WTM/AS/ISD/ISD-SEC-4/32507/2026-27

SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

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

In respect of:

Table No. 1.

Sr.	Name of the Noticee	PAN
1.	Madhav Stock Vision Pvt. Ltd.	AABCM8845M
2.	Jyotiswaroop Nandkishore Purohit	AGPPP6277R
3.	Pankit Bhagwati Jhaveri	ADMPJ9270G
4.	Rajesh Bhagwati Jhaveri	ADTPJ3856F
5.	Ajay Sampatraj Jain	AABPJ0451D
6.	Rajkumar Prabhu Damani	AECPD9155K

(The Noticees mentioned above are individually referred to by their respective names or Noticee No. and collectively referred to as "Noticees", unless the context specifies otherwise)

In the matter of front running by Madhav Stock Vision Pvt. Ltd. and others

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Background

1. The present proceedings emanate from an Interim Order cum Show Cause Notice dated April 23, 2025 (hereinafter referred to as "SCN"), which was passed pursuant to an investigation carried out by Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") against the aforesaid 6 Noticees.

2. The summary of the SCN issued against these 6 Noticees, is as under:

2.1. The investigation was conducted for the period from April 01, 2020 to December 01, 2023 (hereinafter referred to as Investigation Period") by SEBI, to examine alleged front running of trades of the Big Client*(Life Insurance Corporation of India) by Madhav Stock Vision Pvt. Ltd. (hereinafter referred to as "MSVPL/ Noticee 1"), a registered stock broker and the role of Noticees 2 to 6 in the said trading activities of the Noticee 1.

2.2. Based on SEBI's internal alert system, it was observed that trades of the Big Client placed through its empanelled brokers were being front run by Noticee 1. Search and seizure operations were carried out at various locations of Noticees on December 4, 2023.

2.3. During the investigation, the following materials were collected:

i) Details of connection in the form of Call Data Records ("CDR"), amongst brokers of the Big Client and dealers/directors of MSVPL;
ii) Details of proximity of Noticee 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) Details of sharing of profit amongst Noticees, which also included transfer of profit among the related entities of the Noticees.

2.4. As per the SCN, the 6 Noticees were divided into three groups and a brief description of their alleged role is given below.

i. <u>Front Runner/Profit Maker (Noticee 1)</u>

a) MSVPL is a SEBI registered stock broker. Noticees 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 Noticees 2 and 3. Based on this NPI, orders were allegedly placed by

MSVPL, thereby front running the trades of the Big Client and making profits.

ii. Information Carriers (Noticees 2 and 3)

b) Jyotiswaroop Nandkishore Purohit (Noticee 2), was a dealer of Broker No. 1, i.e. Bhagwandas Gordhandas Financial Pvt. Ltd. (hereinafter referred to as BGFPL). Pankit Bhagwati Jhaveri (Noticee 3) was an employee and dealer of BGFPL. Both Noticees 2 and 3 were responsible for placing orders of the Big Client at BGFPL. Broker 2, i.e. Jamnadas Virji Shares & Stock Brokers Pvt Ltd. (hereinafter referred to as "JVSPL") and Broker 3, i.e Santosh Kumar Kejriwal Securities Pvt Ltd. (hereinafter referred to as "SKSPL") who were empanelled brokers of the Big Client were operating from the same premises as BGFPL. Due to this proximity, Noticees 2 and 3, allegedly evavesdroped the conversations that the dealers of JVSPL and SKSPL, had with the dealers of the Big client. Noticees 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 JVSPL and SKSPL from the Big Client. Thus, Noticees 2 and 3, being privy to the NPI allegedly passed the same to the Noticees 4 and 5 through telephone calls. Noticee 4 and 5, in turn used the NPI to allegedly front run the trades of the Big Client and made unlawful gains in the account of MSVPL.

iii. Enablers (Noticee 4–6)

c) Rajesh Bhagwati Jhaveri (Noticee 4) was the dealer and employee of MSVPL. Ajay Sampatraj Jain (Noticee 5) and Rajkumar Prabhu Damani (Noticee 6) are the directors of MSVPL. Being privy to the NPI, Noticee 2 and 3 allegedly passed the same to the Noticee 4 and 5 through telephone calls, who in turn allegedly front run the trades of the Big Client. Noticee 5 and 6, being the directors of MSVPL, were aware of front running scheme and allowed terminals of MSVPL to be used for carrying out the activity of front running the trades of the Big Client. Noticees 5 and 6 also facilitated in showing family members/related entities of Noticees 2, 3 and 4 as employees of MSVPL and shared unlawful gains with them.

2.5. On examination of all the evidences on record, a *prima facie* case of violations of various provisions of the SEBI Act and the PFUTP Regulations was made out. In order to protect the siphoning off of the alleged unlawful gains made by *Noticees*, who would be liable for disgorgement in the final proceedings, *inter alia,* the following Interim Directions were issued against the Noticees through the Interim Order cum SCN dated April 23, 2025:

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 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.*

2.6. The SCN also called upon all the Noticees to show cause as to why suitable directions shall not be passed against them in terms of Sections 11(1), 11(4A), 11B(1) and 11B(2) of the SEBI Act and Regulation 11 of the PFUTP Regulations read with SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005, including the directions mentioned below:

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."*

Inspection and Hearing

3. The SCN was served upon all the Noticees through email on April 23, 2025 and was also physically served upon all of them except Noticee 1. Vide email dated April 23, 2025, the authorized representative (ARs) of Noticees 1, 2 5 and 6 submitted authority Letter and representation on behalf of the said Noticees confirming the service of the SCN against these Noticees. Further, vide email dated May 24, 2025, the ARs of Noticee 1, 5 and 6, sought inspection of documents. In a separate email dated May 24, 2025, the AR of Noticee 2 sought inspection of documents. Vide email dated May 26, 2025, the AR of Noticee 3 and 4 also sought inspection of documents. The inspection of the documents to the ARs of all the Noticees was provided on August 6, 7 and 8. Vide email dated October 01, 2025, some additional documents were also provided to the Noticees on their request(s).

4. The hearing in the matter was scheduled on November 21, 2025 which was rescheduled to November 24, 2025 due to administrative exigencies. The Noticees were advised to submit their replies / written submissions, if any, before the date of hearing. Vide separate emails/letters dated November 22, 2025, the ARs of the

Noticees filed the replies on their behalf. On the scheduled date of hearing i.e., November 24, 2025, the ARs of Noticees 2, 3 and 4 appeared and made submissions on their behalf. The ARs reiterated the written submissions made earlier vide email dated November 22, 2025. On request of the AR of Noticees 1, 5 and 6, a short adjournment was granted and hearing for them was rescheduled on November 27, 2025, which was again rescheduled to December 16, 2025 on the request of the AR of the said Noticees. On December 16, 2025, the AR of the Noticees 1, 5 and 6 appeared and made submissions on their behalf. The AR reiterated the written submissions made earlier vide letter/email dated November 22, 2025. Vide email dated January 16, 2026, post hearing written submissions were filed by the AR on behalf of Noticees 1, 5 and 6.

WRITTEN SUBMISSIONS FILED BY THE NOTICEES

Submission made by Noticees No. 1, 5 and 6

5. The oral submissions made by the AR of the said Noticees during the hearing dated December 16, 2025 and written submissions made vide letters dated November 22, 2025 and January 16, 2026 are summarized as below:

5.1. The Noticees have at all material times acted in good faith and with due regard to applicable regulatory obligations. Noticee 1 is a stockbroker regulated by the SEBI with an unblemished and stellar record.

5.2. Noticee 1's regular proprietary operations, reflected intraday and jobbing activity undertaken by various employees and dealers. During the investigation period, Noticee had around 30-35 jobbers on an average who were jobbing in proprietary account of Noticee 1 in both cash and derivatives segment.

5.3. Noticee 1 submitted the total trading turnover and turnover attributable to the alleged front running trades in its account during FY 2020-21 to FY 2023-24.

On its perusal, it is submitted that the alleged FR trades constituted only a small portion of the its overall proprietary trading activity.

5.4. The computation of alleged unlawful gains ought to be undertaken on a net basis, after deducting the turnover charges as submitted by the Noticees.

5.5. Noticee 4 joined MSVPL around January, 2020 and approached its Directors that he wanted to do jobbing and it would be beneficial for both himself and MSVPL. The Directors were not aware about the alleged scheme. Noticee 5 used to only punch the trades when Noticee 4 was on leave and on the limited information provided by Noticee 2 and Noticee 3. Thus, the terminal was given to Noticee 4 on the bonafide belief and to support him during COVID.

5.6. Upon becoming aware of the search and seizure on December 04, 2023, the Directors immediately terminated the employment of Noticee 4.

5.7. The Noticees have cooperated fully with the investigation conducted by SEBI and the same has been appreciated in the paragraph 163 of the SCN. Consequently, immediately following the search and seizure operation by SEBI, realizing the seriousness of the matter, settlement applications were filed thrice. Two were returned by SEBI citing that the investigation into the matter is ongoing and in the third attempt, the settlement applications were withdrawn as the revised proposed terms were beyond the means available with the Noticees.

5.8. Noticee 1 did not have knowledge that their proprietary trades would be alleged as front running since the same was provided to certain employees and dealers only for conducting legitimate trades. While Noticee 4 was authorized to place trades in the account of Noticee 1, he was not instructed to place any trades in the Futures and Options (hereinafter referred to as "**F&O**") segment.

5.9. After a careful and objective consideration of the material placed in the SCN, the Noticees acknowledge *that trades in the equity cash segment may have been executed in a manner which, when viewed in hindsight and in light of your goodself's (SEBI's) findings, are construed as front running, and this limited admission is made voluntarily, in good faith, and in continuation of the cooperative and transparent approach consistently adopted by them.*

5.10. Noticees do not accept the classification of their trades in the F&O segment as front running. The alleged timing correlation that forms the basis of SEBI's findings in the cash segment does not arise in the F&O segment, because the timings of the derivatives trades do not align with the timings of the purported Big Client orders, nor do they form any recognizable pattern or sequence essential to classify trades as front running. The trades provided by SEBI along with the SCN in Annexure 10 do not form part of alleged scheme. The time difference in the trades was also more than 9 hours in most of the trades and the same is tabulated and provided.

5.11. The Noticees submitted that while their limited admission regarding certain cash segment trades may be taken on record, the allegations pertaining to the derivatives segment may be treated as legitimate intra-day activity. Had the Noticees engaged in front running in the F&O segment as well, they would have stated so in the same spirit of cooperation as has been done for cash segment.

5.12. Accordingly, the finding of front running in the F&O segment is disputed, and it is humbly submitted that the alleged unlawful gain of ₹ 21,67,033.60/- attributed to the F&O segment be excluded entirely from the computation of alleged ill-gotten gains.

5.13. The invocation of extraordinary interim powers by SEBI in the present case was not warranted as the Noticees had already:

a) Filed a *suo motu* settlement application submitting to SEBI's jurisdiction and voluntarily deposited the alleged unlawful gains of ₹ 2,72,82,731.90 being the amount communicated to them during the settlement proceedings, in an interest bearing account and as on the date of the SCN, the said account reflected a balance of ₹ 3,00,02,500.

b) Cooperated fully with the investigation;

c) Made candid admissions in statements under oath.

d) The nature of the alleged front running violations, required comprehensive analysis of historical trading patterns and data. The violations were not of a nature that posed ongoing, real-time threat to market integrity requiring immediate interim restraint. By the time of the SCN, the alleged trading pattern had already been discontinued.

5.14. Immediately upon receipt of the SCN, the Noticees jointly with other Co-Noticees deposited the entire amount of the alleged unlawful gains into an interest-bearing account, in adherence to the directions issued in the SCN. A lien was also duly marked in favour of SEBI on the said account. These prompt actions were undertaken to demonstrate the Noticees' *bona fide* intent, willingness to comply with the regulatory directions, and their cooperative approach throughout the proceedings. The principal amount remains fully intact, and the interest earned thereon is preserved, ensuring that there has been no financial prejudice to SEBI or to the objectives underlying the SCN. In view of the same, it is submitted that no further interest be imposed which would be harsh, unwarranted, and disproportionate.

Specific submission made on behalf of Noticee 1.

5.15. Noticee 1, has since its inception, spanning more than two decades, maintained an absolutely spotless regulatory record. Its track record is characterized by the following undisputed facts:

i. Zero Adverse Orders;

ii. Perfect Compliance History;

iii. Impeccable Reputation;
iv. First-Ever Proceedings;
v. No Prior Complaints or Grievances;
vi. Consistent Regulatory Standing;
vii. Contrast with Repetitive Offenders.

5.16. Corporate liability in regulatory violations requires either (i) corporate knowledge or authorization of the impugned acts, or (ii) such acts being undertaken in furtherance of corporate objectives and with corporate benefit. In the absence of both these elements, imposing corporate liability would violate fundamental principles of natural justice and equity. Thus, it is submitted that Noticee 1, being a corporate entity, had absolutely no knowledge that trades executed from its proprietary account were part of an alleged front running scheme. The Company's submissions in this regard are as follows:

i. The proprietary trading account was utilized by certain individuals associated with the Company in good faith and on the basis of assurances that the trading activity undertaken in this account was for legitimate trading purposes.
ii. The Company had no knowledge that any trades being executed could potentially constitute front running.
iii. Day-to-Day Trading Decisions undertaken by certain individuals were Independent.
iv. The alleged information regarding large client orders of the institutional clients was never shared with or made known to the Company. SEBI's own investigation reveals that the information flow was between specific individuals (the alleged information carriers and the alleged traders), however, the same was never understood to be illegal or front running trades and there is no evidence whatsoever that this information was communicated to or known by the Company as an entity;
v. Significantly, *suo motu* settlement applications were filed even before the SCN was issued.

vi. There is complete absence of corporate knowledge, intention, or guilty mind, the imposition of severe penalties would be contrary to established principles of penal jurisprudence.

5.17. On the invocation of Section 27 *qua* the Noticees 5 and 6 and the liability imposed on the Company, it is submitted that the legislative intent of Section 27 is to ensure that individuals responsible for corporate misconduct do not escape liability by hiding behind the corporate veil. The provision operates to pierce the corporate veil against individuals, not to impose automatic liability on companies when individuals are identified and proceeded against. The legislative purpose is to address situations where:

a. Corporate contraventions occur and responsible individuals seek to escape by claiming they were mere employees or directors;

b. The corporate form is misused as a shield against personal accountability;

c. Specific individuals cannot be identified and the corporate entity must be held responsible.

5.18. However, Section 27 was never intended to result in double liability where both the company and identified individuals are proceeded against and penalized for the same contraventions. In such circumstances, to additionally impose full corporate liability on Noticee 1 (including disgorgement of entire amount and penalty) would result in double liability and it would be against principles of Equity.

5.19. It is submitted that the principle of "frolic and detour", well-established in tort law and agency law, is applicable by analogy to the present case. When an employee engages in a "frolic of his own" (personal act unconnected to employment duties), the employer is not vicariously liable. The alleged front running by individuals using Noticee 1's infrastructure constitutes exactly such a "frolic", a personal act done unconnected to legitimate company business. This doctrine holds that an employer/ principal is not liable for acts of employees/ agents that are: *a.* Outside the scope of employment; *b.* Not for the employer's benefit; *c.* Constitute personal misconduct of the employee.

5.20. In conclusion, Noticee 1 should not be fastened with vicarious liability under Section 27 and be exonerated from any such imputed liability including disgorgement, debarment and penalty, if any.

Specific submission made on behalf of Noticee Nos. 5 and 6

5.21. The Noticees have cooperated fully with every query and direction issued by SEBI. Prior to the present proceedings, neither director has ever been subjected to any regulatory action, penalty or adverse finding in more than three decades of participation in the securities market.

5.22. Noticee Nos. 5 and 6 accept with candour that *trades in the equity cash segment, when viewed in hindsight and juxtaposed with the material collated by your goodself (SEBI), do not appear legitimate.* This limited admission is made in good faith and in the spirit of full cooperation.

5.23. There was no ill-intention, no knowledge of wrongdoing, and no awareness that any such information could be linked to an impending large institutional order. What appears today, with the benefit of hindsight and SEBI's reconstruction of multiple data streams, to be a sequence pointing towards the allegation of front running, did not, at the time of occurrence, appear suspicious. The information asymmetry is crucial, while SEBI now has consolidated trading data, call logs, timestamps and pattern analyses across brokers, the directors only saw isolated trade cues that, from their vantage point, appeared entirely routine and innocuous.

5.24. However, for the F&O segment, their trades were purely intraday trades and not front running.

5.25. It is submitted that the contravention took place without their knowledge as they had no knowledge that trades in proprietary account constituted front running and there was no knowledge of information sharing between alleged front running information carriers and traders showing information asymmetry. Further, they had no knowledge of correlation between MSVPL's trades and Big Client's orders.

5.26. It is submitted that normal systems and controls were in place for proprietary trading and they were not required to implement forensic-level monitoring systems.

5.27. The SCN has nowhere shown the Noticees deceived anyone in the securities markets or induced any one to deal in the securities markets and hence the said allegation of violation of Section 12A (a) and (c) is untenable.

5.28. Any imposition of debarment upon Noticee 1 would inflict significant reputational harm, affect the confidence of its stakeholders and would jeopardise the ability of Noticee Nos 5 and 6 to sustain themselves and their families, and would cause long-lasting professional and personal hardship.

5.29. In the event, SEBI is inclined to impose a penalty, minimum amount penalty should be levied considering the mandatory factors mentioned in Section 15J of SEBI Act, 1992. As (i) the alleged ill-gotten gains have already been deposited in an interest bearing account, (ii) there has been no investor complaint and no allegation of loss to investors, (iii) there is no history of any prior violations of regulatory actions against the Noticees. In support, the Noticees have relied upon various decisions by Hon'ble Supreme Court viz. *Hindustan Steel vs. State of Orissa*[1], *Adjudicating Officer vs. Bhavesh Pabari*[2], *Ranjit Thakur vs. Union of India*[3].

Submissions by Noticee 2

6. Noticee 2 (Mr. Jyotiswaroop Nandkishore Purohit) through his AR filed his written submissions vide letter dated November 22, 2025. His submissions are similar to the submissions made by Noticee 1, 5 and 6. Some specific submissions are summarized as below:

6.1. There was no urgency to pass the ex parte interim Order. The alleged trades pertained to the period from April 01, 2020 to December 01, 2023 and there was no allegation of any continued activity. The investigation had already

[1] (AIR 1970 SC 25
[2] (Civil Appeal No. (S).11311 of 2013, dated February 28, 2019)
[3] (AIR 1987 SC 2386)

completed by the time the *ex parte* interim Order was passed. Reliance is placed on various judgments of Hon'ble Securities Appellate Tribunal[4] and I Hon'ble Supreme Court.[5]

6.2. SEBI has not provided the complete trade logs and order logs of the Big Client and the Small Client to the Noticee. He was provided with trade logs and order logs pertaining only to 7 of the alleged front running instances out of the total 1,696 instances cited in SCN. It is submitted that such non-disclosure and denial of complete documents amounts to breach of the principles of natural justice.

6.3. It is submitted that since he has already acknowledged that certain actions on his part may have been construed as front running and since he cooperated fully with SEBI's Investigation team at all times, without concealing any information and by providing complete and truthful details, and he had even deposited the alleged amount, a lenient view may be taken while imposing any penalty or direction in this matter.

6.4. Various mitigating factors may be considered while imposing penalty, if any. It would be appropriate, reasonable and proportionate to adopt a compassionate view and refrain from imposing any penalty. The Noticee has already suffered severe hardships in the form of prolonged unemployment, financial distress, loss of livelihood and reputational harm, all of which have effectively operated as punitive consequences. In these circumstances, the imposition of any monetary penalty would push the Noticee into extreme financial hardship and jeopardise his ability to meet essential living expenses.

6.5. The Noticee has been unable to associate with the securities market in any capacity since December 2023, the date of search and seizure at his premises and has already undergone a *de facto* debarment of almost two years. This involuntary exclusion from the market has functioned, in substance, as a debarment already suffered by the Noticee.

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[4] Cameo Corporate Services Limited vs. SEBI (Appeal No. 566 of 2019), Affluence Fincon Services Private Limited & Ors vs. SEBI (SAT Appeal No. 269 of 2020), North End Foods Marketing Pvt Ltd. vs SEBI (SAT Appeal No. 80 of 2019)

[5] ICAI vs. LK. Ratna & Ors., AIR 1987 SC 71

6.6. The Noticee had, *suo motu*, filed three (3) Settlement Application in this matter and the Internal Committee had proposed only six months of voluntary debarment as one of the settlement term. Though the Noticee had withdrawn the Settlement Application filed by him, the six months' debarment had already been undergone. No further debarment may be imposed.

Submissions made by Noticees 3 and 4

7. Noticees 3 and 4 through their ARs have filed separate but identical replies dated November 22, 2025. The submissions made by these Noticees are similar to the submissions filed by other Noticees, which have been summarized above. Thus, for the sake of brevity the submissions made by Noticee Nos 3 and 4 are not being reproduced.

CONSIDERATION AND FINDINGS

8. I now proceed to deal with the allegations made against the Noticees in light of the submissions made by them. The crux of the allegations based on the factual evidence, as recorded in the SCN, is that Noticee 2 (dealer of BGFPL) and Noticee 3, (employee and dealer of BGFPL) used to receive orders for the Big Client and that the Noticee 2 used to place orders for the Big client through BGFPL. Noticee 2 and 3 also used to place orders through another Broker No. 4 viz. Kaushik Shah Shares and Securities Pvt. Ltd (hereinafter referred to as "KSSPL"). The dealing desk of BGFPL and was in proximity with the dealing desks of JVSPL and SKSPL. Noticee Nos 2 and 3 were thus, privy to the Non Public Information (NPI) of impending orders of the Big Client received by Broker 2 and 3. The NPI of the Big client was shared with Noticees 4 and 5, who were the dealer and director respectively of Noticee 1 (MSVPL). Front running was done in the proprietary account of MSVPL in various scrips following both Sell-Sell-Buy and Buy-Buy-Sell strategy, and resultantly ill-gotten gains of ₹2,72,82,731.90 were identified. It was also recorded in the SCN that the Noticees were found to be part of the act where related entities of the Noticees

were shown as employees of MSVPL and the unlawful gains were routed through these related entities in the form of salary payments.

9. At the outset, it is noted that all the Noticees have admitted that trades of Noticee 1 in the equity cash segment may have been executed in a manner which, can be construed as front running. The limited admission by the Noticees has been made only in the equity cash segment. They have contested that the trades of MSVPL in F&O segment were not based on any NPI and they were purely intra-day trades. Thus, barring the said contention, which has been dealt at subsequent paragraphs, the Noticee have not made any submissions on the merits of the case in relation to the transactions in question.

10. The SCN has relied on various factual evidences as mentioned above at paragraph 2.2 to arrive at the conclusion. Some of the evidences as discussed in the SCN are recorded as below.

10.1. **Connection amongst Noticees and other entities;**

a) Call data Records data showed that the Noticee 2 having mobile number '98xxx56xx0' and Noticee 3, employee and dealer of Broker 1, having mobile number '98xxx30xx8' made significant number of calls to Noticee 4 (93xxx78xx6) and Noticee 5 (98xxx59xx6) during and after the market hours.

10.2. **Proximity of trading terminals of stock brokers of the Big Client from where orders of the Big Client was placed;**

a) During the investigation, it was noted that the dealing desks of Broker 1, Broker 2 and Broker 3 (BGFPL, JVSPL and SKSPL) through which orders of the Big Client were placed were located at the same address i.e. Office No 001, Kemp Plaza, Chincholi Bunder Road, Malad West, Mumbai, 400064. Due to this proximity of dealing desks of the three stock brokers, *Noticee 2 and 3* were allegedly privy to the conversations regarding the NPI which the dealers of Broker 2 and Broker 3 had with the dealers of the Big client.

b) Further, *Noticee 2* used to place orders of the Big Client received by Broker 4 during the period from April 2020 to January 2021. During the said period, the Big Client used to communicate the order related information to empaneled stock broker including KSSPL through emails. Two persons (i.e., one of the directors of KSSPL and an employee of KSSPL) had access to the above referred emails and had shared the order related information with the Noticee 2 to execute the orders of the Big client.

c) The aforesaid employee of KSSPL also shared credentials of terminal details of KSSPL with Noticee 2 and the same is evidenced through chats(reproduced below) between the said employee and Noticee 2 as recorded in the SCN.

Clipping 1 (Chat between the Noticee 2 and employee of Broker 4 on December 29, 2020)

d) <u>Relevant messages from the clipping above are reproduced below</u>:

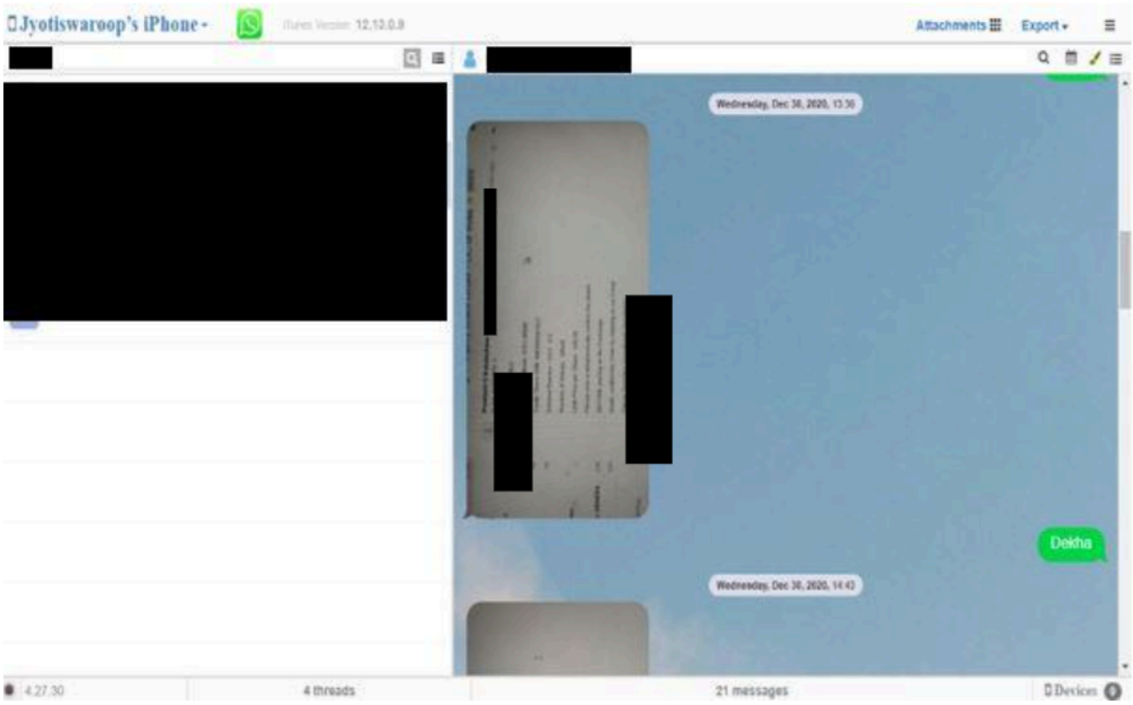
Employee: Neatplus I'd–18xxx, Password - Kxxxl@4x

Jyotiswaroop: Ok

Employee: Ho gaya

Employee: Neatplus I'd–18xxx, Broker id–0xxx7, Password - Kxxxl@4x

Clipping 2



e) <u>The contents of the email received by Broker 4, KSSPL from the Big Client which was shared in the above chat is reproduced below:</u>

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.

10.3. **Sharing of information (NPI) of the impending orders of the Big Client;**

a) *Noticee 2 and 3*, took orders from the Big Client on behalf of Broker 1 and shared the NPI directly with dealer (Noticee 4) and Director (Noticee 5) of

MSVPL, majorly through telephone calls. The SCN has recorded the conversations between *Noticee 4* and *Noticee 2*, which showed how the proximity of dealing desk enabled *Noticee 2 and 3* to eavesdrop the order related information of the Big Client. The said NPI would then be shared with Noticee 4. One of the instance of sharing of NPI as recorded in the SCN is as below.

b) 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.

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.

c) From the above conversation, the following was noted in the SCN:

i. While starting the call with the *Noticee 4,* the *Noticee 2* pretended to be talking to his mother as there seems to be somebody next to him.

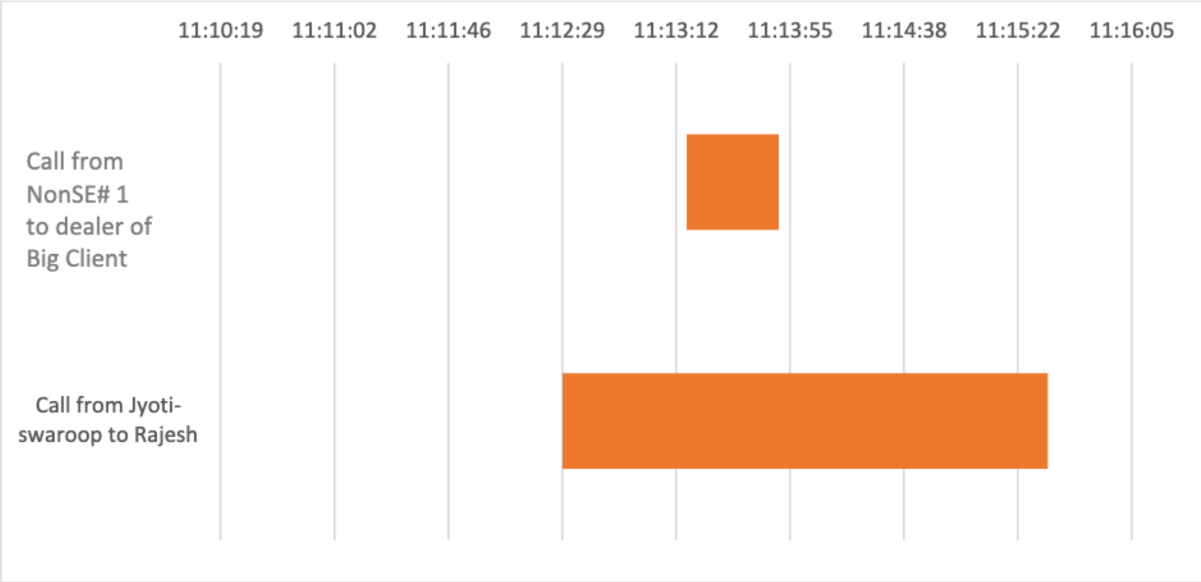
ii. The *Noticee 2* was listening to the conversation of the dealer of broker 2 and the dealer of Big client. The *Noticee 2* knew that dealer of broker 2 had received an email from the Big Client to buy shares of Voltas. The *Noticee 2* waited for the said dealer to call the dealer of the Big Client and on gathering the limit price asked the *Noticee 4*, to place order before the orders of the Big Client.

iii. The *Noticee 2*, also gathered that limit price given to dealer in the email was ₹944, but during the telephonic call with the dealer of the Big Client, the limit was revised to ₹942.5. The *Noticee 2*, mentioned the revised limit price to the *Noticee 4*.

iv. As seen from the diagram below, the call between *Noticee 2 and 4,* and the call between the dealer of broker 2 and the dealer of the Big client were going on simultaneously. The fact that the *Noticee 2* was conveying to the *Noticee 4* the content of conversation between dealer of broker 2 and dealer of the Big client clearly shows that he was intentionally listening to NonSE#1's[6] conversation with the dealer of the Big Client.

[6] In the SCN, the entities against whom, search and seizure operations were not conducted were identified as NonSE# entities.

Clipping 3



v. 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 2 in the scrip of Voltas Ltd on NSE using buy-buy-sell (BBS) strategy. The trade details are as under:

Table No. 2.

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 (₹)	Trade Price	LTP at Order Entry	Avg. Trade Price (₹)	Match Vol.	Match Vol. %	Profit (₹)
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**

10.4. **Instances of Trading in line with the sharing of NPI pertaining to the Big Client;**

a) The SCN has also discussed some of the instances of trading in line with the NPI pertaining to the Big client. One instance of such trading, as recorded in the SCN, is as below.

Bajaj Auto Limited: April 19, 2021 (BBS)

b) On April 19, 2021, the Big Client bought shares of Bajaj Auto Limited on NSE through Broker 1. *Noticee 2* had executed the orders of the Big Client and therefore had access to NPI such as scrip, quantity, price range and discretion of time of orders of the Big Client.

c) Based on the recorded conversation provided by the Big Client, it is noted that *Noticee 2* (from landline number which belongs to Broker 1) had a conversation with the dealer of the Big Client and the call lasted 21 seconds. From the details of the transcript, it was 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 ₹ 3515), which was received through email by the Broker 1, was repeated during the conversation by the *Noticee 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 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

d) Aforementioned order was executed and details of the same is tabulated below:

Table No. 3.

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 ₹)
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.*

e) The said order of 12000 shares was front run by MSVPL. The details of these orders along with the orders which were front run are placed below and discussed in succeeding paragraphs:

Table No. 4.

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 (₹)	Trade Price	LTP at Order Entry	Avg. Trade Price (₹)	Match Vol.	Match Vol. %	Profit (₹)
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

f) It was seen that the *Noticee 2* shared NPI with respect to order of the Big Client with *Noticee 4*. The call between *Noticee 2 and 4* on April 19, 2021, at 13:09:03 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.

g) At this point, *Noticee 2* made the call to dealer of the Big Client which was audible to the *Noticee 4* as well. Transcript of this call between the *Noticee 2* and dealer of the Big Client is given in the SCN. The part of the conversation between the *Noticee 2* and the *Noticee 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?

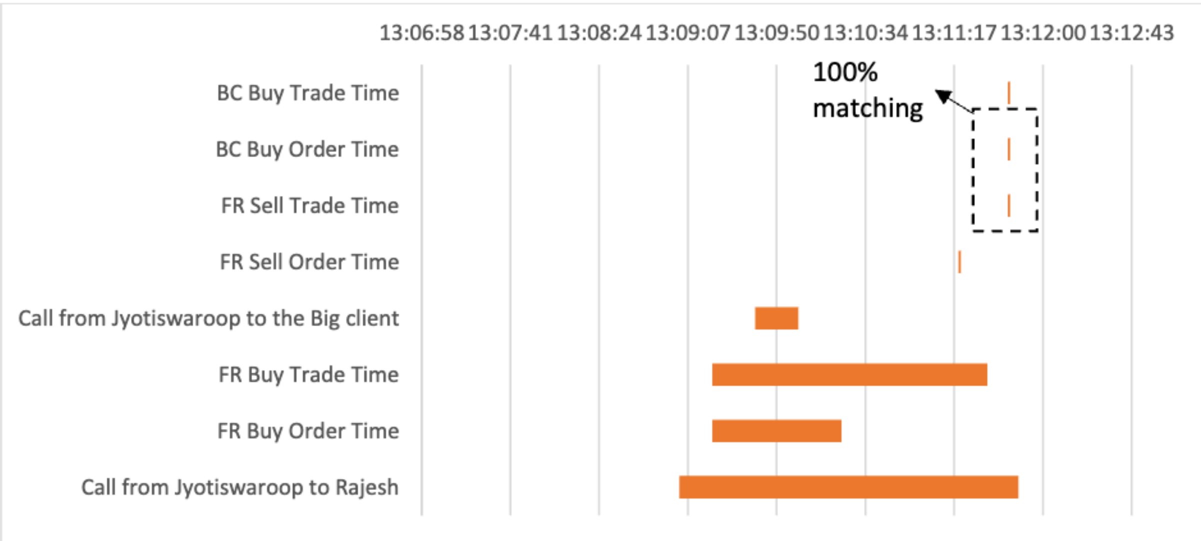
Rajesh: Ha ha, maar. Gaya.

Jyotiswaroop: Ok. xxx xxx xxxxxxxx (Greetings).

Rajesh: xxx xxx xxxxxxxx (Greetings).

h) The Orders of both Big Client and MSVPL orders were placed while *Noticee 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 are represented pictorially as given below:

Clipping 4



10.5. **<u>Sharing of profits amongst Noticees</u>**

a) Based on the evidences including call recordings and statements recorded under oath, the SCN observed that there were profit sharing arrangements between MSVPL and *Noticee 2 to Noticee 6* and payments were made under the garb of salary, through bank transfers. Funds were transferred to family members/related entities of these *Noticees* as salaries showing them as employees of MSVPL.

b) Transcript of one of the conversation between *Noticee 4 and Noticee 6*, mentioned in the SCN has been reproduced 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.

c) Similarly, transcript between Noticee 4 and 5 has also been recorded in the SCN which also refers to transfer of profits to Noticee 4, his wife as well as his sister-in-law. Details of the WhatsApp chats between *Noticee 5* (98xxx5xxx6) and *Noticee 2* is seen sharing bank account details, PAN card and address of mother-in-law of *the Noticee 2* with *Noticee 5*. The discussion mentioned in the transcripts and in the whatsapp chats were admitted by Noticeee 2 and 4 in their statement recorded by the IA under oath. *Noticee 4* in his statement had also stated that MSVPL earns brokerage from trades done by him. Further, 75% of profit is taken by *Noticee 2 and 3* and 25% of profit is received by him. On analysis of bank statements of MSVPL, it was observed that *MSVPL*, had transferred a series of amount on a monthly basis to *Noticee 4* and to the accounts of family members of *Noticee 2, 3 and 4*.

11. The SCN has extensively dealt with the evidences as mentioned at paragraph 2.3 including the evidences that have been reproduced in the above paragraphs. In response to the same, the Noticees have neither refuted the allegations levelled in the SCN nor have challenged the veracity of facts and evidences mentioned in the SCN. In fact, as already mentioned, all the Noticees have specifically admitted the alleged conduct/role (*qua* the transactions in equity cash segment) in a manner

which, can be construed as front running. Therefore, I do not deem it necessary to again discuss the facts and circumstances surrounding the case, the illegality of the trades and the role of the Noticees. In view of the same, the allegations made in the SCN stand established against the Noticees. The said acts on part of the Noticees are fraudulent in terms of Regulation 2(1)(c) of the PFUTP Regulations, and the violation of Section 12A(a), (b) and (c) of the SEBI Act read with Regulation 3(a), (b), (c) and (d) and Regulation 4(1) and 4(2)(q) of the PFUTP Regulations is established against the Noticees.

12. The next issue for determination is the amount of ill-gotten gains and the respective roles of the Noticees and their liabilities. With regard to the calculation of ill-gotten gains, I note that the SCN had calculated the ill-gotten gains amounting to ₹2,72,82,731.90 which was liable to be disgorged jointly and severally by all the Noticees. In response to the same, the Noticees have submitted that even before the issuance of the SCN, they had voluntarily deposited the alleged unlawful gains in an interest bearing account and as on the date of the SCN, the said account reflected a balance of ₹ 3,00,02,500. Further, after the issuance of the SCN, a lien was marked in favour of SEBI on the said account.

13. For calculation of the ill-gotten gains, I refer to the observations made in the SCN. The SCN has summarised all the front run trades and profit gained by MSVPL through these trades and the same is tabulated below:

Table No. 5.

Equity Segment					Equity Derivative Segment				
Calendar days	No of instances	Gross Traded Value (₹ in lakhs)	Average Gross Traded Value (₹ in lakhs)	Square off earned (₹ in lakhs)	Calendar days	No of instances	Gross Traded Value (₹ in lakhs)	Average Gross Traded Value (₹ in lakhs)	Square off earned (₹ in lakhs)
754	1693	2,59,777.92	153.44	251.16	55	63	6,425.00	101.98	21.67

Table No. 6.

Segment	Total Buy Value (in ₹)	Total Sell value (in ₹)	Unlawful Gains (in ₹)
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**

14. On calculation of the total ill-gotten gains, although the Noticees have marked a lien on the full amount calculated in the SCN while admitting to the front running done in equity cash segment, they have contested that their trades in F&O segment should not be considered as front running. It is submitted that there is no time correlation between the trades of MSVPL in its proprietary account and the trades of big client in the F&O segment. It is also submitted that there is no recognizable pattern or sequence to classify its F&O trades as front running, and its trades in F&O segment were purely intra-day trades. As submitted, had the Noticees engaged in front running in the F&O segment as well, they would have stated so in the same spirit of cooperation as has been done for cash segment.

15. Regarding the contention that Noticees' F&O trades should not be considered as front running, I have perused the material available on record, which suggests that there was a significant time gap between the trades executed by the Big Client in the cash segment and the trades executed by the alleged front runner (MSVPL) in the F&O segment. Further, the material on record also does not demonstrate a recognizable pattern or sequence to classify the F&O trades of MSVPL as front running. Therefore, I am inclined to give the benefit of doubt to the Noticees in relation to the transactions in F&O segment and hold that the same shall not be considered as front running trades. The unlawful gains to be disgorged from the Noticees shall accordingly be reduced to the extent of ₹21,67,033, which were allegedly the profits made from such F&O trades.

16. The Noticees have submitted that there was no urgency to pass the interim Order. The facts and circumstances during the proceedings, the nature of allegations, the conduct of the Noticees during the investigation from the time search and seizure operations were conducted to the time of passing of such Order did not justify invocation of extraordinary powers of SEBI to pass Interim Order. The Noticees have submitted that they had voluntarily deposited the alleged unlawful gains of ₹ 2,72,82,731.90 in an interest bearing account, they fully cooperated with SEBI during investigation and by the time of SCN, the investigation had been fully completed with comprehensive analysis of historical trading patterns and data. As submitted, the violations were not of a nature that posed imminent threat to market integrity.

17. In this regard, I note that it is undisputed that impugned interim order which was also in the nature of SCN came to be passed after the culmination of the investigation. It is also undisputed that the Noticees extended full cooperation to SEBI and the same is also acknowledged in the SCN itself. At the same time, it is also recorded that interim directions, by their very nature, are preventive and protective, intended to operate during the pendency of investigation or adjudication so as to prevent irreparable prejudice or to safeguard the market integrity. Further, the competent authority while passing the Interim Order has also justified the issuance of the interim directions.

18. Noticee 2 has submitted that he was not provided with all the trade and order logs. Out of 1693 instances mentioned in the SCN, he was provided with only 7 of the alleged front running instances. It is submitted that such non-disclosure and denial of complete documents amounts to breach of the principles of natural justice. In this regard, I note that pursuant to the issuance of the SCN, the ARs of all the Noticees conducted inspection of the documents on August 06–08, 2025. Subsequently, it was communicated to SEBI that some of the documents/annexures were not provided during the hearing and request was made to provide the same. In response thereto, SEBI vide email dated October 10, 2025, provided the requisite documents. Thus, at no point during the

inspection and pursuant thereto, any request was made for providing the complete trade and order logs and such request was made only in the written submissions dated November 22, 2025.

19. Without prejudice to the above, it needs to be emphasized that in cases where allegations of front-running are involved, it is not required and practical to demonstrate each and every instance, so long as a representative pattern is established. Further, the Noticee(s) were provided with the relied upon specific instances of trades with the basis and methodology of calculation of the ill-gotten gains. The Noticee(s) did not raise the plea at the time of inspection. Significantly, the Noticees have, deposited the alleged ill-gotten gains computed on the basis of the entirety of such trades. It is trite law that the principles of natural justice are not to be construed in a technical manner, and a plea of inadequate disclosure must be tested on the touchstone of actual prejudice. Thus, I find that providing specific instances of front running with clear and discernible pattern, out of all the front running transactions, is adequate and meets the principles of natural justice in the given facts and circumstances and the contention raised by the Noticees is not tenable.

20. It is contended by the Noticees that there was no ill-intention, no knowledge of wrongdoing, and no awareness that any such information could be linked to an impending large institutional order. I note that Regulation 4(2)(q) of the PFUTP Regulations provides that dealing in securities shall be deemed to be manipulative, fraudulent or an unfair trade practice if it involves placement of any order in securities 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. In the instant case, all the essential elements have been clearly established factually and discussed at length in SCN and reproduced in the preceding paragraphs. Thus, I find that the Noticees' arguments about the lack of intention and/or knowledge or awareness is unsubstantiated, devoid of any merit and contrary to the established facts.

Roles and liability of the Noticees

21. The SCN has identified the roles of all the Noticees and called upon them to show cause as to why suitable directions shall not be passed against them including the direction to disgorge the ill-gotten gains along with interest and directions for imposition of penalty. On the specific role of Noticee 1, it is submitted that being a corporate entity, it had absolutely no knowledge that trades executed from its proprietary account were part of an alleged front running scheme. As submitted, corporate liability in regulatory violations requires either (i) corporate knowledge or authorization of the impugned acts, or (ii) such acts being undertaken in furtherance of corporate objectives and with corporate benefit. In the same breadth, on the invocation of Section 27 the Noticees 5 and 6, it is submitted that the provision operates to pierce the corporate veil against individuals, not to impose automatic liability on companies when individuals are identified and proceeded against. It has also been argued that Section 27 was never intended to result in double liability where both the company and identified individuals are proceeded against and penalized for the same contraventions. Further, the alleged front running by individuals using Noticee 1's infrastructure constitutes a personal act unconnected to legitimate company business.

22. In this regard, it is an undisputed fact that front running was done in the proprietary account of MSVPL and the specific role(s) of the individuals associated with the said acts are also identified. It is also a settled law that the company being a juristic person acts only through its directors/employees. The principle of *alter ego* also implies that the company can be made liable for the acts/omissions committed by the person(s) who control the affairs of the company. If the person responsible was acting within the scope of employment or authority, liability is fastened on to the Company. It is noteworthy that other than the unsubstantiated denial, MSVPL has not been able to justify that its Directors and Employees acted beyond their scope of employment and exceeded the authority or the acts were done without the knowledge of the Company. Even if a specific individual is identified, that individual is merely the vehicle through

which the company acted, and not a substitute for the company's liability. Therefore, any wrongs committed by the Company through wrongdoing routed through individuals does not absolve the company.

23. In the instant case, other than on legal principles, factually also, it is not in dispute that the trades were done in the proprietary account of the Company and by using the Company infrastructure and its credentials, and profits were accrued in the said account, which cannot be said to be personal acts of the individuals connected with the company's business. MSVPL, being the beneficiary of the unlawful gains, cannot raise the plea that it should not be made liable for acts of its directors. Even if the contraventions occurred through persons in charge of and responsible for conduct of company, the company shall be liable in addition to such persons and not in their substitution. Therefore, considering both the roles of the Individuals and the Company, MSVPL, joint and several liability was imposed by the SCN, which in my view, is justified and cannot operate as double liability as contended by the Noticees. If MSVPL's contention is accepted and the corporate entity is permitted to evade its liability for its proprietary trades merely because the directors/individual associated with it has been identified, the same would defeat the regulatory framework and aggravate the misuse of proprietary accounts as instruments of market abuse.

24. It has been submitted that the Noticee(s) had opened an interest bearing account under the name of Noticee 2 with Punjab National Bank (PNB) and immediately upon receipt of the SCN, in compliance with the directions, the Noticees vide email dated April 23, 2025 directed PNB to mark a lien in favour of SEBI and in view of the same, no further interest be imposed which would be harsh, unwarranted, and disproportionate. In this regard, it is noted that SEBI is empowered to levy interest from the date of accrual of unlawful gains and equity demands that the interest should be made applicable. The disgorgement amount along with the interest is deposited in the Investor Protection and Education Fund (IPEF) account maintained by SEBI and the same is inter-alia used for investor education and awareness programs. Therefore, in the interest of equity, fair

principles and to prevent any unjust enrichment, the plea of the Noticee for non-imposition of interest cannot be accepted. It is however made clear that in compliance with the direction of the Interim Order, the fact of creation of lien in favour of SEBI by the concerned entities will be duly considered while issuing directions in the matter.

25. I note that in certain judgments of the Hon'ble SAT in matters such *as SMS Techsoft (India) Ltd.* (dated October 18, 2019), *Dhyana Finstock Ltd.* (dated June 10, 2022), and *Paired Technologies Ltd.* (dated June 15, 2022), the Hon'ble SAT has upheld imposition of interest from the date of violation or the last date of investigation period till the date of payment. Further, even in other matters such as *Shailesh S. Jhaveri vs. SEBI* (judgment dated October 4, 2012) and *SRSR Holdings Pvt. Ltd. vs. SEBI* (judgment dated February 2, 2023) where the appeals against SEBI's orders were allowed/partly allowed, the Hon'ble SAT recognised SEBI's power to levy interest on the amounts directed to be disgorged. Even the Hon'ble Supreme Court in its judgment in *Dushyant N. Dalal & Anr.* vs. *SEBI* (judgment dated October 4, 2017) has affirmed the levy of interest on the monies directed to be disgorged. In light of this analysis, I am of the view that the power of SEBI to levy interest on disgorgement amount is no longer *res integra* and is authoritatively settled.

26. At this stage, I deem it relevant to refer to the Section 28A of the SEBI Act read with Section 220 of the Income Tax Act, 1961 (which applies with necessary modifications for the purpose of recovery proceedings under Section 28A of the SEBI Act and is deemed to be a provision of the SEBI Act itself) where interest is chargeable in recovery proceedings at the rate of 1% per month. Therefore, any of the present Noticees who do not pay the penalty imposed or fail to comply with a direction of disgorgement issued vide this Order, would be subject to recovery proceedings wherein interest would be chargeable at the rate of 1% per month. I note that this charging of interest at 1% per month in SEBI's recovery proceedings has also been recently affirmed by the Hon'ble

Supreme Court in its judgment dated July 15,2025 in the matter of *Jaykishor Chaturvedi & Ors. Vs. SEBI.*

27. In the instant matter, there were 1693 instances of front running in the equity cash segment spread across the investigation period from April 01, 2020 to December 01, 2023, which would render the precise computation of interest on all these individual trades as tedious and unduly burdensome. Further, the Noticees, in compliance with the SCN, have already created a lien of the principal amount of the unlawful gains in favour of SEBI on April 24, 2025, in an interest bearing account. Therefore, it would be just to levy interest on the unlawful gains from the last date of investigation period (i.e. December 01, 2023) till the date of creation of lien in favour of SEBI (i.e., April 24, 2025).

Determination of the quantum of penalty and directions to be issued

28. Having established that the acts on the part of Noticees are fraudulent in terms of Regulation 2(1)(c) of the PFUTP Regulations and the violation of Section 12A(a), (b) and (c) of the SEBI Act read with Regulation 3(a), (b), (c) and (d) and Regulation 4(1) and 4(2)(q) of the PFUTP Regulations against the Noticees, the next issue for determination is the quantum of the penalty and other directions, if any, against the Noticees.

29. Section 15HA provides for imposition of penalty for fraudulent and unfair trade practices and the same is reproduced below.

"Penalty for fraudulent and unfair trade practices.

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

30. In determining the quantum of penalty, I refer to Section 15J of the SEBI Act, which provides for the guiding principles in deciding the quantum of penalty to be imposed under the provision of SEBI Act. The said provision provides as under.

*“**Factors to be taken into account while adjudging quantum of penalty.***
15J. While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely: —
(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
(b) the amount of loss caused to an investor or group of investors as a result of the default;
(c) the repetitive nature of the default.
Explanation. —For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.”

31. As already discussed, the ill-gotten gains made by the Noticees have been deposited in an interest bearing account with a lien marked to SEBI. Also, the ill-gotten gains were made only in the proprietary account of Noticee 1. Further, the SCN has not quantified the loss caused to investors or group of investors as a result of the default by Noticees. There is also no record of any past securities laws violation by these Noticees. However, I note that the Hon’ble Supreme Court in the matter of Adjudicating Officer, *SEBI vs. Bhavesh Pabari* has, *inter alia*, held that the factors enumerated in Section 15J of the SEBI Act are merely illustrative in nature and are not the only factors which can be taken into consideration while determining the quantum of penalty. Noticee 1 has submitted that it had perfect compliance history, impeccable reputation and no prior complaints or grievances. Further, in addition to the same, all the Noticees have submitted that they have cooperated fully with SEBI during and after the investigation proceedings. The said fact is also acknowledged in the SCN wherein the competent authority has

observed that all the Noticees have co-operated and admitted to the violations in the statements recorded under oath which may be relevant at the time of imposing penalty. All these factors are relevant which have been considered while arriving at the penalty amount.

32. The Noticees also filed 3 settlement applications which on two occasions could not be processed because of pendency of the investigation and on the third occasion, the settlement application was withdrawn by the Noticees as the settlement terms were not acceptable to them.

Order

33. I, therefore, in order to protect the interest of investors and the integrity of the securities market, in exercise of the powers conferred upon me under Sections 11(1), 11(4) and 11B(1) read with Section 19 of the SEBI Act, hereby issue the following directions:

33.1. Noticee 1 is restrained from accessing the securities market and is prohibited from buying, selling or dealing in securities either directly or indirectly, in its proprietary account, for a period of one year.

33.2. Noticees 2 to 6 are restrained from accessing the securities market and are prohibited from buying, selling or dealing in securities either directly or indirectly, for a period of one year.

33.3. The Noticees shall jointly and severally disgorge the unlawful gains amounting to ₹ 2,51,15,698.30 made by them on account of front running trades along with simple interest at the rate of 12% per annum, calculated from the end of the investigation period (i.e., December 01, 2023) till the date of deposit of the unlawful gains by the Noticees in compliance with the Interim Order (i.e., April 24, 2025). This amount shall be remitted to the Investor Protection and Education Fund (IPEF) referred to in Section 11(5) of SEBI Act, within forty-five (45) days from the date of receipt of this Order, and the payment can be made through the designated payment link provided on the SEBI homepage (www.sebi.gov.in) under "Click here to make payment to SEBI IPEF". The Noticees are allowed to utilize the amounts already deposited by them, towards compliance of this direction of disgorgement. Further, the Bank(s) maintaining the account(s) opened by the respective Noticees are directed to refund the excess amounts, if any, remaining in such account(s) after payment of the disgorgement amount by the Noticees.

33.4. Further, in exercise of the powers conferred upon me under sections 11(4A) and 11B(2) read with Sections 15 HA of the SEBI Act, I hereby impose the following penalties on the Noticees.

Table No. 7.

Noticee No.	Name of the Noticee	Penalty Amount (in ₹) u/s 15HA of SEBI Act
1.	Madhav Stock Vision Pvt. Ltd.	5,00,000
2.	Jyotiswaroop Nandkishore Purohit	5,00,000
3.	Pankit Bhagwati Jhaveri	5,00,000
4.	Rajesh Bhagwati Jhaveri	5,00,000
5.	Ajay Sampatraj Jain	5,00,000
6.	Rajkumar Prabhu Damani	5,00,000

33.5. The Noticees shall remit / pay the said amount of penalties within forty-five (45) days from the date of receipt of this order through the online payment facility available on the website of SEBI, i.e. www.sebi.gov.in by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of Chairperson/Members-> PAY NOW. In case of any difficulty in the making of online payment of the penalties, the Noticees may seek support at portalhelp@sebi.gov.in. The confirmation of e-payment shall be sent to the Division Chief, Integrated Surveillance Department (ISD), SEBI, SEBI Bhavan II, Plot C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai -400 051" and copies to the e-mail id:-tad@sebi.gov.in as per the format given below:

Case Name	
Name of the Payee	
Date of Payment	
Amount Paid	
Transaction	
Payment is made for: (viz. penalties /disgorgement /recovery /settlement amount/legal charges along with order details)	

34. This order shall come into force with immediate effect.

35. 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.

36. A copy of this order shall be served on the Noticees, all the recognized stock exchanges, depositories and the Registrar and Share Transfer Agents for ensuring its strict compliance.

AMARJEET SINGH Digitally signed by AMARJEET SINGH Date: 2026.07.24 19:28:56 +05'30'

AMARJEET SINGH

PLACE: MUMBAI **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA