summary of trade details are as under:

Table no. 32

Entity	Buy/Sell	Count of Orders	Original order. Vol or range	Order Start Time	Order End Time	Trade Start Time	Trade End Time	Sum of Trade Qty	Order Type	Order Price Range (Rs.)	Trade Price	Avg. Trade Price (Rs.)	Match Vol.	Match Vol. %	Profit (Rs.)
FR	Buy	5	500 – 2,000	15:08:22	15:13:28	15:08:22	15:13:28	5,500	Limit	2735-2760	2732.95-2759	2740.03			
BC	Buy	2	2,500 – 15,000	15:12:51	15:13:45	15:12:51	15:14:02	17,500	Limit	2756-2770	2742.2-2770	2755.75			
FR	Sell	2	500-5,000	15:12:51	15:13:45	15:12:51	15:13:45	5,500	Limit	2753.8-2764.8	2753.8-2764.8	2754.8	5,500	100	81,252

112. Investigation revealed that the *Noticee no.2* had placed the orders of the Big client and therefore privy to NPI such as scrip, quantity, price range and discretion of time of orders of the Big Client.

113. The dealer of the Big client had received call from the *Noticee no.2* on November 11, 2021 at 15:06:44 hrs and the call lasted for 153 seconds. Based on the call recording details received from the Big client, it is observed that the *Noticee no.2* repeated the order of the Big client to buy 17,500 shares of P I Industries Ltd. at the price of Rs. 2791. The conversation took place in Hindi, the transcript of the same is given below:

Jyotiswaroop: Hello.

Dealer of Big client: Hello. Yes, yes. Hello.

Jyotiswaroop: Yes Sir, Jotu here from xxxxxxxxxx (Reference to Broker no.1).

Dealer of Big client: xxxxxxxxxx (Reference to Broker no.1). Yeah. For second order?

Jyotiswaroop: Yes for Second order



Dealer of Big client: Second order only. Arre, late ho gaya?

Jyotiswaroop: Ha bahut late ho gaya. Bahut time se try kar raha tha.

Dealer of Big client: Ohh. Arre. Achha achha, ek min. Phir jaldi dete hai.xxxxxxxxxx (ref. Broker no.1). Iska rate batayein, PI Industries.

Jyotiswaroop: PI Industries. 3-4 din se phone bhi nahi lag raha tha.

Dealer of Big client : Achha

Jyotiswaroop: PI Industries aa raha hai sir 2733-2733.50

Dealer of Big client: Achha. Ok. 2 scheme mein hai PI industries. PI industries to buy.

Jyotiswaroop: We are buying.

Dealer of Big client: Quantity hai 2500.

Jyotiswaroop: 2500 PI buy karna hai

Dealer of Big client: Limit Price 2791.

Jyotiswaroop: 2791?

Dealer of Big client: Ha babu de diya aapko. Mera woh complete karde jaldi. Complete karde usko. Time nahi hai. Phir Scheme 13.

Jyotiswaroop: 1-3 13 Ok

Dealer of Big client: Vaisahi dusra scheme hai. PI industries to buy 15000.

Jyotiswaroop: 1-5 15000 buy karna hai.

Dealer of Big client: Ha. 15000. Aur 2791 rate.

Jyotiswaroop: 2791 rate

Dealer of Big client: Scheme 21

Jyotiswaroop: Scheme 2-1 21. Sir main repeat karta hun.

Dealer of Big client: Yes.

Jyotiswaroop: PI Industries. Total buy kar rahe hai 17500.

Dealer of Big client: Ok

Jyotiswaroop: In 2 schemes

Dealer of Big client: Ha

Jyotiswaroop: 2500 buy kar rahe hai in 1-3 13 mein. Limit is 2791.

Dealer of Big client: Yes

Jyotiswaroop: And 1-5 15000 apan buy kar rahe hai. Scheme 2-1 21. Rate is again 2791.



Dealer of Big client: Ye abhi maine de diya kyoki last minute mein time nahi milega, toh ho jaaye jo hain. Thoda main aur chhotasa ek de deta hun. Ek minute. Blue dart ka kya chal raha hai rate?

Conversation continues..

114. From the above, it is seen that the *Noticee no.2* had received the NPI from the dealer of the Big client. Further, the dealer of the Big client instructed the *Noticee no.2* to buy shares of PI Industries of total quantity of 17500 shares at a limit price of INR. 2,791 per share.

115. Investigation revealed that the *Noticee no.3* was sitting beside the *Noticee no.2* and had listened to the order related specific details received by the *Noticee no.2* from dealer of the Big client, which is evident from the fact that subsequent to the call, the *Noticee no.3* shared the NPI of the Big client received by the *Noticee no.2* to *Noticee no.4*, dealer of MSVPL. In order to substantiate the findings, conversation between *Noticee nos.3 and 4*, which gives details that the *Noticee no.3* was aware of the NPI related to the Big client which subsequently shared with the *Noticee no.4* is given below. The conversation was held between *Noticee nos.3 and 4*, on November 11, 2021 at 15:07:53 hrs lasted for 360 seconds. The conversation took place in Gujarati. The transcript of the conversation is as follows:

Rajesh: Hello

Pankit: PI Industries

Rajesh: PI 2832 (not clear)

In the background, the *Noticee no.2* could be heard talking to the dealer of the Big client. Transcript of this call is given earlier.

Pankit: 1000 share 2740 (not clear)

Rajesh: 1000?

Pankit: Ha. 1000.

Rajesh: 35 ma?

Pankit: Nahi. 36 kar.



Rajesh: Aavi gya. Hazar aavi gya.

Pankit: Maare 2791 sudi levana

Rajesh: Beja lau?

Pankit: Ha. 1000 le.

Rajesh: 35 ma? 36 (not clear)...

Pankit: Ha

Rajesh: 36 vara ne uchku?

Pankit: Ha

Pankit: Le le le.

Rajesh: Hello?

Pankit: Le le.

Rajesh: 1780, 82 aaya hua hai.. 37 ma. Aavi gya. 2000 aave 35 rupiya 1 paisa ma.

Pankit to Jyotiswaroop: 2000 aaya hai.

Pankit: Bija 1000 le 38 ma.. 1000... Limit chhe na taari?

Rajesh: Hmm hmm

Pankit: 38 par

Rajesh: 38 par?

Pankit: Hmm

Rajesh: Bas 118 baki che aava na..

Pankit: 3 thase ne 3?

Rajesh: Ha.

Rajesh: 40 share baki. 12 share baki. Etle aavi gya. 3000 aavi gya. 36 ni average ma. Aavi gaya.

Pankit: Ha. Ek minute Raju. Blue dart (not clear). Pl pe aaja. ketla lidha Raju aapne?

Rajesh: 3

Pankit: (Not clear)

Rajesh: (Not clear) 36 ni average ma bas.

Pankit: 37. Jaayega, pachas talak pahuchunga (not clear)? Ek kaam karo. 2040 wala (not clear)

Pankit to Jyotiswaroop: Tu pehle 15 wala hi maar daal

Rajesh: Me 41.5 ma mukya atyare 3000.



Pankit: Hm?

Rajesh: 41.5 me mukya che hamna to... ee bhaav gatya chhe

Pankit: (not clear) 42321

Rajesh: Maare levana chhe aji?

Pankit: Ha ek min... mane... aapdi average su chhe Raju?

Rajesh: 36 ni

Pankit to Jyotiswaroop: 36 ka average hai Jotu

Rajesh: 36 (not clear) mairu

Pankit: aji mairu... me to nakhyu bhi nathi raja.. niche na bhavma nakhiye che ame.. have tu che ne 48 ma vechvana nakh 5000

Rajesh: 48? 5000 274...7.80 disclose karu khula rakhu?

Pankit: Khula..

Rajesh: Khula... 5 naikha chhe

Pankit to Jyotiswaroop: Jotu tu ready hai? 2000 share 40 talak marvana hai.

Total 5000 share. 2000 share 40 ma...

Rajesh: Maru?

Pankit: Ha maar...

Pankit to Jyotiswaroop: Jotu, tu ready hai? (not clear) kyu maar raha hai yaar tu?

Pankit: 45 kar.

Rajesh: Hu 45 karu?

Pankit: Ketla aavya tane? Ubho re.

Rajesh: Mara 1100 baki chhe

Pankit: Upar karo vechvana.

Rajesh: Su karu?

Pankit: 54 kar ane 45 sudi le

Rajesh: 53.80 karu chu ane aane 45 karu?

Pankit: Ha

Rajesh: Aavi gaya.

Pankit: Aavi gaya? Nakhi de.

Rajesh: 54 ma (not clear)

Pankit: Ha maar maar.

Rajesh: xxx xxx xxxxxxxx (Greetings)



Pankit: xxx xxx xxxxxxxx (Greetings)

Pankit to Jyotiswaroop: Apun ko aaya nahi hai. Kitna baki hai abhi? Nahi chal raha hai na Jotu?

Pankit: 4000 share aji baki chhe. Java de. Chhod.

Pankit to Jyotiswaroop: Jotu, mat maar na. upar hi.. Ae yaar Jotu. Usse accha apna karte hai na 500 share.

Pankit: Raja, 500 share 58 ma maar ne.

Rajesh: Levana na? 60 ma lu?

Pankit: 60 ma le

Rajesh: Aavi gaya. 59 sudi.

Pankit: Aavi gaya 59 ma?

Rajesh: Hm

Pankit: 64.80 ma nakhi de.

Rajesh: Ha. Nakhi didha.

Pankit to Jyotiswaroop: Maar phir. 2770.

Rajesh: Gaya

Pankit: Gaya? Chal.

Rajesh: Hm

Pankit: Zero?

Rajesh: Hmm

Pankit: Thik chhe chal.

Rajesh: Ok.

Pankit: Aaram se

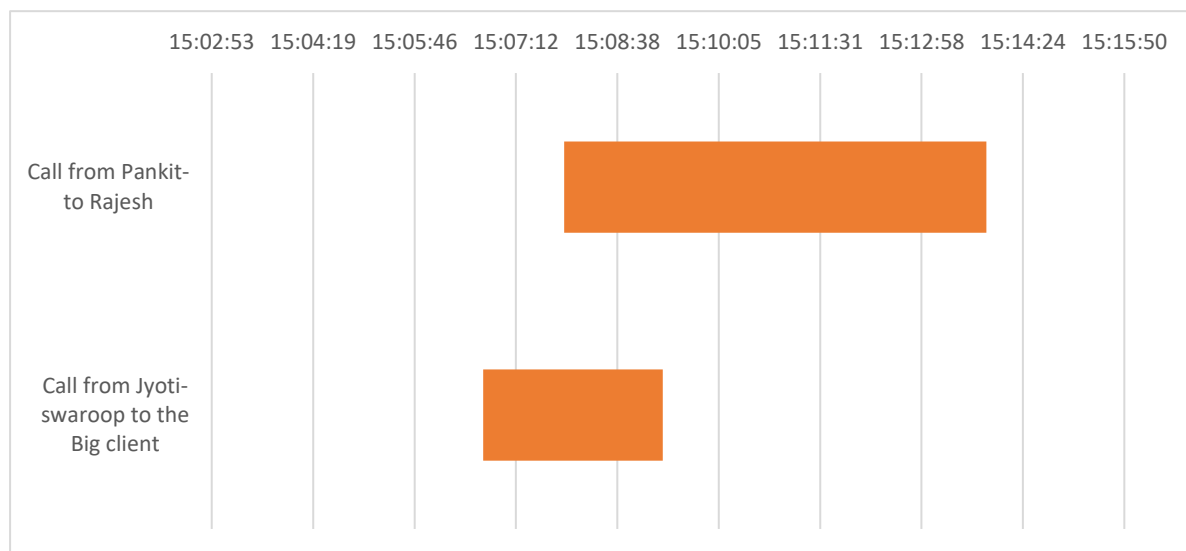
116. From the above conversation, it is seen that:

- i) The Noticee no.3 was sitting beside the Noticee no.2 while Noticee no.2 was taking order from the dealer of the Big client.
- ii) The Noticee no.3 was listening to the conversation the Noticee no.2 had with the dealer of the Big client.



- iii) The *Noticee no.3* knew that the *Noticee no.2* has received an order from the dealer of the Big client to buy shares of P I Industries.
- iv) The dealer of the Big client while placing order in the scrip, had informed the quantity to be purchased i.e. 17500 shares and the limit price of Rs. 2,791 per share, which was evasdropped by the *Noticee no.3*.
- v) The *Noticee no.3* was simultaneously instructing the *Noticee no.2* regarding the order of the Big client and to *Noticee no.4* regarding MSVPL order.
- vi) The *Noticee no.3* was also sharing the order related information with the *Noticee no.4*, dealer of MSVPL.
- vii) From the diagram below, it can be seen that call between the *Noticee no.2* and the dealer of the Big client and call between *Noticee nos. 3 and 4* were going on simultaneously.

Clipping no. 27





H. Role of Noticees

117. The detailed examination of the trading activities carried out in the account of MSVPL prima facie indicates that orders were placed just ahead of orders of the Big Client based on the NPI about such impending orders in various scrips. The role played by each of *Noticees* in carrying out the front running activity and sharing of ill-gotten profits is elaborated in the succeeding paragraphs.

118. Information carriers(ICs) - Jyotiswaroop Nandkishore Purohit (*Noticee No. 2*) and Pankit Bhagwati Jhaveri (*Noticee No. 3*):

The *Noticee no.2*, worked as an assistant to Authorized Person and dealer of Broker no.1, while the *Noticee no.3* was an employee and dealer of Broker no.1. *Noticee nos. 2 and 3*, were responsible for placing orders of the Big Client through Broker no.1. The *Noticee no. 2* was also seen to be privy to the NPI with respect to orders of the Big Client even for Broker no.4. There are evidences which show that the *Noticee no.2* was carrying out the job of placing orders on behalf of the Big Client even through Broker no.4 during Covid period. Thus, the *Noticee no.2* had information of the NPI with respect to orders of the Big Client for both Broker no.1 and Broker no.4. There are instances of this NPI of the Big Client received by the *Noticee no.2* through Broker no.1 was then communicated to the *Noticee nos.3, 4 and 5*. Further, there are instances of this NPI of the Big Client received by the *Noticee no.2* through Broker no.4 was then communicated to the *Noticee no. 4*. There are also instances of NPI of the Big Client received by *Noticee no. 2* through Broker no.1 was communicated by *Noticee no. 3* to *Noticee no. 4*. Due to the proximity, *Noticee nos. 2 and 3*, had to dealing rooms of Broker no.2 and Broker no.3, (which is explained in the preceding paragraphs), the telephonic conversations with respect to NPI of the Big Client which was communicated by the dealers of the Big client to the dealers of Broker no.2 and Broker no.3 was eavesdropped by the *Noticee no.2*. Instances of the NPI received by the *Noticee no.2* communicated to *Noticee nos. 4 and 5*, who were dealer and director respectively of MSVPL was seen. In some cases the NPI was passed on directly



by the *Noticee no.2 to Noticee nos. 4 and 5*. In the statement taken under oath, the *Noticee no. 2* admitted to the facts that he had passed on the NPI of the Big Client to the *Noticee no. 4* and in his absence to the *Noticee no. 5*. This submission of the *Noticee no. 2* has been confirmed by the *Noticee no.4*. A consolidated reading of the above findings brings to the prima facie finding that *Noticee nos.2 and 3* were privy to the information of the impending orders of the Big Client, which were to be placed by dealers of Broker no.1, Broker no.2, Broker no.3 and Broker no.4 and the same was shared with the *Noticee nos. 4 and 5* who were the dealer and director respectively of MSVPL. *Noticee nos. 2 and 3* received a share of unlawful gains from MSVPL for sharing the NPI of the Big Client, which has been explained in the subsequent paragraphs.

119. Front Runner

MSVPL through its dealer and director i.e. *Noticee nos.4 and 5* respectively, received the NPI of the Big Client from *Noticee nos.2 and 3*. The NPI was used by MSVPL to front run the trades of the Big Client for the period from April 2020 to December 2023 and made an unlawful gain of approx. INR 272.83 lacs. MSVPL utilised the proximity *Noticee nos.2 and 3* had to the NPI of the Big Clients and their connections to *Noticee nos. 4 and 5* who were dealer and director respectively of MSVPL. Thus, MSVPL dealt in the securities of listed companies based on NPI related to impending orders of the Big Client.

120. Enablers

Rajesh Bhagwati Jhaveri (*Noticee No. 4*), dealer of MSVPL and Ajay Sampatraj Jain (*Noticee no. 5*), director of MSVPL were connected to the *Noticee no. 2*, assistant to SE#6 and dealer of Broker no.1 and the *Noticee no.3*, who was an employee and dealer of Broker no.1 through telephonic calls. *Noticee nos.2 and 3* had the NPI related to order of the Big Client and it was utilized by *Noticee nos. 4 and 5*. MSVPL front run the trades of the Big Client based on the information passed on by *Noticee nos.2 and 3* to *Noticee nos. 4 and 5*. There are instances of



how Noticee nos.4 or 5 guided *the Noticee no.2* to place orders of the Big Client in such a way that it matched with the orders placed by MSVPL. Thus, *Noticee nos.4 and 5* were able to keep a check on both the legs of the transactions i.e. orders placed by the *Noticee no.2* on behalf of the Big Client and placing of orders for MSVPL. *Noticee nos. 4 and 5* enabled MSVPL to place orders which front run orders of the Big Client. Further, the telephonic conversations and WhatsApp chats (i)between *Noticee no. 4* and *Noticee no. 6*; (ii)between *Noticee no. 4* and *Noticee no.5*; and (iii)between *Noticee no. 2* and *Noticee no.5* (which has been dealt with in detail at paras 125 to 129), below clearly brings out the arrangement, the directors of MSVPL namely *Noticee no. 5* and *Noticee no.6* had with *Noticee no.2*, *Noticee no.3* and *Noticee no.4* for sharing of unlawful gains amongst themselves.

I. Summary of profits made by the *Noticee no.1* based on the NPI received from *Noticee nos. 2 and 3*

Calculation of Unlawful Gains

121. Front running activity of MSVPL was observed to be an intra-day activity where MSVPL was arranging their buy and sell trades around the Big Client orders depending upon the buy or sell nature of the impending Big Client order. MSVPL front run the trades of the Big Client on 1756 scrip days / contract days in total and thus made an aggregate unlawful gains of approx. INR 272.83 lacs. A summary on analysis of the front run trades and profit gained by MSVPL through these front run trades is tabulated below:

Table no. 33

Equity Segment					Equity Derivative Segment				
Cale ndar day s	No of insta nces	Gross Traded Value (Rs. in lakhs)	Average Gross Traded Value (Rs. in lakhs)	Square off earned (Rs. in lakhs)	Cale ndar day s	No of insta nces	Gross Traded Value (Rs. in lakhs)	Average Gross Traded Value (Rs. in lakhs)	Square off earned (Rs. in lakhs)
754	1693	2,59,777.9 2	153.44	251.16	55	63	6,425.00	101.98	21.67



122. The time gap between order placement by the Big Client and MSVPL was very minuscule. Given the highly liquid nature of securities/contracts, it cannot be a mere coincidence that the orders were getting matched with the Big Client with such precision. This is possible only when there was a close nexus between *Noticee nos. 2 and 3* on one side and *Noticee nos. 4 and 5* which are dealer and director respectively of MSVPL on the other side for which there are direct evidences discussed earlier.

123. The unlawful gains of MSVPL calculated based on the difference between the sell value and buy value of trades, taking into consideration the sell value on that particular scrip day is tabulated below:

Table no. 34

Segment	Total Buy Value (in Rs.)	Total Sell value (in Rs.)	Unlawful Gains (in Rs.)
Equity	12,97,63,38,225.80	13,00,14,53,924.10	2,51,15,698.30
Equity derivatives	32,01,66,514.60	32,23,33,548.20	21,67,033.60
Total	13,29,65,04,740.40	13,32,37,87,472.30	2,72,82,731.90

J. Sharing of profits amongst Noticees

124. The evidence collected also indicates profit sharing arrangements between MSVPL and *Noticee no.2 to Noticee no.6*, by way of payments made under the garb of salary, through bank transfers. The calls made amongst *Noticee no.4, Noticee no. 5 and Noticee no.6* have been elaborated in the subsequent paragraphs. The details bring out the manner in which the profit earned by MSVPL through front running the trades of the Big Client was subsequently shared with *Noticee no. 2 to Noticee no.4*. Details also show how funds have been transferred to family members/related entities of these *Noticees* as salaries showing them as employees of MSVPL. The statements taken under oath which has been discussed in the succeeding paragraphs also support this finding.



Transfer of unlawful gains through salary payment – Analysis of call recordings

125. The conversation given below was between *Noticee no.4* and *Noticee no.6* on August 19, 2021 at 10:02:14 hrs. which lasted for 84 seconds. The conversation pertained to sharing of profits earned and payments made to related entities under the garb of salary. The conversation took place in Hindi, the transcript of the same is given below:

Rajesh: xxx xxx xxxxxxxx (Greetings)Bhaiji.

Rajkumar: xxx xxx xxxxxxxx (Greetings)

Rajesh: Bolo Bolo bhaiji

Rajkumar: Main kya bol raha tha ki tere mein pagar daal du kya

Rajesh: Bahut badhiya

Rajkumar: Mrs mein bhi daal sakta hun?

Rajesh: Mrs mein bhi do toh chalega. Lekin phir bahut mera. Mrs ka itna. Ohhh. Mera mahine ka phir deneka return ka lafda ho jayega sabko. Mereko samane bhi dena padega na.

*Rajkumar: Arre to ***** main lakh rupiya thodi na daal raha hun.*

Rajesh: Ha to mere mein 50 daal do. Mrs mein 25 daal do. Toh bhi chalega.

Rajkumar: 25 to bahut kam ho jaayega.

Rajesh: Acha toh..

Rajkumar: Toh tu thoda rokda nikal ke de dena. Usse kya farak padta hai

Rajesh: Ha. Thik hai chalo aisa karte hai kuch.

Rajkumar: Aur kya, 50-50 daal dunga to Lakh rs ke aaspass toh tu bhi toh banata hi hoga na mahineka, dalali aur ye sab karke.

Rajesh: Dalali toh abhi chalu kiya bhaiji. Nahi toh mera to 50000 ka hi aata hai.

Rajkumar: Arre to thik hai na. Tu rokda nikal lena aur kya farak padta hai

Rajesh: Thik hai

Rajkumar: Tereko farak kya padta hai.

Rajesh: Ha chalega.

Rajkumar: 50-50 hazar Rs daalega toh 6 lakh Rs hoyega. Tax kuchh khas aayega nahi. Phir bhi karna to kar sakta hai na.

Rajesh: Thik hai chalega.



Rajkumar: Thik hai main office jake aaj baat karunga. Jara final mera 1-2 din mein hoyega. Main bola puchh lete hai kiska kiska kya ho sakta hai..

Rajesh: Bahut badhiya. Mera to ho jayega, mereko toh chahiye tha.

Rajkumar: To kya hai ki main July se daal dunga. July tak de dunga.

Rajesh: Ha chalega chalega. Best.

Rajkumar: Thik hai. Thik hai.

Rajesh: Thank you.

126. The telephonic conversations between Noticee no. 4 and Noticee no.6, on August 19, 2021 at 10:51:20 hrs. which lasted for 104 seconds is given below. Both are seen conversing about transfer of profits to related entities of Noticee nos. 2 and 3 in the garb of salary.

Rajkumar: Arre tu jo ye karta hai na, tera bhai bhi hai kya?*

Rajesh: Ha

Rajkumar: To uska bhi kuchh pagar vagar ka hoyega to usko bhi puchh lena.

Rajesh: Woh toh already lekin job karta hai broker ke udhar hi.

Rajkumar: Nahi toh wife aisa kuchh hai kya. Koi baccha vaccha.

Rajesh: Ha wife hai.

Rajkumar: Ha toh puchh lena na. Agar uska bhi koi aisa hai near and dear ki jismein daal sakte hai. Toh uska bhi pagar daal ke nakki kar de na yaar.

Rajesh: Chalo puchh leta hun usko bhi.

Rajkumar: Puchh le. Agar koi hoje 50000-60000 tak minimum lene wala. Maximum lakh bhi de dega. 2 lakh ke aaspass.

Rajesh: Mera ladka bhi hai. Lekin dono abhi Canada mein hai.

Rajkumar: Arre kyu unke naam ka zanzat karta hai.

Rajesh: Ha?

Rajkumar: Arre woh toh Canada mein hai toh wapis thodi na aayega who?

Rajesh: Nahi. Toh NRI idhar income nahi dikha sakte kya.

Rajkumar: Ye sab mereko idea nahi hai. Raju, tu puchh le.

Rajesh: Acha. Ha.

Rajkumar: Itna Idea nahi hai mereko.

Rajesh: Chalo main puchh leta hun. Mere bhai ko bhi puchh leta hun.



Rajkumar: Puchh le. Tere CA ko puchh le. Tere bhai ka bhi puchh le. Main jisko dena hai usko hi deve na yaar.

Rajesh: Ha barabar hai barabar hai.

Rajkumar: Wo fayda nahi hai re. Abhi mereko tereko dena hai to main tera puchh liya. Mereko dimag mein aaya ki samne woh bhi hai. Unke bhi agar relative member ghar pe koi hai. Chahe tisra bhi jo hai. Jotu photu.

Rajesh: Ha

Rajkumar: Usko bhi puchh le na. Uske ghar mein koi hoya toh usko de deve.

Rajesh: Thik hai. Chalo puchh leta hun main.

Rajkumar: Samjha na. Tu samjha mere jitne bhi cash ka ek tension halka hota jaye na, kaam smoothly chalta rahe yaar.

Rajesh: Ha thik hai. Thik hai. Who dekh lete hai.

Rajkumar: Samjha?

Rajesh: Ha ha.

Rajkumar: Tu dekh le, mereko hai na kal bol.

Rajesh: Bolta hun. Chalo. Thik hai. Thik hai.

Rajkumar: Thik hai?

Rajesh: Ok. Ok. Chalo

*It may be noted that in the above conversation, the *Noticee no.6* is referring to brother of the *Noticee no.4*. During investigation, statement of the *Noticee no.4* was recorded, wherein the *Noticee no.4* has stated that the *Noticee no.3* is his brother.

127. Call between *Noticee nos.4 and 5* on August 30, 2021 at 11:20:04 hrs. for a duration of 115 seconds. The conversations between *Noticee nos. 4 and 5* are with respect to transfer of profits to the *Noticee no. 4*, his wife as well as to the sister-in-law of the *Noticee no. 4* and also to the *Noticee no.2* .

Rajesh: Ha Bhaji, hello

Ajay: Bhaji, aapka aur bhabhi ka bank details bhejo.

Rajesh: ok ok

Ajay: Aur kitne ka? 1 - 1 ka daal doon na?

Rajesh: Kya? salary?



Ajay: Ha

Rajesh: Fir kya. 6 mahine mein khatam kar denge?

Ajay: Toh agale saal phir doonga na.

Rajesh: Aisa kar rahe ho aap?

Ajay: July se daal raha hun.

Rajesh: July August September October November December, 6 mahina hoga na.

Ajay: Arey March tak daloonga bhaiji, aise kya hai.

Rajesh: Fir mera badh jaayega na mera.

Ajay: Ek minute, kitna daloo bhaiji?

Rajesh: Mereko, 6 lakh vandha nahi hai. Mere mein. Meri wife mein bhi. Wife mein kitna rakhu? 5 lakh?

Ajay: Kyu? 6 lakh hi rakho na.

Rajesh: 6 na. Dono mein 6-6 rakh deta hun.

Ajay: Ha

Rajesh: Toh 12 ho jaayega. Aur kisika? Woh Jotu ka lena padega kya? Aur chahiye aapko naam? Mere bhai ka hai. Uske wife ka woh already le raha hai 10-12 hazar ka. Toh woh bol raha hai ki 35000 mahine ka mereko chalega. 35000.

Ajay: 35,000. Aur Jotu ka bhi daalna hai toh daal deta hun. Mereko koi vandha nahi hai. 50 minimum bhaiji.

Rajesh: Acha 50 hai. Main puchh leta hun phir bhi usko abhi. Kyunki uska dusri jagah se bhi salary aa raha hai. 15,000 jaisa. Toh.. Ek mereko shaam ka do. Aaj mera apna ye bhi hai na. Apna exam. Lekin kuchh link vink aaya nahi hai mereko. Mereko puchhna padega xxxxxxxx ko. Link kuchh aaya nahi hai.

Ajay: Puchh lo.

Rajesh: 3 baje ke baad ka hain na.

Ajay: Aapka aur bhabhi ka 50-50 karta hun.

Rajesh: Ha ha. Thik hai thik hai bas. Main detail deta hun baad mein.

Ajay: Aaj de dejiye na. Aaj karwa deta hun bhaiji.

Rajesh: Ha. Thik hai. Main jara dopaher mein. Ha. Karta hun. Chalo main aapko bhejta hun. SMS karta hun.

Ajay: Thik hai. Ok.



128. The below conversation is between Noticee nos. 4 and 5 on August 30, 2021 at 12:18:02 hrs. for a duration of 71 seconds. During the conversation, it is noted that, in order to transfer profits, the Noticee no.4 provided details of his brother, brother's wife and details of the Noticee no.2's father-in-law and sister-in-law.

Ajay: Ha bhaiji.

Rajesh: Bhaiji, mera bhai ka bhi main de raha hun. Woh bhi 50 ho jaayega. Mera do ho jaayega toh 1.5 hua. Jotu ka saas-sasur ka hai. Woh chalega aapko?

Ajay: Saa-sasur toh age hogi na bhaiji?

Rajesh: 60 ke karib hai.

Ajay: 60 nahi. Jaane dijiye na bhaiji.

Rajesh: Unka nahi na phir?

Ajay: Nahi nahi bhaiji.

Rajesh: Nahi na. Thik hai chalo. Uske sali ka puchh leta hun agar hai toh. Baki main mere bhai ke wife ka deta hun. Mera wife ka bhej diya hai aapko.

Ajay: Thik hai bhaiji. Toh aap logo ka kya 55 hai kya bhaiji age?

Rajesh: Mera 57. 58 running.

Ajay: Acha. Aap toh chaloge.

Rajesh: Aur wife ka 55 chal raha hai.

Ajay: Thik hai.

Rajesh: Unka bhi (not clear) aata hai

Ajay: Unko bhi age puchh lijiye na bhaiji.

Rajesh: Kisko?

Ajay: Woh..Jotu ke..

Rajesh: Ha. Puchh leta hun main. Woh 60 ke karib hai. Woh bolta hai admin wadmin mein chalega nahi aisa kuchh?

Ajay: Aa?

Rajesh: Admin mein kar raha hai aisa kuchh kaam.

Ajay: Dekhta hun. Pehle age bata dijiye mereko.

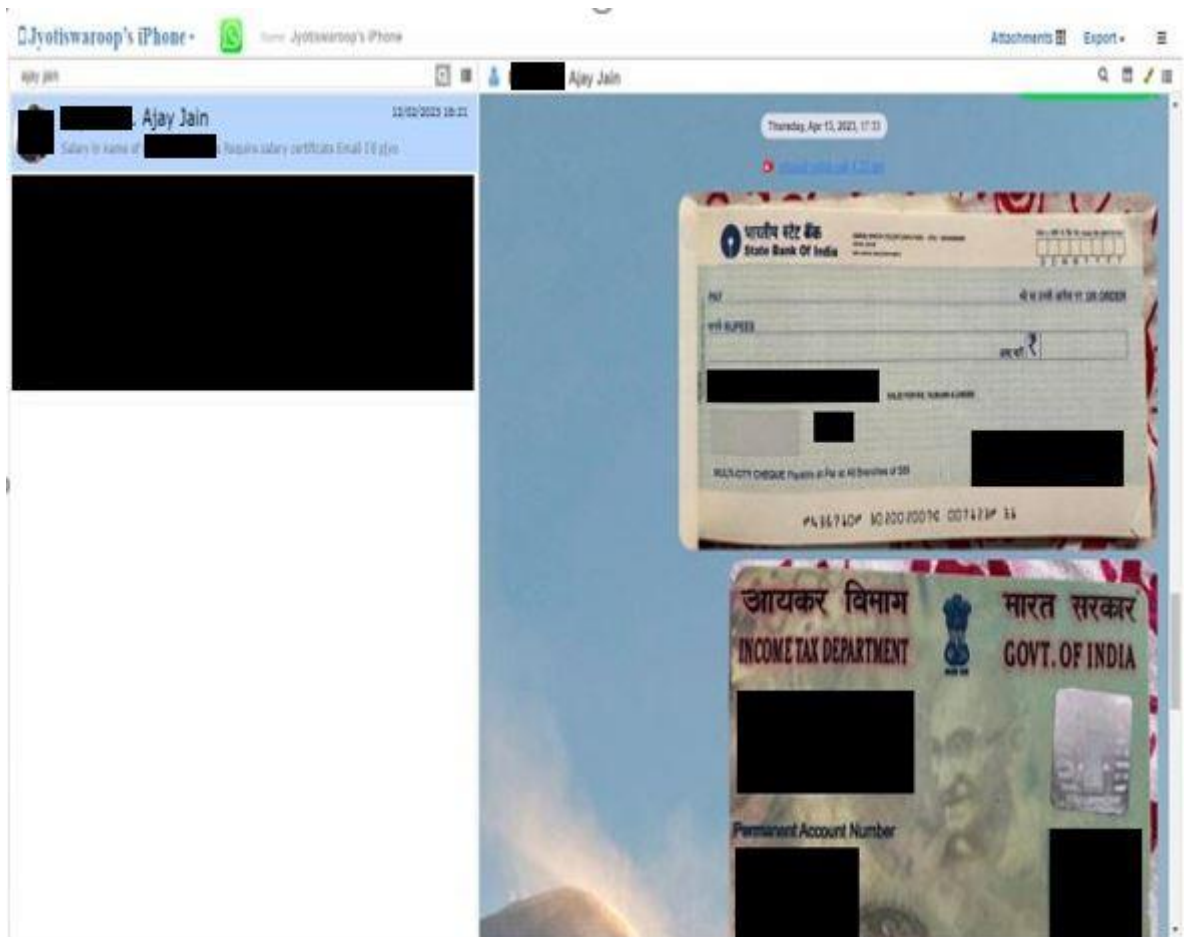
Rajesh: Ha. Thik hai. Main puchh leta hun.

129. Details of the WhatsApp chats between the Noticee no.5 (98xxx5xxx6) and the Noticee no.2 (98xxx5xxx0) is given below:



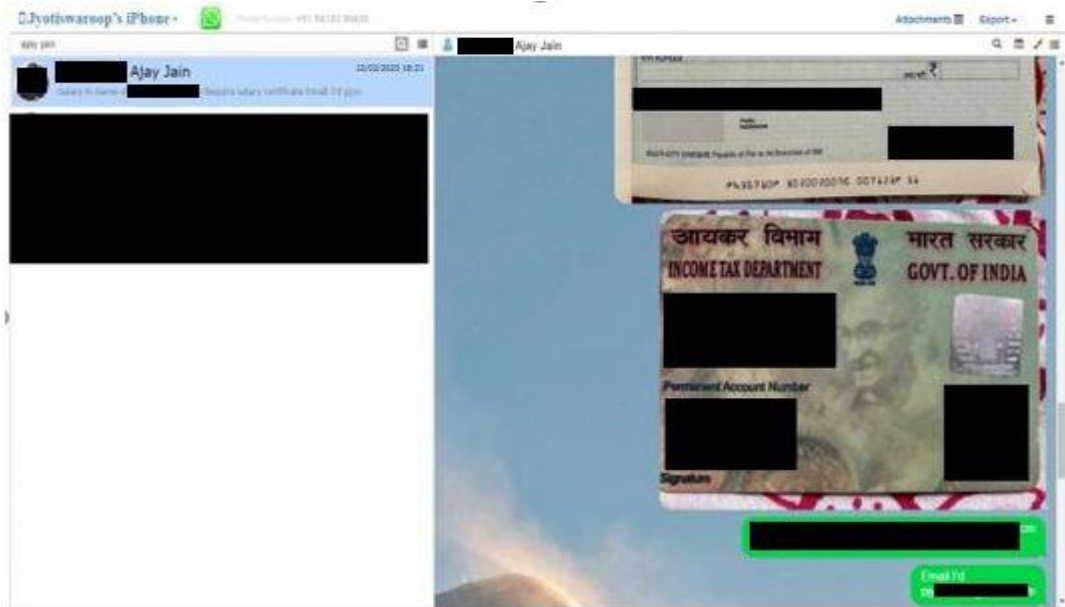
- i) The WhatsApp chat dated April 13, 2023, the *Noticee no.2* is seen sharing bank account details, PAN card and address of mother-in-law of *the Noticee no.2* with *the Noticee no.5*. The same is given below:

Clipping no. 28





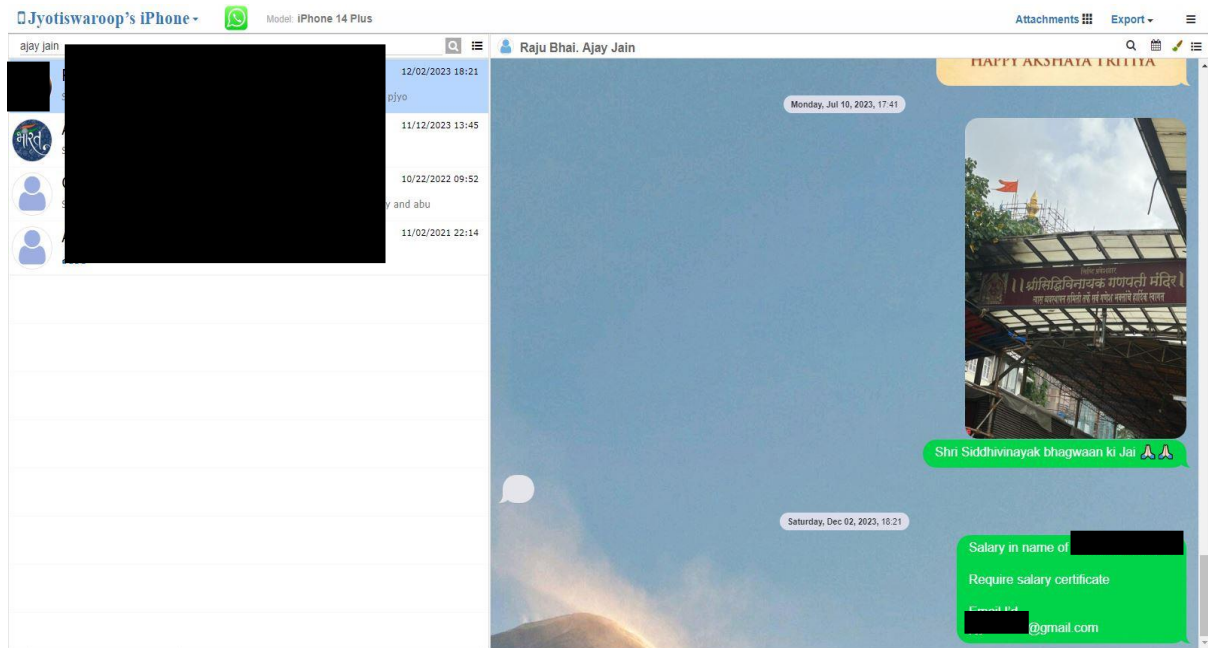
Clipping no. 29



- ii) On collaborating the above WhatsApp chat dated April 13, 2023 with the bank account of mother-in-law of the *Noticee no.2*, it was noted that various credits from MSVPL bank account were seen in her bank account from May 4, 2023.
- iii) In the below WhatsApp chat dated December 02, 2023, the *Noticee no.2* is seen asking the *Noticee no. 5* for salary certificate in the name of his mother-in-law. The same is given below:



Clipping no. 30



Relevant messages are reproduced below:

*Jyotiswaroop: Salary in name of xxxxxxxxxxxx (ref. name of relative of Noticee no.2)
Require salary certificate
Email I'd
xxxxxxxxxxx@gmail.com*

130. Further, to the above telephonic conversations and WhatsApp chats and details of statements taken under oath of *Noticee no. 2 and 4* are elaborated in the succeeding paragraphs. Both *Noticee nos. 2 and 4* during statement taken under oath were queried regarding their related entities receiving unlawful gains in the form of salary from MSVPL. The replies of *Noticee nos. 2 and 4* is as follows:

Statement of *the Noticee no.2* (dated December 04, 2023)

"...since 6 to 8 months, I am also receiving money from Madhav Stock Vision Pvt Ltd in the account of xxxxxxxx (My mother-in law, age 57, residing at Jaipur,



homemaker). She is mentioned as an employee of Madhav Stock Vision Pvt Ltd only for the purpose of fund transfer for receiving my profit component”.

Statement of the Noticee no.4 (dated December 04, 2023)

“Further, the profits generated from the trades carried out by me in the proprietary account of Madhav is given to me by Mr. Ajay Jain (partner / owner of Madhav) in the following manner:

- 1. In the bank accounts of Rajesh Jhaveri, xxxxxxx Jhaveri, xxxxx (wife of Pankit Jhaveri) and some relative of Jyotiswaroop Purohit as salary income from Madhav.”*

131. With respect to profit sharing, the Noticee no.2 in his statement under oath dated December 4, 2023 stated the following:

“.....I am benefitted by splitting the profit component in the ratio of 75% between myself and Pankit and rest 25% is given to Rajesh Jhaveri after cutting brokerage.....”

132. On query with respect to profit sharing with Noticee nos. 2 and 3, the statement given under oath by the Noticee no.4 is as follows:

“Mr. Pankit/Jyotiswaroop takes 75% of profit and I receive 25% of the profit from the front running trades executed by me from the information received from Pankit and Jyotiswaroop.”

133. In respect of profit sharing, the Noticee no.4 in his statement has stated that MSVPL earns brokerage from trades done by him. Further, 75% of profit is taken by Noticee nos. 2 and 3 and 25% of profit is received by him.

134. Furthermore, on analysis of bank statements, it is observed that the Noticee no.1, through the bank account held with IndusInd bank (a/c no. 20xxx331xxx1) had transferred a series of amount on a monthly basis to the Noticee no. 4 and to the accounts of family members of Noticee nos. 2, 3 and 4. Relevant entries in the bank accounts of these entities are reproduced below on sample basis.

**Table no. 35**

Sr. No.	Name of the entity	Bank	Bank account No.	Date	Narration	Amount
1	Family member of Noticee no.4	Bank of Baroda	04xxx10xxx76xx	02/09/2021	NEFT-000361097522-MADHAV STOCK VISION PVT LTD	49,800.00
2				03/01/2022	NEFT-000368705859-MADHAV STOCK VISION PVT LTD	49,800.00
3				01/02/2022	NEFT-000369243060-MADHAV STOCK VISION PVT LTD	49,800.00
4				31/03/2023	NEFT-INDBN31033024923-MADHAV STOCK VISION PVT LTD	49,800.00
5				04/05/2023	NEFT-INDBN04058021340-MADHAV STOCK VISION PVT LTD	49,800.00
6				01/06/2023	NEFT-INDBN01062202691-MADHAV STOCK VISION PVT LTD	49,800.00
7				01/08/2023	NEFT-INDBN01082053059-MADHAV STOCK VISION PVT LTD	49,800.00
8		Axis Bank	92xxxx00xxx71xx	01/09/2023	NEFT//INDBN01097385186/MADHAV ST//INDUSIND /	49,800.00
9				30/09/2023	NEFT//INDBN30092458946/MADHAV ST//INDUSIND /	49,800.00
10				01/11/2023	NEFT//INDBN01117895947/MADHAV ST//INDUSIND //	49,800.00
11				13/11/2023	NEFT//INDBN13110259685/MADHAV ST//INDUSIND //	50,000.00
12				01/12/2023	NEFT//INDBN01122890360/MADHAV ST//INDUSIND //	49,800.00
13	Rajesh Bhagwati Jhaveri	Bank of Baroda	04xxx10xxx76xx	02/09/2021	NEFT-000361097962-MADHAV STOCK VISION PVT LTD	49,800.00
14				03/01/2022	NEFT-000368705867-MADHAV STOCK VISION PVT LTD	49,800.00
15				01/02/2022	NEFT-000369243076-MADHAV STOCK VISION PVT LTD	49,800.00
16				31/03/2023	NEFT-INDBN31033024930-MADHAV STOCK VISION PVT LTD	49,800.00
17				04/05/2023	NEFT-INDBN04058021312-MADHAV STOCK VISION PVT LTD	49,800.00
18				01/06/2023	NEFT-INDBN01062202844-MADHAV STOCK VISION PVT LTD	49,800.00
19				01/08/2023	NEFT-INDBN01082053218-MADHAV STOCK VISION PVT LTD	49,800.00
20		Axis Bank	92xxx00xxx946xx	01/09/2023	NEFT//INDBN01097385191/MADHAV ST//INDUSIND /	49,800.00
21				30/09/2023	NEFT//INDBN30092458955/MADHAV ST//INDUSIND /	49,800.00
22				01/11/2023	NEFT//INDBN01117895990/MADHAV ST//INDUSIND //	49,800.00
23				13/11/2023	NEFT//INDBN13110259684/MADHAV ST//INDUSIND //	50,000.00
24				01/12/2023	NEFT//INDBN01122890364/MADHAV ST//INDUSIND //	49,800.00
25	Family member of Noticee no.3	Kotak Mahindra Bank	68xxx73xxx	09/02/2021	NEFT 000361098467 MADHAV STOCK VISION PVT LTD IND	49,800.00
26				04/04/2022	NEFT 000370264918 MADHAV STOCK VISION PVT LTD IND	49,800.00
27				01/03/2022	NEFT 000368705876 MADHAV STOCK VISION PVT LTD IND	49,800.00



Sr. No.	Name of the entity	Bank	Bank account No.	Date	Narration	Amount
28				30/09/2023	NEFT INDBN30092458969 MADHAV STOCK VISION PVT LTD	49,800.00
29				01/11/2023	NEFT INDBN01117895991 MADHAV STOCK VISION PVT LTD	49,800.00
30				13/11/2023	NEFT INDBN13110259691 MADHAV STOCK VISION PVT LTD	50,000.00
31				01/12/2023	NEFT INDBN01122890370 MADHAV STOCK VISION PVT LTD	49,800.00
32	Family member of Noticee no.2	State Bank of India	31xxx424xxx	30/09/2023	NEFT INDBN30092459153	49,800.00
33				01/11/2023	NEFT INDBN01117896166	49,800.00
34				13/11/2023	NEFT INDBN13110259696	50,000.00
35				01/12/2023	NEFT INDBN01122890431	49,800.00

135. On perusal of the bank statements of the *Noticee no.4*, and the bank accounts of family members of *Noticee nos. 2, 3 and 4*, it is observed that *the Noticee no.1* made similar transfer to these related/connected entities of *Noticee nos. 2, 3 and 4*.

136. The total amount received by the above entities from the bank account of the *Noticee no.1* is as given under:

Table no. 36

Sr. No.	Name of the Entity	Bank	Period	Amount received (in Rs.)
1.	Family member of Noticee no.2	Bank of Baroda	September 2021 – August 2023	11,80,915
		Axis Bank	September – December 2023	2,49,200
2.	Rajesh Bhagwati Jhaveri (Noticee no.4)	Bank of Baroda	September 2021 – August 2023	11,80,915
		Axis Bank	September – December 2023	2,49,200
3.	Family member of Noticee no.3	Kotak Mahindra Bank	September 2021 – December 2023	14,79,915



Sr. No.	Name of the Entity	Bank	Period	Amount received (in Rs.)
4.	Family member of Noticee no.2	State Bank of India	May – December 2023	4,48,400
Total amount transferred under the garb of salary				47,88,545

137. MSVPL vide letter dated December 04, 2023, provided a list of its employees. Details given below are persons who were *Noticee no.4*/ related entities of *Noticee nos. 2, 3 and 4* and shown as employees of MSVPL:

Table no. 37

Sr. No.	Employee Name	Employee Age	Details of relationships
1	Rajesh Jhaveri	60	Self
2	xxxxxx	58	Wife of <i>Noticee no.4</i>
3	xxxxxx	47	Wife of <i>Noticee no.3</i>
4	xxxxxx	58	Mother-in-law of <i>Noticee no.2</i>

138. The telephonic conversations the *Noticee nos.5 and 6* had with *Noticee no. 4* ; WhatsApp chats between *Noticee nos.2 and 5*; statements taken under oath of *Noticee nos.2 and 4*; examination of the bank account of related entities of *Noticee nos. 2, 3 and 4* and details of list of employees provided by the *Noticee no.1*, shows that the amount of INR 47.88 lacs which was credited to the related entities of *Noticee nos. 2, 3 and 4* was actually meant for *Noticee nos. 2, 3 and 4*. This amount was routed to *Noticee nos. 2,3 and 4* through their related entities who were shown as employees of the *Noticee no.1* and paid salaries through the bank account of the *Noticee no.1*. The amount of INR 47.88 lacs is part of the total unlawful gains earned by the *Noticees* through front running the trades of Big Client.



Transfer of unlawful profits/gains through bank transfer

139. In addition to transfer of profits through the bank accounts of related entities in the garb of salary payments, MSVPL had transferred unlawful gains to the *Noticee no. 4* through bank transfer. In this regard, bank account of MSVPL, held with IndusInd Bank (a/c no: 2xxx03xxx19x) and bank account of the *Noticee no. 4* held with Bank of Baroda (a/c no: 0xxx01xxx17xxx) were analysed. On perusal of the bank statements, it is observed that during the investigation period, MSVPL had transferred series of amount to the *Noticee no.4*, details of which are as follows:

Table no. 38

Transaction Date	Transaction ID	Narration	Credit Amount
2020-10-12	S72363983	RTGS-INDBR22020101200680818-MADHAV STOCK VISION PV	300,000.00
2020-11-07	S56424368	RTGS-INDBR22020110700884041-MADHAV STOCK VISION PV	200,000.00
2020-12-09	S22195895	RTGS-INDBR22020120900262368-MADHAV STOCK VISION PV	200,000.00
2021-02-02	S18460129	NEFT-000317964267-MADHAV STOCK VISION PVT LTD	150,000.00
Total			8,50,000

140. On receipt of these funds, the *Noticee no. 4* transferred the same to wife of the *Noticee no. 3*, daughter of the *Noticee no.3* and to the in-laws of the *Noticee no.2*. On sample basis, details of the funds transferred by the *Noticee no. 4* to the related entities of *Noticee nos. 2 and 3* is given below:

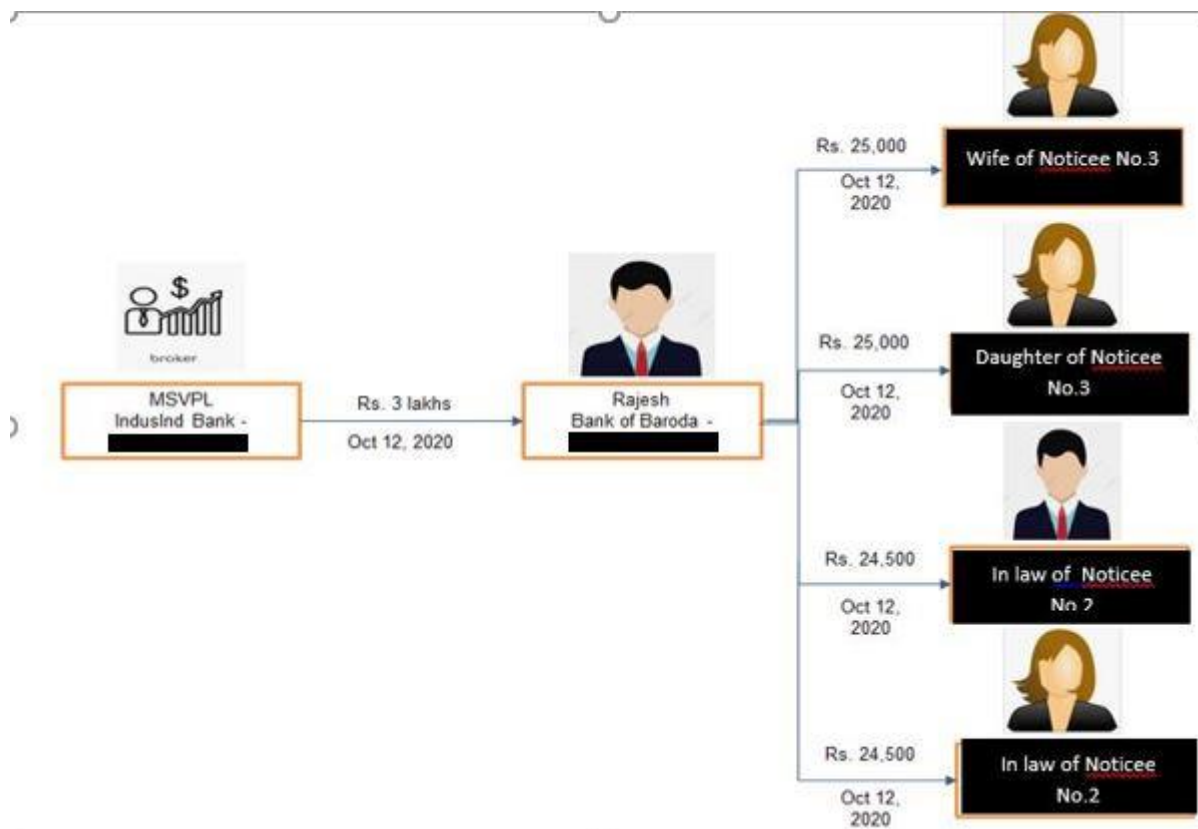
Table no. 39

Transaction Date	Transaction ID	Narration	Credit Amount
2020-10-12	S72363983	RTGS-INDBR22020101200680818-MADHAV STOCK VISION PV	300,000.00



The same is depicted below in diagrammatical form:

Clipping no. 31



141. On query with respect to how the *Noticee no.2* received profit component from *Noticee nos. 1 and 4*, the *Noticee no.2* in his statement under oath dated December 4, 2023 stated the following:

“.....Further, my sister-in law xxxxxxxx xxxx transfers funds through internet banking from my mother-in law’s account to my father in- law’s account. Later, I withdraw money from my father-in law’s account using his ATM card Father-in law’s ATM card and Mother-in Law’s credit card are being used by me.....”

K. Examination of violation of provisions of SEBI Act and regulations made thereunder-

142. The term “front running” is defined under SEBI’s Circular no. CIR/EFD/1/2012 dated May 25, 2012. While referring to the said definition, and other definitions of



front running, the Hon'ble Supreme Court in the matter of in the matter of **SEBI Vs. Shri Kanaiyalal Baldevbhai Patel and ors.** [(2017) 15 SCC 1] held:

...17. 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.

....

19. In actuality, front-running is more complicated than these definitions suggest. It comprises of at least three forms of conduct. They are: (1) trading by third parties who are tipped on an impending block trade ("tippee" trading); (2) transactions in which the owner or purchaser of the block trade himself engages in the offsetting futures or options transaction as a means of "hedging" against price fluctuations caused by the block transaction ("self-front-running"); and (3) transactions where a intermediary with knowledge of an impending customer block order trades ahead of that order for the intermediary's own profit ("trading ahead")...."

143. As per the afore-quoted judgment of the Hon'ble Supreme Court, the following may be listed as ingredients to classify a trading activity as front running:

- i) There is existence of an information regarding a substantial order on behalf of the Big Client in a particular security and such information is not available publicly;



- ii) Based on such information about impending orders in various scrips, order (s) is/are placed in the account of Front Runner (“**FR Order**”) in the securities in advance of the order (s) of the Big Client. The FR order is placed in alignment with the order of the Big Client i.e. if the Big Client is going to buy securities, the FR order will also be of buying shares and vice versa.
- iii) The placement of the buy orders of the Big Client generally causes the prices of the scrip to move upward or the sell orders of the Big Client generally causes the price to move downwards.
- iv) During the time of placement of orders of the Big Client, the Front Runner squares off his position and earns the difference in price which is majorly attributable to the orders of the Big Client.

144. To summarise, when the Big Client is going to buy shares, the Front Runner follows a pattern of Buy-Buy-Sell, where first Buy trades are carried out in the account of Front Runner; second set of Buy trades are carried out in the account of the Big Client generally causing the prices to move upward and the third set of Sell trades are squaring off the position by Front Runner. Similarly, in Sell-Sell-Buy pattern, the Front Runner first short sells the shares before sell orders of the Big Client are placed in the system and eventually buys the shares and earns profit.

145. The Front Running activity can either be carried out in cash segment or may also be carried out in the derivatives (Futures and Options) segment. Following the patterns explained above, the Front Runner may take a long position (in case of Buy-Buy-Sell pattern) or may take a short position (in case of Sell-Sell-Buy pattern).

146. As per the generally understood definition of front running, an FR based on the information with respect to substantial impending transaction of the Big Client



builds a position in the market prior to the entry of the order of the Big Client. Subsequently, when the Big Client order enters into the market, the FR matches the order of the Big Client by placing its order in near proximity to the order of the Big Client. To illustrate, having knowledge of an impending substantial buy order of the Big Client, FR buys 1,00,000 shares of ABC at an average price of INR 97. Subsequently, the Big Client places order to buy 5,00,000 shares of ABC at a price of INR 100 and the front runner matches this buy order by placing a sell order of 1,00,000 ABC at a price of INR 100. Thus, in this process front runner squares off its position and earns undue profits, which in the current example comes out to be INR 3,00,000. This modus operandi of front running is known as Buy-Buy-Sell (BBS).

147. Similarly, when a FR first sells and then later on matches the sell order of the Big Client by placing a buy order, it is categorized as Sell-Sell-Buy (SSB). This kind of BBS or SSB front running trading pattern is identified as traditional front running.
148. Having examined the trades executed in the account of the FR, where it has been observed with evidences that trades in the account of the *Noticee no.1* were in the nature of front running of trades of the Big Client, it become imperative, now to carry out further examination as to whether the acts on the part of *Noticees* can *prima facie* be in violation of provisions of clauses (a), (b), (c) and (e) of section 12A of the Securities and Exchange Board of India Act, 1992 and clauses (a), (b), (c), (d) of regulation 3, sub-regulation (1) of regulation 4 and clause (q) of sub-regulation (2) of regulation 4 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003, (**PFUTP Regulations**). In case the answer to the above in affirmative, it is to be examined whether the facts of the matter warrant an urgent action while exercising power bestowed under the provisions of section 11, section 11B of the SEBI Act and clause (d) of sub-regulation 1 of regulation 11 of the PFUTP Regulations. Before proceeding further, it is necessary to refer the relevant provisions of law which are reproduced here under for reference:



“SEBI Act, 1992

Functions of Board.

11. (1) Subject to the provisions of this Act, it shall be the duty of the Board to protect the interests of investors in securities and to promote the development of, and to regulate the securities market, by such measures as it thinks fit.

11 (4) Without prejudice to the provisions contained in sub-sections (1), (2), (2A) and (3) and section 11B, the Board may, by an order, for reasons to be recorded in writing, in the interests of investors or securities market, take any of the following measures, either pending investigation or inquiry or on completion of such investigation or inquiry, namely: —

...

(d) impound and retain the proceeds or securities in respect of any transaction which is under investigation;

....

(4A) Without prejudice to the provisions contained in sub-sections (1), (2), (2A), (3) and (4), section 11B and section 15-I, the Board may, by an order, for reasons to be recorded in writing, levy penalty under sections 15A, 15B, 15C, 15D, 15E, 15EA, 15EB, 15F, 15G, 15H, 15HA and 15HB after holding an inquiry in the prescribed manner.

Power to issue directions and levy penalty.

11B. (1) Save as otherwise provided in section 11, if after making or causing to be made an enquiry, the Board is satisfied that it is necessary, —

(i) in the interest of investors, or orderly development of securities market;
or



(ii) to prevent the affairs of any intermediary or other persons referred to in section 12 being conducted in a manner detrimental to the interest of investors or securities market; or

(iii) to secure the proper management of any such intermediary or person, it may issue such directions, —

(a) to any person or class of persons referred to in section 12, or associated with the securities market; or

(b) to any company in respect of matters specified in section 11A, as may be appropriate in the interests of investors in securities and the securities market.

Explanation. — For the removal of doubts, it is hereby declared that the power to issue directions under this section shall include and always be deemed to have been included the power to direct any person, who made profit or averted loss by indulging in any transaction or activity in contravention of the provisions of this Act or regulations made thereunder, to disgorge an amount equivalent to the wrongful gain made or loss averted by such contravention.

(2) Without prejudice to the provisions contained in sub-section (1), sub-section (4A) of section 11 and section 15-I, the Board may, by an order, for reasons to be recorded in writing, levy penalty under sections 15A, 15B, 15C, 15D, 15E, 15EA, 15EB, 15F, 15G, 15H, 15HA and 15HB after holding an inquiry in the prescribed manner.

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

Section 12A.No person shall directly or indirectly—



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

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

(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;

....

(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;

Delegation.

19. The Board may, by general or special order in writing delegate to any member, officer of the Board or any other person subject to such conditions, if any, as may be specified in the order, such of its powers and functions under this Act (except the powers under section 29) as it may deem necessary.



Contravention by companies.

27. (1) Where a contravention of any of the provisions of this Act or any rule, regulation, direction or order made thereunder has been committed by a company, every person who at the time the contravention was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the contravention was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such contravention.

PFUTP Regulations

2. (1) In these regulations, unless the context otherwise requires, —

...

(c) “fraud” includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include—

(1) a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;

(2) a suggestion as to a fact which is not true by one who does not believe it to be true;



(3) an active concealment of a fact by a person having knowledge or belief of the fact;

(4) a promise made without any intention of performing it;

(5) a representation made in a reckless and careless manner whether it be true or false;

(6) any such act or omission as any other law specifically declares to be fraudulent,

(7) deceptive behaviour by a person depriving another of informed consent or full participation,

(8) a false statement made without reasonable ground for believing it to be true.

(9) the act of an issuer of securities giving out misinformation that affects the market price of the security, resulting in investors being effectively misled even though they did not rely on the statement itself or anything derived from it other than the market price.

And “fraudulent” shall be construed accordingly;

Nothing contained in this clause shall apply to any general comments made in good faith in regard to—

(a) the economic policy of the government

(b) the economic situation of the country

(c) trends in the securities market or

(d) any other matter of a like nature whether such comments are made in public or in private;



Prohibition of certain dealings in securities

Regulation 3. No person shall directly or indirectly—

- (a) buy, sell or otherwise deal in securities in a fraudulent manner;*
- (b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made thereunder;*
- (c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;*
- (d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made thereunder. Prohibition of manipulative, fraudulent and unfair trade practices*

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

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

...(g) 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.”

Regulation 11 (1)

The Board may, without prejudice to the provisions contained in sub-sections (1), (2), (2A) and (3) of section 11 and section 11B of the Act, by an order,



for reasons to be recorded in writing, in the interests of investors and securities market, issue or take any of the following actions or directions, either pending investigation or enquiry or on completion of such investigation or enquiry, namely: —

- (a) suspend the trading of the security found to be or prima facie found to be involved in fraudulent and unfair trade practice in a recognized stock exchange;*
- (b) restrain persons from accessing the securities market and prohibit any person associated with securities market to buy, sell or deal in securities;*
- (c) suspend any office-bearer of any stock exchange or self-regulatory organization from holding such position;*
- (d) impound and retain the proceeds or securities in respect of any transaction which is in violation or prima facie in violation of these regulations;*
- (e) direct and intermediary or any person associated with the securities market in any manner not to dispose of or alienate an asset forming part of a fraudulent and unfair transaction;*
- (f) require the person concerned to call upon any of its officers, other employees or representatives to refrain from dealing in securities in any particular manner;*
- (g) prohibit the person concerned from disposing of any of the securities acquired in contravention of these regulations;*
- (h) direct the person concerned to dispose of any such securities acquired in contravention of these regulations, in such manner as the Board may deem fit, for restoring the status quo ante;*

Regulation 11 (2)

Any final order passed under sub- regulation (1) shall be put on the website of the Board.

149. As noted above in case, records indicate violation of aforesaid provisions, it will be required to be examined whether sufficient grounds are present necessitating



issuance of interim directions under sub-sections (1) and (4) of section 11, and sub-section (1) of section 11B of the SEBI Act.

150. I note that the clauses (a), (b), (c) and (e) of section 12A of the SEBI Act and regulations 3 and 4 quoted above, prohibit:

- i) dealing in securities which is manipulative, fraudulent or an unfair trade practice.
- ii) use of or employment of any manipulative or deceptive device or contrivance, in contravention of the provisions of the SEBI Act or rules or regulations made thereunder;
- iii) employment of any device scheme or artifice to defraud;
- iv) engagement in any act, practice, course of business which operate/would operate as fraud or deceit upon any person in contravention of the provisions of the SEBI Act or rules or regulations; made thereunder;
- or
- v) dealing in securities while in possession of material or non-public information or communicate such material or non-public information to any other person in contravention of the provisions of the SEBI Act or rules or regulations made thereunder.

151. Sub-regulation (1) of regulation 4 of the PFUTP Regulations prohibit any person to indulge in fraudulent transaction and unfair trade practice in securities. The term “fraud” of “fraudulent” are defined broadly in clause (c) of sub-regulation (1) of regulation 2 of the PFUTP Regulations. An act of front running a trade is clearly covered as “fraudulent transaction” in the definition. Further, clause (q) of sub-regulation (2) of regulation 4 of the PFUTP Regulations stipulates that any order of securities placed by a person while directly/indirectly in possession of an information pertaining to a substantial impending transaction in such securities, shall be deemed to be fraudulent transaction. This particular clause clearly makes



front running a fraudulent transaction. Thus, buying, selling or dealing in securities in a fraudulent manner leads to violation of provisions of section 12A of the SEBI Act read with regulations 3 and 4 of the PFUTP Regulations.

152. In the present case, it has been elaborated in detail based on factual evidence as to how *Noticee no.2*, (dealer of Broker no.1 and assistant to SE#6) and *Noticee no.3*, (employee and dealer of Broker no.1), received orders for the Big Client and the *Noticee no. 2* also placed orders for the Big client through broker Broker no.4. As the dealing desk of Broker no.1 was in proximity with the dealing desks of Broker no.2 and Broker no.3, both the above referred *Noticees* were privy to the NPI of impending orders of the Big Client received by Broker nos. 2 and 3. The NPI of the Big client was shared with *Noticee nos. 4 and 5*, who are dealer and director respectively of MSVPL. MSVPL front run orders of the Big Client in various scrips following both SSB and BBS strategy. The investigation brought out evidences whereby *Noticees* are found to be part of the act where related entities of the *Noticees* are shown as employees of MSVPL and the unlawful gains is routed through these related entities in the form of salary payments. This finding is further supported by the credit transactions in the bank accounts of related entities of the *Noticees*. All the acts on the part of *Noticees* elaborated in the present order indicates towards the scheme that was crafted for personal gains and to defraud the investors, as the NPI pertaining to the impending transactions in various scrips of the Big Client was encashed to make unlawful gains in the accounts of the FRs.

153. In view of the analysis of the facts of the present case, I hold that there is a *prima facie* case of fraudulent and unfair trade practice carried out by *Noticees* which resulted in accrual of unlawful gains of INR 2,72,82,731.90 in the account of MSVPL. The analysis carried out in the present order backed by evidence leads to a *prima facie* conclusion that the violation of clauses (a), (b), (c) and (e) of section 12 A and clauses (a), (b), (c) and (d) of regulation 3, sub-regulation (1) of



regulation 4, clause (q) of sub-regulation (2) of regulation 4 of the PFUTP Regulations have been committed by *Noticees* herein as under:

- i) *Noticees* have employed fraudulent/manipulative or deceptive device or contrivance, in contravention of the provisions of the SEBI Act and the PFUTP Regulations.
- ii) *Noticees* have employed a device/scheme or artifice to defraud investors and for that they have engaged in act, practice, course of business which operated as fraud or deceit upon investors in contravention of provisions of the SEBI Act and the PFUTP Regulations as quoted above.
- iii) *Noticees* have dealt in securities or facilitated such dealing, while in possession of material or non-public information in the form of advance information about the impending orders in various scrips.
- iv) The dealing in securities by the aforesaid *Noticees* in manner as elaborated in the present order is fraudulent and an unfair trade practice and was in the nature of front running.

154. I note that in a similar matter (***Madhu Chanda and others vs. SEBI***, Appeal no. 335 of 2023, Date of decision: October 30, 2023) involving front running in multiple accounts, the Hon'ble Securities Appellate Tribunal (**SAT**) has *inter alia* held as:

"...We find that the very nature front running refers to an extremely precise trading activity which is impossible to achieve unless the front runner had access to the non-public information about the impending orders of the Big Client (in this case the, Sterling group). For this reason, matching of common scrip days, common percentage of shares, precise matching of price by the front runner with the Big Client, earning significant amounts of profits on common scrip days with the Big Client when compared to non-common scrip days are all extremely strong indicators that the front runners were placing its orders ahead of and in tandem with the large orders of the Big Client in order to make gains for themselves. Thus, due to the trading based on prior



information of trades of the Sterling group, the front runners and the entities who facilitated them gained unlawfully and caused loss to other investors / deprived the investors from profits.

...We find that a sample analysis of the trades placed in the accounts of each of the front runners vis-a-vis the trades in the account of the respective Sterling group entity has been carried out meticulously in the WTM order as well as the respective AO orders which clearly establish the manner in which the front running trades were carried out.

155. On the basis of examination of evidences collected during the investigation, I *prima facie* hold that:

- i) *Noticees* were involved in front running the trades of the Big Client.
- ii) The said acts on the part of *Noticees* are fraudulent in terms of clause (c) of sub-regulation (1) of regulation 2 of the PFUTP Regulations and is violative of clauses (a), (b), (c) and (e) of section 12 A of the SEBI Act read with clauses (a), (b), (c) and (d) of regulation 3, sub-regulation (1) of regulation 4 and clause (q) of sub-regulation (2) of regulation 4 of the PFUTP Regulations.

L. Liability of Directors of MSVPL

156. The Front Runner, MSVPL is not natural person but a company incorporated in India.

Section 27 of the SEBI Act enunciates the liability of a director, manager, secretary or other officer of the company for the contraventions committed by such company. In terms of sub-section (1) of section 27 of the SEBI Act, every person who at the time the contravention was committed was in charge of, and was responsible to, the company for the conduct of its business shall be deemed to be guilty of the contravention along with the company. However, such presumption is rebuttable if such person proves that the contravention was committed without his or her knowledge or that he or she had exercised all due diligence to prevent the commission of such contravention.



157. In order to ascertain the liability of the person responsible for the conduct of its business, a table containing the details of directors who were in charge of, and were responsible to, the company for the conduct of its business during the Investigation Period and the role played by them is provided below:

Table no. 40

Liability of the directors for contraventions committed by MSVPL

Name	Designation	Date of appointment	Date of resignation/retirement	Whether charged	Rationale for charging or not charging the directors
Ajay Sampatraj Jain (<i>Noticee no.5</i>)	Director	December 24, 1999	NA	Yes	Ajay Sampatraj Jain and Rajkumar Prabhu Damani were the directors of MSVPL at the time the contravention was committed by the company and were in charge of and responsible for the conduct of its business and are hence prima facie held to be guilty of the alleged contravention committed by MSVPL. The details of role played by <i>Noticee no.5</i> and <i>Noticee no.6</i> in the matter has been elaborated in the
Rajkumar Prabhu Damani (<i>Noticee no.6</i>)	Director	December 24, 1999	NA	Yes	



Name	Designation	Date of appointment	Date of resignation/retirement	Whether charged	Rationale for charging or not charging the directors
					preceding paras of the order.
Bhagyashree Lihala	Director	July 15, 2012	NA	No	Bhagyashree Lihala and Darshak Shantilal Shah were the Directors of MSVPL during the time when the contravention was alleged to have been committed by MSVPL. However, there is prima facie no evidence on record which proves that either Bhagyashree Lihala or Darshak Shantilal Shah were in connivance with <i>Noticee nos. 5 and 6</i> for the alleged prima facie violations committed by them while being Directors of MSVPL. Bhagyashree Lihala and Darshak Shantilal Shah are accordingly not held guilty of the contraventions committed by MSVPL.
Darshak Shatilal Shah	Additional Director	August 27, 2019	January 08, 2024	No	



158. It is also noted that four *Noticees* filed joint settlement applications on December 26, 2024 and one *Noticee* filed the same on March 1, 2025. However, the *Noticees* vide communication dated March 24, 2025, withdrew applications stating that the terms proposed for settlement were beyond their means.

M. Need for interim ex-parte order

159. I have already held that the acts imputed in the present order on *Noticees* are *prima facie* held in violation of various provisions of the SEBI Act and the PFUTP Regulations. Now, it would be important to examine as to whether this interim ex-parte order is required to be passed. I note that sub-section (4) of section 11 and section 11B allows SEBI to restrain persons from accessing the securities market and prohibit any person associated with securities market to buy, sell or deal in securities and to issue “such directions as may be necessary” in the interest of investors of the securities market. The evidence of the present case speaks volume about the intricate design that was at play.

160. The proximity of the trading terminals/dealing desks of four stock brokers enabled *Noticee nos.2 and 3* to be privy to the NPI which Broker no.2 and Broker no.3 had with the dealers of the Big Client. Taking advantage of this proximity *Noticee nos. 2 and 3* passed on the NPI pertaining to impending order of the Big Client to the dealer/director of the Front Runner. MSVPL while front running the orders of Big Client placed orders in various scrips following SSB and BBS strategy. *Notices* are found to be part of the act where related entities of the *Notices* are shown as employees of MSVPL and the unlawful gains is routed through these related entities in the form of salary payments. These acts on the part of *Notices* elaborated in the present order indicates towards the scheme that was crafted for personal gains and to defraud the investors, as the NPI pertaining to the impending transactions in various scrips was encashed to make unlawful gains in the accounts of the Front Runner.



161. It is noted that a duty has been cast upon SEBI under section 11 to protect the interests of investors in securities and to promote the development of and to regulate the securities market. All the afore-quoted objects are equally crucial for growth of the securities market. It is also noticed that any kind of manipulative activities by a person or group of persons have impact on the securities market as a whole. Therefore, it becomes essential that the investors and the securities market are protected from the manipulative and unfair trade practices relating to securities market and SEBI has been empowered to take any measures, as it deems fit to achieve the mandate. The PFUTP Regulations have been framed with an objective of preventing fraudulent and unfair trade practices relating to securities market, which will aid in achieving the mandate of investor protection, regulation and development of securities market.

162. A *prima facie* case of violation of various provisions of the SEBI Act and the PFUTP Regulations has already been made out against *Noticees* which is largely backed by direct evidences on record. At this stage, I also note the following factors:

- i) All *Noticees* are closely associated with the securities market as discussed above.
- ii) The trading activities which are *prima facie* swarmed with illicit design, were repeatedly carried out for long period of time.
- iii) The concerned *Noticees* were able to generate large amount of profits which is *prima facie* found to be unlawful, which may be siphoned off beyond regulatory reach, if immediate steps are not taken.
- iv) Further, I have considered other factors like the nexus that *Noticees* have with each other; the methods used by them to share information, the sharing of profits of large amounts.

Considering all these factors, it becomes imperative for SEBI to protect siphoning off, of the unlawful gains made by *Noticees*, which may be liable for disgorgement in the final proceedings.



163. It is acknowledged that all Noticees have co-operated and some of the *Noticees* have admitted the violations in the statements recorded under oath. This may be relevant at the time of imposing penalty, but will not deter the Authority to pass an interim order to protect siphoning off of alleged illegal gains.

164. I seek to place 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 by *inter alia* holding as:

"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. ..."

165. Based on the foundation of factors quoted above and in totality of the facts of the present case, I am compelled to invoke the provisions of sub-section (1) of section 11, sub-section (4) of section 11, section 11B of the SEBI Act and regulation 11 of the PFUTP Regulations, to hold that it is a fit case for passing interim order and to impound the proceeds of *prima facie* unlawful gains made by *Noticees*.

N. Joint and several liability

166. Having held that in the facts of the present case, invocation of powers to issue interim order is necessitated, the next issue that deserves consideration is fixing of *prima facie* liability for impounding of unlawful gains which accrued due to deployment of fraudulent scheme by *Noticees*. In this connection, I note that the explanation to sub-section (1) of section 11B of the SEBI Act *inter alia* empowers SEBI to issue directions to any person, for disgorgement of wrongful gains made by him, by contravention of any provision of the SEBI Act or the regulations made thereunder.



167. *Noticee nos. 2 and 3* were instrumental in obtaining the NPI about the impending trades of the Big Client in various scrips. This information is shared with *Noticee nos. 4 and 5* who are dealer and director respectively of the Front Runner and who used this information to execute front running trades. The evidences collected bring out the manner in which the profit earned by MSVPL through front running the trades of the Big Client was subsequently shared with *Noticee no. 2 to Noticee no.4* through their family members/related entities of these *Noticees* as salaries showing them as employees of MSVPL. Therefore, all the *Noticees* played an active role for generation of the unlawful gains, making them liable jointly and severally for impounding the profit accrued.

168. Further, in view of the findings in Part L of this order, the directors of the *Noticee no.1* which are *Noticee nos. 5 and 6* are also liable to be proceeded against for the unlawful profits that accrued to the *Noticees* and are held jointly and severally liable, alongwith the *Noticee no.1*, by virtue of section 27 of the SEBI Act.

169. In view of the aforesaid discussion and the calculation of unlawful gains made by *Noticees* as detailed in Table no. 34 above, I hold that *Noticees* to be *prima facie* jointly and severally liable for impounding of unlawful profits in the following manner:

Table no. 41

Joint and several liabilities of Noticees for impounding of wrongful gains

Noticees (A)	Amount of wrongful gains made (INR) (B)	Entities jointly and severally liable for impounding of wrongful gains (C)
Madhav Stock Vision Pvt. Ltd. (<i>Noticee no.1</i>)	2,72,82,731.90	All the <i>Noticees</i> at Column (A) are jointly and severally liable for the total



Noticees (A)	Amount of wrongful gains made (INR) (B)	Entities jointly and severally liable for impounding of wrongful gains (C)
Jyotiswaroop Nandkishore Purohit (<i>Noticee no.2</i>) Pankit Bhagwati Jhaveri (<i>Noticee no.3</i>) Rajesh Bhagwati Jhaveri (<i>Noticee no.4</i>) Ajay Sampatraj Jain (<i>Noticee no.5</i>) Rajkumar Prabhu Damani (<i>Noticee no.6</i>)		impounding amount of INR 2,72,82,731.90
Total ill-gotten gains	2,72,82,731.90	

O. Interim Order

170. Thus, after analysing all the evidences on record I hold that this is a fit case to exercise powers of passing interim order so as to insulate the securities market and to protect the unlawful gains, which may go beyond regulatory reach. Accordingly, I, in exercise of the powers conferred upon me under sub-section (1) of section 11, sub-section (4) of section 11, sub-section (1) of section 11B read with section 19 of the SEBI Act read with regulation 11 of the PFUTP Regulations, hereby by way of the present *interim* order cum show cause notice, issue the following directions, which shall remain in force until further orders:

- i) An amount of INR 2,72,82,731.90, being the total unlawful gains earned by *Noticees* from the alleged violations, shall be impounded, jointly and severally in manner provided in Table no. 41. *Noticees* within 15 days from the date of service of this order are directed to open fixed deposit accounts



in any *Noticees'* name or jointly/severally as per Table 41 with lien mark in favour of SEBI and the monies kept therein shall not be released without the prior permission from SEBI. The fixed deposit account/s shall be for, the amount of unlawful gains as calculated in Table 41.

- ii) The *Noticee No.1* shall be restrained from buying, selling or dealing in securities either directly or indirectly, in its proprietary account, with immediate effect. *Noticee Nos. 2 to 6* shall be restrained from buying, selling or dealing in securities either directly or indirectly, with immediate effect.
- iii) Banks, where *Noticees* are holding bank accounts, shall be directed that no debits shall be made, without permission of SEBI, in respect of the bank accounts held jointly or severally by *Noticees*, except for the purposes of transfer of funds to the Fixed Deposit Account/s as mentioned in the Table no. 41 above. Further, this direction shall not apply to those bank accounts of the *Noticee no. 1*, which deal with clients' funds, since the *Noticee no. 1* is a stock broker registered with SEBI and deal with funds of clients.
- iv) Depositories shall also be directed that no debit shall be made, without permission of SEBI, in respect of the demat accounts held by *Noticees*. However, credits, if any, into the accounts may be allowed. Further, this direction shall not apply to those demat accounts of *the Noticee no. 1*, which deal with clients' securities.
- v) Banks and the Depositories are directed to ensure that all the aforesaid directions are strictly enforced. Further, debits in the bank accounts may also be allowed for amounts available in the account in excess of the amount to be impounded. Banks are allowed to debit the accounts for the purpose of complying with this Order.



- vi) The Registrar and Transfer Agents shall ensure that, they neither permit any transfer nor redemption of securities, including Mutual Funds units, held by *Noticees*.
- vii) *Noticees* shall not dispose of or alienate any of their assets/properties, till such time the amount of unlawful gain is credited to an interest bearing fixed deposit account except with the prior permission of SEBI.
- viii) *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 15 days of this Order.
- ix) The directions stipulated in paragraphs (ii), (iii), (iv), (v), (vi) and (vii) shall cease to apply upon compliance with direction as stipulated in sub-paragraph (i) of this paragraph.
- x) 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. Banks and depositories are allowed to debit the accounts for the purpose of complying with this direction.



171. The *prima facie* observations/findings contained in this Order are made on the basis of the material available on record. In light of the alleged violations of the provisions of the SEBI Act and the PFUTP Regulations by *Noticees*, this Order shall be treated as a Show Cause Notice under sub-section (1) of section 11, sub-section (4) of section 11, sub-section (4A) of section 11, sub-section (1) of section 11B, and sub-section (2) of section 11B of the SEBI Act read with regulation 11 of the PFUTP Regulations read with SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005, calling upon all the *Noticees* to show cause as to why suitable directions shall not be passed against them, including directions as proposed hereunder:

- i) Direction to disgorge an amount equivalent to the total gains made on account of alleged extended front running along with interest;
- ii) Direction to restrain them from accessing the securities market and prohibiting them from buying, selling or otherwise dealing in securities for an appropriate period;
- iii) Direction to restrain them from being a Director/Key Managerial Person with any registered intermediary for a specified period;
- iv) Directions for imposition of penalty under sub-section (4A) of section 11 and sub-section (2) of section 11B read with section 15HA of the SEBI Act.

172. *Noticees* may file their replies to 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.



173. This Order is without prejudice to any other action that SEBI may initiate under the securities laws, as deemed appropriate.

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

175. A copy of this Order shall be forwarded to:

- i) *Noticees*, Stock Exchanges, Depositories, Registrar and Share Transfer Agents and Banks to ensure necessary compliance;
- ii) Broker no.1, Broker no.2, Broker no. 3 and Broker no.4, to take appropriate actions for strengthening their internal controls to prevent occurrence of violations noted in the present Order.

DATE: April 23, 2025

PLACE: MUMBAI

KAMLESH C. VARSHNEY

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA