BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER Ref. No. ORDER/JS/RJ/2026-27/32670-32672]

UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995

In respect of:

Noticee No.	Name of the Noticee	PAN
1.	Mr. Bhavik Indravadan Shah	AAJPS7273G
2.	Mrs. Jayshree Bhavik Shah	AKGPS9509Q
3.	Bhavik Indravadan Shah HUF	AAGHB9246R

In the matter of front running activities by Mr. Bhavik Indravadan Shah and others (Big Client-Kaushik Shah Shares and Securities Pvt. Ltd.)

BACKGROUND OF THE CASE

1. Mr. Bhavik Indravadan Shah (hereinafter referred to as '**Noticee No. 1**') was one of the dealers of Kaushik Shah Shares & Securities Pvt. Ltd. (hereinafter referred to as **'Big Client'**).

2. SEBI conducted an investigation into the alleged front-running of the trades of the Big Client by Noticee No. 1, and his related entities namely Ms. Jayshree Bhavik Shah (hereinafter referred to as **'Noticee No. 2'**) and Bhavik Indravadan Shah HUF (hereinafter referred to as **'Noticee No. 3'**) (collectively referred to as the **'Noticees'**) to ascertain whether there was any violation of the provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the **'SEBI Act'**), SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as the **'PFUTP Regulations'**) and/or any other Rules/Regulations made by SEBI thereunder. The said investigation was conducted for the period from October 01, 2021 to January 15, 2025 (hereinafter referred to as the **'investigation period'**).

3. Pursuant to the investigation, it was alleged that Noticee No. 1 while being the dealer of the Big Client and in possession of the impending orders of the Big Client, was front running trades of Big Client by executing trades in his own trading account as well as

in the accounts of Noticee Nos. 2 and 3. Accordingly, Noticees were alleged to have violated sections 12A(a), 12A(b) and 12A(c) of the SEBI Act and regulations 3(a), 3(b), 3(c), 3(d), 4(1) and 4(2)(q) read with 2(1)(c) of the PFUTP Regulations.

APPOINTMENT OF ADJUDICATING OFFICER

4. SEBI appointed the undersigned as the Adjudicating Officer vide communique dated April 13, 2026 under section 15-I of the SEBI Act, and rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as **'Rules'**) to inquire into and adjudge the aforesaid violations under section 15HA of SEBI Act.

SHOW CAUSE NOTICE, REPLY AND HEARING

5. A Show Cause Notice dated April 28, 2026 (hereinafter referred to as '**SCN**') was issued to the Noticees to show cause as to why an inquiry should not be initiated against them and penalty, if any, should not be imposed upon them under the provisions of section 15HA of SEBI Act for the violations alleged to have been committed by the Noticees.

6. The SCN, *inter alia,* alleged the following:

(i) The detail of the Big Client is as under:

Table 1

Sr. No.	Big Client	Name of Trading Member and Code
1.	Kaushik Shah Shares & Securities Pvt. Ltd.	Kaushik Shah Shares & Securities Pvt. Ltd. (09397)

(ii) Noticee No. 1 was one of the dealers of the big client who used to punch the order. In this context, an analysis of trades done by the Big Client during the IP was done. The summary of the same is as follows:

Table 2: Details of trades by the Big Client

Particulars	Equity Segment				Equity Derivative Segment			
	Calendar days	No of instances	Gross Traded Value (Rs. In Lakh)	Square off earned (Rs. In Lakh)	Calendar days	No of instances	Gross Traded Value (Rs. In Lakh)	Square off earned (Rs. In Lakh)
No. of scrips in which Big Client traded.	817	1819	1814280.65	-636.70	817	256	2213171.00	192.14
No of Scrip days/Contract days traded	817	132415	1814280.65	-636.70	817	295184	2213171.00	192.14
Common Scrip days/Contract days with FR* entities	600	1435	85984.78	-80.77	41	42	6102.03 (0.28% of GTV)	0.79

			(4.74% of GTV)					
No of Other Non-Common Scrip days/Contract days with FR entities	817	130980	1728295.87 (95.26 % of GTV)	-555.93	817	295142	2207068.96 (99.72 % of GTV)	191.35
No of Scrip days/Contract days wherein day trading has been carried out	817	34831	482424.17 (26.59 % of GTV)	-429.59	817	65340	836335.89 (37.79 % of GTV)	368.44

**FR – Front Running*

- In equity segment, the Big Client had traded in 1819 scrips during the IP.
- The Big Client had traded on 132415 scrip days during IP and 1435 commonly traded scrip days with front running entities in equity segment which contributed to 4.74% of gross traded value.
- In 34831 instances out of 132415 total instances, the Big Client had day trades accounted for 26.59% of total gross traded value.
- In equity derivative segment, big client had traded in 256 scrips during the investigation period.
- The Big Client had traded in 295184 scrip/contract days during period of investigation and 42 commonly traded scrip days with front running entities in equity derivative segment which contributed to 0.28% of gross traded value.
- Out of 295184 total instances in 65340 instances the Big Client had day trades accounted for 37.79% of total gross traded value.

Details of the Noticees

Table 3

Name of the entity	**Trading Members and TM Code**	**Mode of Order placement**	**In case of CTCL orders**			
			CTCL ID	**Dealer Name**	**Dealer PAN**	**Dealer Location**
Mr. Bhavik Indravadan Shah	BP Equities Private Limited (11420)	CTCL	**400092059001**	Mrs. Jayshree Bhavik Shah	AKGPS9509Q	Mumbai
		NEAT	**0**	N.A.		
		STWT	**333333333333**	N.A.		
Mrs. Jayshree Bhavik Shah		CTCL	**400092059001**	Mrs. Jayshree Bhavik Shah	AKGPS9509Q	Mumbai
		STWT	**333333333333**	N.A.		
Bhavik Indravadan Shah HUF		CTCL	**400092059001**	Mrs. Jayshree Bhavik Shah	AKGPS9509Q	Mumbai
		NEAT	**0**	N.A.		
		STWT	**333333333333**	N.A.		

(iii) As can be seen from the above table, Noticee No. 2 was the dealer (dealer code 11420) for the Noticees at BP Equities Private Limited.

<u>Trading Profile of the Noticees</u>

A. Noticee No. 1

Table 4

	Equity Segment				Equity Derivative Segment			
	No. of instances	**Gross Traded Value (Rs. In Lakh)**	**Average Gross Traded Value (Rs. In Lakh)**	**Square off earned (Rs. In Lakh)**	**No. of instances**	**Gross Traded Value (Rs. In Lakh)**	**Average Gross Traded Value (Rs. In Lakh)**	**Square off earned (Rs. In Lakh)**
No of Scrip days/Contract days traded	436	5607.37	12.86	13.74	0	0.00	NA	0
Common Scrip days/Contract days	362	5445.88(97.12% of GTV)	15.04	13.47	0	0	0.00	0
No of Other Non-Common Scrip days/Contract days	74	161.49 (2.88% of GTV)	2.18	0.27	0	0	NA	0
No of Scrip days/Contract days wherein day trading has been carried out	294	5323.94 (94.95% of GTV)	18.11	13.50	0	0	NA	0
No of Scrip days/Contract days wherein day traded and commonly traded	284	5260.46 (93.81% of GTV)	18.52	13.23	0	0		0
No of Scrip days/Contract days wherein Mr. Bhavik Indravadan Shah has front run the trades of Big Client with a positive square off difference of Rs. 2000 or more.	20	432.69 (7.72% of GTV)	21.63	1.79	0	0	0.00	0

B. Noticee No. 2

Table 5

	Equity Segment				Equity Derivative Segment			
	No. of instances	**Gross Traded Value (Rs. In Lakh)**	**Average Gross Traded Value (Rs. In Lakh)**	**Square off earned (Rs. In Lakh)**	**No. of instances**	**Gross Traded Value (Rs. In Lakh)**	**Average Gross Traded Value (Rs. In Lakh)**	**Square off earned (Rs. In Lakh)**
No of Scrip days/Contract days traded	853	12231.37	14.34	29.74	0	0.00	NA	0

Common Scrip days/Contract days	729	12017.62 (98.25% of GTV)	16.49	29.07	0	0	0.00	0
No of Other Non-Common Scrip days/Contract days	124	213.75 (1.75% of GTV)	1.72	0.67	0	0	NA	0
No of Scrip days/Contract days wherein day trading has been carried out	658	11763.57 (96.18% of GTV)	17.88	29.23	0	0	NA	0
No of Scrip days/Contract days wherein day traded and commonly traded	625	11653.65 (95.28% of GTV)	18.65	28.56	0	0	0.00	0
No of Scrip days/Contract days wherein Mrs. Jayshree Bhavik Shah has front run the trades of Big Client with a positive square off difference of Rs. 2000 or more.	37	587.23 (4.80% of GTV)	15.87	2.45	0	0	0.00	0

C. Noticee No. 3

Table 6

	Equity Segment				Equity Derivative Segment			
	No of instances	**Gross Traded Value (Rs. In Lakh)**	**Average Gross Traded Value (Rs. In Lakh)**	**Square off earned (Rs. In Lakh)**	**No of instances**	**Gross Traded Value (Rs. In Lakh)**	**Average Gross Traded Value (Rs. In Lakh)**	**Square off earned (Rs. In Lakh)**
No of Scrip days/Contract days traded	573	5805.27	10.13	14.43	0	0.00	NA	0
Common Scrip days/Contract days	479	5713.63 (98.42% of GTV)	11.93	14.37	0	0	0.00	0
No of Other Non-Common Scrip days/Contract days	94	91.64 (1.58% of GTV)	0.97	0.06	0	0	NA	0
No of Scrip days/Contract days wherein day trading has been carried out	394	5359.02 (92.31% of GTV)	13.60	13.91	0	0	NA	0
No of Scrip days/Contract days wherein day traded and commonly traded	374	5334.12 (91.88% of GTV)	14.26	13.84	0	0	0.00	0
No of Scrip days/Contract days wherein Bhavik Indravadan Shah HUF has front run the trades of Big Client with a positive square off difference of Rs. 2000 or more.	15	220.25 (3.79% of GTV)	14.68	0.90	0	0	0.00	0

Amount of profit made by Noticees

Table 7

Name of the Noticee	No. of FR instances	Profit (Rs.)
Mr. Bhavik Indravadan Shah	20	1,79,088
Mrs. Jayshree Bhavik Shah	37	2,45,448
Bhavik Indravadan Shah HUF	15	90,206
Total	**72**	**5,14,742**

(iv) In equity segment, it was observed that Noticees have earned profit in 72 front running instances amounting to Rs. 5,14,742/- during the IP.

Connection between the Noticees

(v) Know Your Customer (hereinafter referred to as '**KYC'**) documents of the Noticees were analysed. It was observed that BP Equities Pvt. Ltd. is common trading member for all these entities. Further, it is observed from the KYC documents that Mr. Bhavik is husband of Ms. Jayshree. Mr. Bhavik is Karta and his wife Ms. Jayshree is a member of Bhavik Indravadan Shah (HUF).

Front running activities of Noticees

(vi) It was observed that Noticee No. 1 was the dealer of the Big Client and was privy to non-public information regarding impending order of the Big Client. Further, in all the front running (hereinafter referred to as '**FR**') instances, the Noticees were placing their orders ahead of the order of the Big Client.

(vii) In this regard, NSE submitted the detailed examination report including trade order, etc. of Noticees and highlighting the front running instances.

(viii) It was alleged that Noticees had front run the trades of the Big Client in equity segment at NSE. The front running trades were executed through broker BP Equities Pvt. Ltd. In this background, the trade order data sent by NSE was analyzed to find out all the FR instances in Buy-Buy-Sell (hereinafter referred to as '**BBS'**) / Sell-Sell-Buy (hereinafter referred to as '**SSB'**) pattern. Accordingly, the profit was calculated by NSE for all the FR instances.

Equity segment

(ix) It was observed that Noticees had 1075 front running instances in equity segment against the Big Client and the total profit (without including losses) earned through front running is Rs. 5.15 Lakh. All the instances were front running were observed were of BBS pattern. In the BBS front running pattern, the front runner having possession of the non-public information regarding an impending buy order of the Big Client, places his buy order before the last tranche of the Big client's buy order.

Illustrations of Front Running Trades:

(a) Trade date - 25-Apr-2024 – Vaibhav Global Limited (VAIBHAVGL)

Table 8

	Front Runner				Big Client			
	Total Buy Qty	Avg Buy Price (Rs.)	Turnover (Rs.)					
	6312	404.95	2556025.95					
	Buy Order Time(range)	Buy Order Price (Rs.)	Buy Trade Time(range)	Buy Trade Price (Rs.)				
From	9:27:09	405.20	9:31:25	405.2				
To	9:34:34	404.00	9:34:34	404				
	Total Sell Qty	Avg Sell Price (Rs.)	Turnover (Rs.)	Matched Qty Big Client	Total Buy Qty	Avg Buy Price(Rs.)	Turnover (Rs.)	
	6312	407.80	2574033.60	5268	14500	407.88	5914311.55	
	Sell Order Time(range)	Sell Order Price (Rs.)	Sell Trade Time(range)	Sell Trade Price (Rs.)	Buy Order Time(range)	Buy Order Price (Rs.)	Buy Trade Time(range)	Buy Trade Price (Rs.)
From	9:35:39	407.80	9:35:55	407.80	9:35:50	406.00	9:35:50	404.50
To	9:35:39	407.80	9:36:16	407.80	9:40:15	410.00	9:40:43	413.00

In the scrip of VAIBHAVGBL on April 25, 2024, Series - EQ, buy trades were executed from the trading account of Noticee No. 2 for 6312 shares between 09:31:25 hours to 09:34:34 hours. The buy start price was Rs. 405.2 and buy end price was Rs. 404. The buy trades for 14500 shares were executed by the Big Client between 09:35:50 hours and 09:40:43 hours. The buy start price was Rs. 404.5 and end price was Rs. 413. As soon as Big Client started buying, sell trades were executed for 6312 shares between 09:35:55 hours and 09:36:16 hours from the trading account of the Noticee No. 2. The sell trade start price was Rs. 407.8 and the sell trade end price was Rs. 407.8. There were matched trades between the Noticee No. 2 and Big Client for 5268 shares which was sold by Noticee No. 2. The above trades resulted in a positive square off difference of Rs. 18007.65 for Noticee No. 2.

(b) Trade date - 04-Dec-2024 – BPL Limited (BPL)

Table 9

	Front Runner				Big Client			
	Total Buy Qty	Avg Buy Price (Rs.)	Turnover (Rs.)					
	5000	123.82	619081.27					
	Buy Order Time(range)	Buy Order Price (Rs.)	Buy Trade Time(range)	Buy Trade Price (Rs.)				
From	12:35:05	122.51	12:37:18	123.5				
To	12:35:05	122.51	12:45:13	124				
	Total Sell Qty	Avg Sell Price (Rs.)	Turnover (Rs.)	Matched Qty Big Client	Total Buy Qty	Avg Buy Price(Rs.)	Turnover (Rs.)	
	5000	126.90	634500.00	0	99000	125.88	12462540.25	
	Sell Order Time(range)	Sell Order Price (Rs.)	Sell Trade Time(range)	Sell Trade Price (Rs.)	Buy Order Time(range)	Buy Order Price (Rs.)	Buy Trade Time(range)	Buy Trade Price (Rs.)
From	12:45:44	126.90	13:07:23	126.90	12:45:21	124.00	12:45:21	123.99
To	12:45:44	126.90	13:07:44	126.90	13:10:19	126.01	13:26:48	126.01

In the scrip of BPL on December 04, 2024, Series - EQ, buy trades were executed from the trading account of Noticee No. 2 for 5000 shares between 12:37:18 hours and 12:45:13 hours. The buy start price was Rs. 123.5 and buy end price was Rs. 124. The buy trades for 99000 shares were executed by Big Client between 12:45:21 hours and 13:26:48 hours. The buy start price was Rs. 123.99 and end price was Rs. 126.01. As soon as Big Client started buying, sell trades were executed for 5000 shares between 13:07:23 hours and 13:07:44 hours from the trading account of Noticee No. 2. The sell trade start price was Rs. 126.9 and the sell trade end price was Rs. 126.9. There were no matching trades between Noticee No. 2 and the Big Client. The above trades resulted in a positive square off difference of Rs. 15418.73 for the Noticee No. 2.

(c) Trade date - 02-Feb-2024 – Birla Cable Ltd. (BIRLACABLE)

Table 10

	Front Runner				Big Client			
	Total Buy Qty	Avg Buy Price (Rs.)	Turnover (Rs.)					
	5603	290.33	1626712.70					
	Buy Order Time(range)	Buy Order Price (Rs.)	Buy Trade Time(range)	Buy Trade Price (Rs.)				
From	11:10:51	280.50	11:12:08	290.1				
To	13:54:33	287.50	14:50:45	292.5				
	Total Sell Qty	Avg Sell Price (Rs.)	Turnover (Rs.)	Matched Qty Big Client	Total Buy Qty	Avg Buy Price(Rs.)	Turnover (Rs.)	
	5603	292.77	1640380.65	5603	23000	292.40	6725240.05	
	Sell Order Time(range)	Sell Order Price (Rs.)	Sell Trade Time(range)	Sell Trade Price (Rs.)	Buy Order Time(range)	Buy Order Price (Rs.)	Buy Trade Time(range)	Buy Trade Price (Rs.)
From	11:13:02	293.60	11:17:16	292.75	11:15:32	293.60	11:15:32	290.35
To	14:49:37	293.45	14:53:31	292.95	14:53:31	293.00	14:54:50	292.90

In the scrip of BIRLACABLE on February 02, 2024, Series - EQ, buy trades were executed from the trading account of Noticee No. 2 for 5603 shares between 11:12:08 hours and 14:50:45 hours. The buy start price was Rs. 290.1 and buy end price was Rs. 292.5. The buy trades for 23000 shares were executed by the Big Client between 11:15:32 hours and 14:54:50 hours. The buy start price was Rs. 290.35 and end price was Rs.292.9. As soon as the Big Client started buying, sell trades were executed for 5603 shares between 11:17:16 hours and 14:53:31 hours from the trading account of Noticee No. 2. The sell trade start price was Rs. 292.75 and the sell trade end price was Rs. 292.95. There were matched trades between Noticee No. 2 and Big Client for 5603 shares sold by Noticee No. 2. The above trades resulted in a positive square off difference of Rs. 13667.95 for the Noticee No. 2.

(d) Trade date - 04-April-2024 – EMS Limited (EMSLIMITED)

Table 11

	Front Runner				Big Client
	Total Buy Qty	Avg Buy Price (Rs.)	Turnover (Rs.)		
	6000	440.53	2643150.00		
	Buy Order Time(range)	Buy Order Price (Rs.)	Buy Trade Time(range)	Buy Trade Price (Rs.)	

From	10:02:08	439.10	10:09:01	441.05				
To	10:46:03	440.00	10:46:03	440				
	Total Sell Qty	Avg Sell Price (Rs.)	Turnover (Rs.)	Matched Qty Big Client	Total Buy Qty	Avg Buy Price(Rs.)	Turnover (Rs.)	
	6000	444.25	2665509.40	5960	33500	443.77	14866170.25	
	Sell Order Time(range)	Sell Order Price (Rs.)	Sell Trade Time(range)	Sell Trade Price (Rs.)	Buy Order Time(range)	Buy Order Price (Rs.)	Buy Trade Time(range)	Buy Trade Price (Rs.)
From	10:16:40	448.70	10:25:42	444.75	10:25:42	445.00	10:25:42	444.20
To	10:47:42	444.50	10:53:34	440.00	15:28:03	444.00	15:28:03	444.00

In the scrip of EMSLIMITED on April 04, 2024, Series - EQ, buy trades were executed from the trading account of Noticee No. 1 for 6000 shares between 10:09:01 hours and 10:46:03 hours. The buy start price was Rs. 441.05 and buy end price was Rs. 440. The buy trades for 33500 shares were executed by Big Client between 10:25:42 hours and 15:28:03 hours. The buy start price was Rs. 444.2 and end price was Rs. 444. As soon as Big Client started buying, sell trades were executed for 6000 shares between 10:25:42 hours and 10:53:34 hours from the trading account of Noticee No. 1. The sell trade start price was Rs. 444.75 and the sell trade end price was Rs. 440. There were matched trades between Noticee No. 1 and Big Client for 5960 shares sold by Noticee No. 1. The above trades resulted in a positive square off difference of Rs. 22359.4 for the Noticee No. 1.

(e) Trade date - 16-Aug-2024 – Softtech Engineers Limited (SOFTTECH)

Table 12

	Front Runner				Big Client			
	Total Buy Qty	Avg Buy Price (Rs.)	Turnover (Rs.)					
	2200	362.75	798055.75					
	Buy Order Time(range)	Buy Order Price (Rs.)	Buy Trade Time(range)	Buy Trade Price (Rs.)				
From	14:07:22	360.20	14:11:56	362.2				
To	14:12:18	375.00	14:12:26	362.2				
	Total Sell Qty	Avg Sell Price (Rs.)	Turnover (Rs.)	Matched Qty Big Client	Total Buy Qty	Avg Buy Price(Rs.)	Turnover (Rs.)	
	2200	369.15	812130.00	2200	6263	365.55	2289412.3	
	Sell Order Time(range)	Sell Order Price (Rs.)	Sell Trade Time(range)	Sell Trade Price (Rs.)	Buy Order Time(range)	Buy Order Price (Rs.)	Buy Trade Time(range)	Buy Trade Price (Rs.)
From	14:13:05	369.15	14:13:23	369.15	14:13:11	360.00	14:13:11	356.65
To	14:13:05	369.15	14:13:44	369.15	14:13:44	370.00	14:13:44	369.95

In the scrip of SOFTTECH on August 16, 2024, Series - EQ, buy trades were executed from the trading account of Noticee No. 1 for 2200 shares between 14:11:56 to 14:12:26 hours. The buy start price was Rs. 362.2 and buy end price was Rs. 362.2. The buy trades for 6263 shares were executed by the Big Client between 14:13:11 to 14:13:44 hours. The buy start price was Rs. 356.65 and end price was Rs. 369.95. As soon as the Big Client started buying, sell trades were executed for 2200 shares between 14:13:23 to 14:13:44 hours from the trading account of FR. The sell trade start price was Rs. 369.15 and the sell trade end price was Rs. 369.15. There were matched trades between FR and Big Client for 2200 shares sold by Noticee No. 1. The above trades resulted in a positive square off difference of Rs. 14074.25 for Noticee No. 1.

(f) Trade date - 04-Aug-2022 – Tilaknagar Industries Ltd. (TI)

Table 13

	Front Runner				Big Client			
	Total Buy Qty	Avg Buy Price (Rs.)	Turnover (Rs.)					
	18208	82.06	1494173.65					
	Buy Order Time(range)	Buy Order Price (Rs.)	Buy Trade Time(range)	Buy Trade Price (Rs.)				
From	09:54:08	81.75	09:54:08	81.75				
To	11:09:00	81.60	11:09:00	81.6				
	Total Sell Qty	Avg Sell Price (Rs.)	Turnover (Rs.)	Matched Qty Big Client	Total Buy Qty	Avg Buy Price(Rs.)	Turnover (Rs.)	
	18208	82.66	1505138.75	17802	55000	82.51	4537993.55	
	Sell Order Time(range)	Sell Order Price (Rs.)	Sell Trade Time(range)	Sell Trade Price (Rs.)	Buy Order Time(range)	Buy Order Price (Rs.)	Buy Trade Time(range)	Buy Trade Price (Rs.)
From	10:03:49	83.70	10:43:31	82.80	09:54:34	81.75	09:54:34	81.75
To	11:06:00	81.60	11:06:11	81.60	10:44:11	83.00	10:44:11	82.75

In the scrip of TI on August 04, 2022, Series - EQ, buy trades were executed from the trading account of Noticee No. 1 for 18208 shares between 09:54:08 and 11:09:00 hours. The buy start price was Rs. 81.75 and buy end price was Rs. 81.6. The buy trades for 55000 shares were executed by Big Client between 09:54:34 and 10:44:11 hours. The buy start price was Rs. 81.75 and end price was Rs. 82.75. As soon as the Big Client started buying, sell trades were executed for 18208 shares between 10:43:31 and 11:06:11 hours from the trading account of Noticee No. 1. The sell trade start price was Rs. 82.8 and the sell trade end price was Rs. 81.6. There were matched trades between Noticee No. 1 and Big Client for 17802 shares sold by Noticee No. 1. The above trades resulted in a positive square off difference of Rs. 10965.1 for the Noticee No. 1.

(g) Trade date - 04-Apr-2022- Ajmera Realty & Infra India Limited (AJMERA)

Table 14

	Front Runner				Big Client			
	Total Buy Qty	Avg Buy Price (Rs.)	Turnover (Rs.)					
	569	344.02	195747.65					
	Buy Order Time(range)	Buy Order Price (Rs.)	Buy Trade Time(range)	Buy Trade Price (Rs.)				
From	10:43:21	342.00	10:43:35	342.7				
To	10:43:21	342.00	10:45:28	346				
	Total Sell Qty	Avg Sell Price (Rs.)	Turnover (Rs.)	Matched Qty Big Client	Total Buy Qty	Avg Buy Price (Rs.)	Turnover (Rs.)	
	569	358.10	203758.90	569	13569	357.06	4844993.55	
	Sell Order Time(range)	Sell Order Price (Rs.)	Sell Trade Time(range)	Sell Trade Price (Rs.)	Buy Order Time(range)	Buy Order Price (Rs.)	Buy Trade Time(range)	Buy Trade Price (Rs.)
From	10:47:37	358.10	10:47:37	358.10	10:43:40	344.00	10:43:40	343.90
To	10:47:37	358.10	10:47:37	358.10	10:46:40	358.10	10:55:36	358.10

In the scrip of AJMERA on April 04, 2022, Series - EQ, buy trades were executed from the trading account of Noticee No. 3 for 569 shares between 10:43:35 and 10:45:28 hours. The buy start price was Rs. 342.7 and buy end price was Rs. 346. The buy trades for 13569 shares were executed by Big Client between 10:43:40 and 10:55:36 hours. The buy start price was Rs. 343.9 and end price was Rs. 358.1. As soon as Big Client started buying, sell trades were executed for 569 shares at 10:47:37 hours from the trading account of Noticee No. 3. The sell trade start price was Rs. 358.1 and the sell trade end price was Rs. 358.1. There were matched trades between Noticee No. 3 and Big Client for 569 shares sold by Noticee No. 3. The above trades resulted in a positive square off difference of Rs. 8,011.25 for the Noticee No. 3.

(h) Trade date - 08-Feb-2023 – Remsons Industries Limited (REMSONSIND)

Table 15

	Front Runner				Big Client			
	Total Buy Qty	Avg Buy Price (Rs.)	Turnover (Rs.)					
	2000	241.39	482788.50					
	Buy Order Time(range)	Buy Order Price (Rs.)	Buy Trade Time(range)	Buy Trade Price (Rs.)				
From	14:24:24	239.50	15:22:16	243.1				
To	15:25:29	240.00	15:25:29	240				
	Total Sell Qty	Avg Sell Price (Rs.)	Turnover (Rs.)	Matched Qty Big Client	Total Buy Qty	Avg Buy Price (Rs.)	Turnover (Rs.)	
	2000	245.41	490823.70	1961	2500	244.54	611343.3	
	Sell Order Time(range)	Sell Order Price (Rs.)	Sell Trade Time(range)	Sell Trade Price (Rs.)	Buy Order Time(range)	Buy Order Price (Rs.)	Buy Trade Time(range)	Buy Trade Price (Rs.)
From	15:25:15	244.40	15:25:41	245.50	15:25:41	246.00	15:25:41	240.00
To	15:25:15	244.40	15:26:04	240.95	15:25:49	246.00	15:25:49	245.50

In the scrip of REMSONSIND on February 8, 2023, Series - EQ, buy trades were executed from the trading account of Noticee No. 3 for 2000 shares between 15:22:16 and 15:25:29 hours. The buy start price was Rs. 243.1 and buy end price was Rs. 240. The buy trades for 2500 shares were executed by Big Client between 15:25:41 and 15:25:49 hours. The buy start price was Rs. 240 and end price was Rs. 245.5. As soon as Big Client started buying, sell trades were executed for 2000 shares between 15:25:41 and 15:26:04 hours from the trading account of Noticee No. 3. The sell trade start price was Rs. 245.5 and the sell trade end price was Rs. 240.95. There were matched trades between Noticee No. 3 and Big Client for 1961 shares sold by Noticee No. 3. The above trades resulted in a positive square off difference of Rs. 8,035.2 for the Noticee No. 3.

(i) Trade date - 31-Aug-2023 – Alicon Castalloy Limited (ALICON)

Table 16

	Front Runner				Big Client
	Total Buy Qty	Avg Buy Price (Rs.)	Turnover (Rs.)		
	2000	886.80	1773600.00		
	Buy Order Time(range)	Buy Order Price (Rs.)	Buy Trade Time(range)	Buy Trade Price (Rs.)	
From	11:52:19	880.50	11:52:30	888.5	

To	11:53:45	883.50	11:54:54	885.1				
	Total Sell Qty	Avg Sell Price (Rs.)	Turnover (Rs.)	Matched Qty Big Client	Total Buy Qty	Avg Buy Price(Rs.)	Turnover (Rs.)	
	2000	892.40	1784800.00	1999	6000	891.13	5346762.9	
	Sell Order Time(range)	Sell Order Price (Rs.)	Sell Trade Time(range)	Sell Trade Price (Rs.)	Buy Order Time(range)	Buy Order Price (Rs.)	Buy Trade Time(range)	Buy Trade Price (Rs.)
From	11:58:49	892.40	12:00:19	892.40	12:00:11	890.00	12:00:11	885.00
To	11:58:49	892.40	12:00:27	892.40	12:00:27	893.00	12:00:27	893.00

In the scrip of ALICON on August 31, 2023, Series - EQ, buy trades were executed from the trading account of Noticee No. 3 for 2000 shares between 11:52:30 and 11:54:54 hours. The buy start price was Rs. 888.5 and buy end price was Rs. 885.1. The buy trades for 6000 shares were executed by Big Client between 12:00:11 and 12:00:27 hours. The buy start price was Rs. 885 and end price was Rs. 893. As soon as Big Client started buying, sell trades were executed for 2000 shares between 12:00:19 and 12:00:27 hours from the trading account of Noticee No. 3. The sell trade start price was Rs. 892.4 and the sell trade end price was Rs. 892.4. There were matched trades between Noticee No. 3 and Big Client for 1999 shares sold by Noticee No. 3. The above trades resulted in a positive square off difference of Rs. 11,200 for the Noticee No. 3.

(j) Trade date - 27-Jul-2022 – De Nora India Limited (DENORA)

Table 17

	Front Runner				Big Client			
	Total Buy Qty	Avg Buy Price (Rs.)	Turnover (Rs.)					
	500	800.00	400000.00					
	Buy Order Time(range)	Buy Order Price (Rs.)	Buy Trade Time(range)	Buy Trade Price (Rs.)				
From	10:17:54	801.00	10:17:54	800				
To	10:17:54	801.00	10:17:54	800				
	Total Sell Qty	Avg Sell Price (Rs.)	Turnover (Rs.)	Matched Qty Big Client	Total Buy Qty	Avg Buy Price (Rs.)	Turnover (Rs.)	
	500	813.90	406950.00	500	900	811.57	730416.85	
	Sell Order Time(range)	Sell Order Price (Rs.)	Sell Trade Time(range)	Sell Trade Price (Rs.)	Buy Order Time(range)	Buy Order Price (Rs.)	Buy Trade Time(range)	Buy Trade Price (Rs.)
From	10:17:26	820.40	10:19:58	813.90	10:18:37	805.00	10:18:37	797.90
To	10:17:26	820.40	10:20:04	813.90	10:20:04	814.00	10:20:04	814.00

In the scrip of DENORA on July 27, 2022, Series - EQ, buy trades were executed from the trading account of Noticee No. 3 for 500 shares at 10:17:54 hours. The buy start price was Rs. 800 and buy end price was Rs. 800. Thereafter, buy trades for 900 shares were executed by big client between 10:18:37 hours and 10:20:04 hours. The buy start price was Rs. 797.9 and end price was Rs. 814. As soon as Big Client started buying, sell trades were executed for 500 shares between 10:19:58 hours and 10:20:04 hours from the trading account of Noticee No. 3. The sell trade start price was Rs. 813.9 and the sell trade end price was Rs. 813.9. There were matched trades between Noticee No. 3 and Big Client for 500 shares sold by Noticee No. 3. The above trades resulted in a positive square off difference of Rs. 6,950 for the Noticee No. 3.

(x) It was alleged from the aforementioned illustrations that the Noticees, while being in possession of the non-public information regarding an impending order of the Big Client, placed buy order before the last tranche of the Big Client's buy order. As and when the buy orders of the Big Client were executed, the price of the security rose and the Noticees sold the securities bought earlier, at the existing higher price, thereby pocketing the difference between the new raised price of the security and the price at which the concerned Noticee had bought the security.

Analysis of statements

(xi) Mr. Saurin Parikh, director of the Big Client, *inter alia,* submitted the following regarding the role of dealer in decision regarding trades:

- Dealer takes independent decision based on parameters of price, volume, 52 week High/Low, volatility most of the times. Few occasions of strategy and open position trades are given to dealer to execute by Mr. Kasuhik Shah; and
- Most of the intraday trades executed by Noticee No. 1 were independently decided based on the parameters decided by office as explained earlier. Positional/hedging trades were undertaken based on the direction of office.

(xii) Noticee No. 2, in her statement, submitted that she is a house wife and all the trading related activities were handled by her husband, i.e., Noticee No. 1. Further, she submitted that though the terminal was allotted in her name by BP Equities Pvt. Ltd., however, the same was used and handled by Noticee No. 1.

(xiii) Noticee No. 1, *inter alia*, submitted that his wife had no knowledge of share market and only he used to trade via the terminal allotted to her. He used to login into the said terminal provided in the laptop at home and connect it via remote access (Team Viewer) though one of the PCs at Kaushik Shah via dongle and used to execute trades for his wife's clients as well as in the accounts of in his wife, his HUF and his own account. Regarding the decision to trade, he, *inter alia,* submitted that he was having the liberty to decide the volume and the timing of placing the order.

(xiv) Based on the aforementioned statements, it was alleged that Noticee No. 1, having the liberty to decide the volume and timing of placing order in the account of Big Client, executed trades in his own account and in the accounts of related entities prior to trades of the Big Client and subsequently squared off the position to make profit.

Allegation

(xv) The summary of front running instances and ill-gotten gains made by Noticees, as stated in the investigation report, is mentioned under:

Table 18

Name of Noticee	No. of Instances	Gross Traded Value (Rs. Lakh)	Profit (Rs. Lakh)	% of FR instances Gross Traded Value	% of FR instances Profit
Noticee No. 1	20	432.69	1.79	7.72	13.03
Noticee No. 2	37	587.23	2.45	4.80	8.25
Noticee No. 3	15	220.25	0.90	3.79	6.25
Total	**72**	**1,240.17**	**5.15**	**5.25**	**8.89**

(xvi) From the submissions of Mr. Saurin Parekh, Noticee Nos. 1 and 2, it was observed that Noticee No. 1, one of the dealers of the Big Client, was having the liberty to decide the volume and timing of the orders to be placed. In this regard, it is alleged that Noticee No. 1, being aware of the Big client's impending orders, used the terminal allotted to her wife, Noticee No. 2 and executed trades in the accounts of Noticees prior to placing orders of the Big client and subsequently squared off their positions and made a profit of Rs. 5.15 Lakh.

(xvii) In this background, it is alleged that Noticee No. 1, one of the dealers of the Big Client was the main perpetrator behind the front running the trades of the Big Client. Accordingly, Noticees are alleged to have violated the provisions of sections 12A(a), 12A(b) and 12A(c) of the SEBI Act, 1992 and regulations 3(a), 3(b), 3(c), 3(d), 4(1) and 4(2)(q) read with 2(1)(c) of the PFUTP Regulations.

7. Noticee, *vide* email dated May 25, 2026, submitted the following submission:

(i) The trading accounts of Mrs. Jayshree and HUF were managed and operated by Mr. Bhavik Shah only. It was done purely as a matter of domestic convenience since Mrs. Jayshree is a housewife with no stock market expertise. Furthermore, management of family portfolios does not inherently presume a fraudulent intent to front-run.
(ii) The trades executed in the accounts of the Noticees during the IP were carried out purely in the ordinary course of business, driven by independent technical research, market momentum, volume indicators, and news. There was no deployment of any manipulative device or deceptive contrivance. Mr. Saurin Parikh (Director of the Big Client) had also explicitly clarified that dealer Mr. Bhavik Shah can take independent decision with stop loss based on standard market parameters (price, volume, 52-week highs/ lows, and volatility and other specific parameters as well) and positional trades as per instructions from Big Client.
(iii) The trades in question constitute an insignificant fraction of the overall volume. Out of the massive trading volume of the Big Client, SEBI's analysis has found a mere 72 instances across all three Noticees combined over a 3.5-year span where the BBS matching occurred. This microscopic percentage of matching instances (0.05% of the total scrip days traded by the Big Client) reinforces that the trades were purely coincidental occurrences rather than a coordinated front-running operation. Trades of Big Client are neither big value, not of big volume.
(iv) The trades in question constituted a tiny fraction (<1%) of the overall turnover, which proves that Noticee No. 1 was an active, regular trader rather than a structured front-runner. Also, the vast majority of the trades were entirely independent, indicating no pre-planned or systematic fraudulent pattern.
(v)The SCN has cherry-picked a microscopic fraction of trades out of massive multi-year trading data to formulate an artificial theory of "front-running" Over a massive investigation span of more than 3 years, the regulatory metrics themselves prove that any trade overlaps were completely accidental, random, and lack a deliberate fraudulent design.
(vi) Further, to establish a charge under regulation (2)(q) of the PFUTP Regulations, it must be proved that a person was in actual possession of "non-public information" regarding impending orders and acted upon it. Whereas, the SCN fails to produce a shred of evidence such as Call Data Records (CDRs), WhatsApp communication logs, email interactions, or electronic metadata indicating that

Noticees extracted and shared any specific non-public order log details of Big Client.

(vii) The total collective profit alleged across all 72 instances spanning more than 36 months is a negligible Rs. 5,14,742/- (divided among three distinct tax entities).

(viii) This minimal financial footprint caused absolutely no market distortion, artificial price discovery, or financial prejudice to the Big Client or retail market investors. The volumes executed by the Noticees were too minuscule to shift price lines or impact execution fills for the Big Client's institutional tranches. Legally, the principle of de minimis non curat lex should be applied and the said proceeding be dropped upon.

(ix) In the matter of *SEBI v. Kishore Ajmera*, the Hon'ble Supreme Court noted that while circumstantial evidence can establish trade coordination, the chain of events must be so robust and unassailable that it excludes any hypothesis of coincidence. In the present matter, the low ratio of overlapping trades (72 instances over thousands of scrip days) completely snaps the essential chain of continuity required to prove a fraudulent scheme.

(x) Also, the scripts in the said trades belongs to "A" category, which carries high volumes and cannot be manipulated so easily by a single person. Also, in a highly liquid market segment, simultaneous momentum trading by speculative day-traders frequently overlaps. The execution of trades within close time intervals is a structural feature of market-making and high frequency day-trading, not definitive proof of a fraudulent arrangement. Further, the orders are executed based on Exchange Order mechanism, wherein best buyer meets best seller and there is no scope of any manipulation. The alleged trades do not belong to the illiquid scrips category where there are most chances of Front Running which is not the present case.

(xi) Furthermore, the Big Client has never alleged such accusation upon the Noticees of manipulating share prices, it is merely a presumption of SEBI. The Noticee has always followed the pre-defined rules set by the Big Client for placing the client orders and not even once there was any concern raised by the Big Client regarding the practices of the Noticees.

(xii) Moreover, in various matters concerning alleged front-running by algorithmic or manual dealers, SEBI and SAT have consistently held that where no contemporaneous records exist proving that the information was actually leaked, a trade matching pattern that is statistically thin cannot be categorized as an intentional fraud under PFUTP Regulations. Also, in multiple adjudication orders where the gross profits were insignificant and the trading strategy was demonstrably driven by general day-trading momentum, SEBI has dropped the proceedings by taking a holistic, pragmatic view of market operations.

8. An opportunity of hearing was granted to the Noticees on June 10, 2026. Mr. Abhishek Mishra, AR of Noticees attended the hearing on June 10, 2026. During the hearing, Noticees reiterated their submission dated May 25, 2026. On the request of Noticees, they were granted time until June 15, 2026 to file additional reply.

9. Noticees submitted their additional submission on June 15, 2026 and stated as under:

(i) The very foundation of the allegation suffers from a fundamental defect in as much as the Big Client itself has categorically confirmed in writing that it has not suffered any loss whatsoever on account of any trading activity undertaken by the Noticees. On the contrary, throughout the relevant period, the Big Client remained profitable and no complaint, grievance, or allegation of misuse of information has ever been raised by the Big Client against the Noticees. It submitted that when the alleged victim itself confirms absence of any loss or prejudice, the allegation of a fraudulent scheme causing harm to the client becomes highly improbable and deserves a holistic reconsideration.

(ii) It further submitted that the Big Client had consciously entrusted Mr. Bhavik Shah with the discretion for the non-positional trade based on the parameters given at that point of time. In such circumstances, if the Noticees had any dishonest intention to misuse the said authority, the alleged pattern would logically have reflected trades first being executed in the account of the Big Client followed by corresponding trades in the personal accounts of the Noticees so as to derive an unfair advantage from the client orders. However, the facts relied upon in the SCN itself indicate otherwise. The trading pattern does not reflect any such deliberate design or exploitation of client orders. This itself militates against the allegation of a pre-planned fraudulent arrangement.

(iii) The allegation under regulation 4(2)(q) of the PFUTP Regulations necessarily requires evidence demonstrating possession and misuse of non-public information relating to impending trades. In the present matter, no direct or indirect evidence has been brought on record to establish that the Noticees were in possession of any confidential, unpublished, or restricted information which was subsequently misused. Further, the entire case is sought to be built upon 72 alleged matching instances spread across a period of more than three years, resulting in an aggregate alleged gain of approximately Rs. 5,14,742/-. Even assuming, without admitting, the calculations of the Investigation, the alleged gain translates to a relatively insignificant amount when viewed across the entire investigation period. The modest scale of the alleged gains is wholly inconsistent with the theory of a deliberate and systematic fraudulent scheme allegedly carried out over several years. The surrounding circumstances therefore strongly support the conclusion that the trades were ordinary market transactions and not part of any intentional front-running activity.

(iv) The securities involved in the alleged instances were highly liquid and actively traded securities. The trades were executed through the anonymous order matching mechanism of the stock exchange, where orders are matched based on price-time priority. The volumes traded by the Noticees were insignificant compared to the overall market volume in the concerned securities and were incapable of influencing market price discovery or creating any artificial market impact. The fungible nature of exchange-traded securities, coupled with the liquidity available in the market, further weakens any inference of manipulation. Significantly, there is no allegation or evidence that the Big Client suffered any execution disadvantage, price impact, or economic harm as a consequence of the alleged trades.

(v) The Noticees further submitted that it is a settled principle that mere pattern matching or proximity of trades, in the absence of corroborative evidence establishing fraudulent intent, cannot automatically lead to a finding of fraud under the PFUTP Regulations. Various judicial and regulatory precedents have consistently held that suspicious circumstances must be supported by a complete and credible chain of evidence demonstrating intentional misuse of information. In the present matter, the absence of client loss, absence of any complaint from the Big Client, absence of evidence of information leakage, absence of market impact, and the relatively insignificant alleged gains collectively demonstrate that the essential ingredients required to establish a fraudulent front-running scheme remain unfulfilled.

CONSIDERATION OF ISSUES AND FINDINGS

10. After careful perusal of the material on record, I note that the issues that arise for consideration in the present case are as follows

I. Whether the Noticees front-run the impending orders of the Big Client and thereby violated sections 12A(a), 12A(b) and 12A(c) of the SEBI Act and regulations 3(a), 3(b), 3(c), 3(d), 4(1) and 4(2)(q) read with 2(1)(c) of the PFUTP Regulations?

II. Does the violation, if any, on the part of Noticees attract a monetary penalty under section 15HA of the SEBI Act?

III. If so, what would be the monetary penalty that can be imposed upon Noticee staking into consideration the factors stipulated in section 15J of the SEBI Act?

11. The aforesaid acts, regulations and provisions alleged to have been violated, are reproduced below for reference:

SEBI Act
"Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.
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; …"

PFUTP Regulations
"Definition
2. … (1)…(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.

3. Prohibition of certain dealings in securities
No person shall directly or indirectly—
(a)buy, sell or otherwise deal in securities in a fraudulent manner;
(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;
(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;
(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.
4. Prohibition of manipulative, fraudulent and unfair trade practices
(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities markets…
(2) Dealing in securities shall be deemed to be a manipulative fraudulent or an unfair trade practice if it involves any of the following:
….
(q) any order in securities placed by a person, while directly or indirectly in possession of information that is not publically available, regarding a substantial impending transaction in that securities, its underlying securities or its derivative;"

12. The issues raised in this matter are dealt in the following paragraphs.

I. Whether the Noticees front-run the impending orders of the Big Client and thereby violated sections 12A(a), 12A(b) and 12A(c) of the SEBI Act and regulations 3(a), 3(b), 3(c), 3(d), 4(1) and 4(2)(q) read with 2(1)(c) of the PFUTP Regulations?

13. It was alleged in the SCN that Noticees' orders had front-run the impending orders of Kaushik Shah Shares & Securities Pvt. Ltd., the Big Client.

14. Before analysis, reference is made to the judgment of the Hon'ble Supreme Court in the matter of *SEBI v. Shri Kanaiyalal Baldevbhai Patel*[1] wherein the Hon'ble Supreme Court while considering the act of front-running, observed the following in the said matter:

> *"16. … As per the Major Law Lexicon by P Ramanatha Aiyar (4th Edition 2010), 'front running' is defined as under:*
> *Front running - Buying or selling securities ahead of a large order so as to benefit from the subsequent price move. This denotes persons dealing in the market, knowing that a large transaction will take place in the near future and that parties are likely to move in their favour. The illegal private trading by a broker or market-maker who has prior knowledge of a forthcoming large movement in prices.*
> *The Black's Law Dictionary (Ninth Edition) defines the term 'front running' as under:*
> *Front running, n. Securities. A broker's or analyst's use of nonpublic information to acquire securities or enter into options or futures contracts for his or her own benefit, knowing that when the information becomes public, the price of the securities will change in a predictable manner. This practice is illegal. Front-running can occur in many ways. For example, a broker or analyst who works for a brokerage firm may buy shares in a company that the firm is about to recommend as a strong buy or in which the firm is planning to buy a large block of shares.*
> *Nancy Folbre - In the world of financial trading, a front-runner is someone who gains an unfair advantage with inside information.*
> *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…."*

15. It emerges from the aforesaid judgment that for any trading activity to be considered as front-running, the said activity should satisfy the following essentials:
    (a) information regarding an impending substantial large order of the Big Client in a particular security that is not publicly available; and
    (b) order placed by the alleged front-runner in securities prior to the large order of the Big Client, while possessing the aforesaid non-public information.

16. It is an admitted fact that Noticee No. 2 is the wife of Noticee No. 1 and Noticee No. 1 is the karta of Noticee No. 3. It is also not in dispute that the impugned trades were

[1] (2017) 15 SCC 1.

executed by Noticee No. 1 from the trading accounts of Noticees. Given the said fact, the two prongs that emerge for consideration in the matter are:

(a) Whether Noticee No. 1 had access to non-public information about the impending large orders of the Big Client?

(b) Whether Noticee No. 1 placed orders in securities from the accounts of Noticees prior to impending substantial orders of Big Client while in possession of such information regarding the impending transaction in the same securities by the Big Client?

<u>Whether Noticee No. 1 had access to non-public information about the impending orders of the Big Client</u>?

17. It is a matter of record that Noticee No. 1 was the dealer of the Big Client during the IP wherein he used to punch orders for the Big Client. It is also a fact that Noticee No. 1 was associated with the said Big Client for more than eight years.

18. In this regard, it becomes crucial to understand the process in which Noticee No. 1 used to punch orders on behalf of the Big Client. Here, reference is made to the statement of the Noticee No. 1 dated December 29, 2025 which was recorded under section 11C(5) of the SEBI Act in the course of investigation. It is noted that Noticee No. 1 had, *inter alia,* stated as under:

> *"…. Q. 5. Who takes the decision to trade in a particular scrip? What is the role of dealer in trading decisions making at Kaushik Shah Shares and Securities Pvt Ltd.?*
> *A. 5. <u>Kaushik sir would give list of shares to watch in advance i.e before market opening and after monitoring the chart and fixed parameters already decided by Kaushik sir. Once these parameters were met, I used to execute trades and inform sir accordingly. I was having the liberty to decide the volume and the timing of placing the order.</u>*
> *…*
> *Q. 10. We have noticed that you/ your wife/ your HUF have traded during the period of investigation and most of these trades, have been front run, matched or reversed trades with the proprietary trades of Kaushik Shah Shares and Securities Pvt. Ltd. what do you have to say?*
> *A.10 I, Bhavik shah used to trade in my account, Bhavik huf and my wife Mrs Jayshree Shah's account during the period of investigation through BP Equities. <u>As submitted earlier, Mr. Kaushik sir has decided some fixed parameters which were used for all prop trade.</u> <u>However, I used to trade if some of the aforesaid parameters were met as per my knowledge and experience and risk capacity. I used to place orders first in my/HUF/my wife's account on the basis of some of the parameters being met and then place orders in the prop account only after all the parameters were met.</u>…."* (Emphasis supplied)

19. In the same vein, Mr. Saurin Parikh, director of the Big Client, *inter alia,* submitted the following regarding the discretion exercised by the Noticee No. 1 while executing trades for the Big Client in his statement recorded on December 11, 2025:

> *"…. Q.10 Was Mr. Bhavik allowed to take Independent trade decisions during the aforesaid period?*
> *A.10 Most of the intraday trades executed by Mr. Bhavik were independently decided based on the parameters decided by office as explained earlier. Positional/hedging trades were undertaken based on the direction of the office. …"*

20. From the aforesaid, it is evident that Noticee No. 1 was entrusted with discretion to determine the trades to be executed on behalf of the Big Client, on the basis of parameters so communicated by the said Client. There lies no doubt that the receipt of trading parameters from the Big Client, coupled with the authority to determine the timing and manner of execution, necessarily placed Noticee No. 1 in a position of informational advantage vis-à-vis the market at large. It is further noted that once the said parameters were satisfied, the decisions whether to execute the trade in the scrip and the timing thereof rested solely on the subjective assessment of Noticee No. 1. I note that Noticee No. 1's discretion to execute or withhold the trade is itself demonstrative of access to, and possession of, the underlying order information prior to the execution of trades by the Big Client.

21. It is important to note that Noticees, at no stage of the proceedings, has disputed the veracity of the aforesaid statements. Rather, the Noticees, in their replies, have reinforced the view that Noticee No. 1 exercised large amount of discretion/independence while placing order for the Big Client.

22. Noticee argued that the SCN fails to produce a shred of evidence such as Call Data Records, WhatsApp communication logs, email interactions, or electronic metadata indicating that Noticees extracted and shared any specific non-public order log details of Big Client. At the outset, I note that the present submission of the Noticees proceeds on a mistaken premise that possession of non-public information can only be established through documentary or electronic evidence of its transmission. This contention invariably overlooks the direct evidence available on record in the form of the statements recorded during investigation, the admissions of the Noticees and the other circumstantial material on record. In this regard, I note that it is an admitted fact that the Big Client had entrusted his dealer, Noticee No. 1 with discretion for the non-

positional trade based on the parameters which were shared with him during the IP. This admission regarding of possession of the Big Client's trading parameters coupled with the discretion endowed on the Noticee No. 1 *qua* execution of trade for the Big Client and the abnormal trading pattern spanning over 72 instances is sufficient on the threshold of preponderance of probability to establish that Noticee No. 1 was privy to the trading intentions of the Big Client, regardless of the specific channel through which such parameters were conveyed. The absence of Call Data Records or electronic communication logs is, therefore, of no consequence, inasmuch as the exercise of discretion admittedly reposed in Noticee No. 1 inevitably presupposes prior knowledge of the Big Client's trading intent. Therefore, I find the instant contention of the Noticees to be bereft of any merit and hence, the same is rejected.

23. Further, it is interesting to note that the Noticee No. 1 was among the few persons who had precise information about the trades of the Big Client. Given the manner in which the parameters were set, Noticee No. 1 had a list of scrips to monitor and trade in the scrips from such watch list, if they satisfied all the criteria laid down by the Big Client. The only discretionary element here was whether a particular scrip in the watch list could satisfy all the criteria laid down by Big Client on a given day. In this context, Noticee claimed that he used to place orders in the scrips in the said watch list before they met all the criteria laid down by the Big Client in the account of Noticees. He then placed orders for the Big Client upon the same scrip meeting all the prescribed criteria. Admittedly, in his statement, Noticee No. 1 has stated that this was the sequence of the trades in all the cases wherein Noticee traded first and thereafter the trades of Big Client were placed. It is noted that there were a total of 1570 common trade instances out of which 72 instances bore hallmark of front running between the Noticees and the Big Client. This consistent pattern replicated across 72 trades clearly shows that Noticees were not trading on independent parameters but were rather trading ahead of the Big Client's impending substantial order.

24. It is therefore evident that from the position hold by Noticee No. 1 while executing the impugned 72 trades along with the repeated and consistent trading pattern as discussed above, Noticee No. 1 was in possession of advance, non-public information regarding the impending substantial order of the Big Client, prior to its execution in the market.

Whether Noticee No. 1 placed orders in securities from the accounts of Noticees prior to impending substantial orders of Big Client while in possession of such impending transaction in the same securities by the Big Client?

25. The trades impugned in the SCN have not been disputed. It is also a matter of record that Noticee No. 1 executed the impugned trades from the trading account of Noticee Nos. 2 and 3. During the course of investigation, it was observed that Noticees had executed 72 front running trades in equity segment against the Big Client. All the instances where front running observed were of BBS pattern. The FR instances so identified had a matching percentage of upto 100% with the Big Client in certain cases.

26. In order to elucidate the front running pattern employed by the Noticees, I would advert to a few alleged front running instances captured in the IR.

Illustrations of Front Running Trades:

(i) Trade date - 25-Apr-2024 – Vaibhav Global Limited (VAIBHAVGL)

Table 19

	Front Runner				Big Client			
	Total Buy Qty	Avg Buy Price (Rs.)	Turnover (Rs.)					
	6312	404.95	2556025.95					
	Buy Order Time(range)	Buy Order Price (Rs.)	Buy Trade Time(range)	Buy Trade Price (Rs.)				
From	9:27:09	405.20	9:31:25	405.2				
To	9:34:34	404.00	9:34:34	404				
	Total Sell Qty	Avg Sell Price (Rs.)	Turnover (Rs.)	Matched Qty Big Client	Total Buy Qty	Avg Buy Price(Rs.)	Turnover (Rs.)	
	6312	407.80	2574033.60	5268	14500	407.88	5914311.55	
	Sell Order Time(range)	Sell Order Price (Rs.)	Sell Trade Time(range)	Sell Trade Price (Rs.)	Buy Order Time(range)	Buy Order Price (Rs.)	Buy Trade Time(range)	Buy Trade Price (Rs.)
From	9:35:39	407.80	9:35:55	407.80	9:35:50	406.00	9:35:50	404.50
To	9:35:39	407.80	9:36:16	407.80	9:40:15	410.00	9:40:43	413.00

In the scrip of VAIBHAVGBL, on April 25, 2024, in the EQ series, Noticee No. 1 through Noticee No. 2's account executed buy trades for 6,312 shares between 09:31:25 hours and 09:34:34 hours, with the buy price ranging from Rs. 405.20 to Rs. 404.00. Thereafter, the Big Client executed buy trades for 14,500 shares between 09:35:50 hours and 09:40:43 hours, with the price ranging from Rs. 404.50 to Rs. 413.00. Immediately upon the commencement of the Big Client's buying activity, Noticee No. 2 executed sell trades for 6,312 shares between 09:35:55 hours and 09:36:16 hours, at a sell price of Rs. 407.80. Out of these sell trades, 5,268 shares executed by Noticee No. 2 were matched with the buy orders placed by the Big Client. The aforesaid trades resulted in a positive square-off difference of Rs. 18,007.65 for Noticee No. 2.

(ii) Trade date - 04-April-2024 – EMS Limited (EMSLIMITED)

Table 20

	Front Runner				Big Client			
	Total Buy Qty	Avg Buy Price (Rs.)	Turnover (Rs.)					
	6000	440.53	2643150.00					
	Buy Order Time(range)	Buy Order Price (Rs.)	Buy Trade Time(range)	Buy Trade Price (Rs.)				
From	10:02:08	439.10	10:09:01	441.05				
To	10:46:03	440.00	10:46:03	440				
	Total Sell Qty	Avg Sell Price (Rs.)	Turnover (Rs.)	Matched Qty Big Client	Total Buy Qty	Avg Buy Price(Rs.)	Turnover (Rs.)	
	6000	444.25	2665509.40	5960	33500	443.77	14866170.25	
	Sell Order Time(range)	Sell Order Price (Rs.)	Sell Trade Time(range)	Sell Trade Price (Rs.)	Buy Order Time(range)	Buy Order Price (Rs.)	Buy Trade Time(range)	Buy Trade Price (Rs.)
From	10:16:40	448.70	10:25:42	444.75	10:25:42	445.00	10:25:42	444.20
To	10:47:42	444.50	10:53:34	440.00	15:28:03	444.00	15:28:03	444.00

In the scrip of EMSLIMITED, on April 4, 2024, in the EQ series, Noticee No. 1 executed buy trades for 6,000 shares from 10:09:01 hours to 10:46:03 hours, with the buy price ranging from Rs. 441.05 to Rs. 440.00. Thereafter, the Big Client executed buy trades for 33,500 shares from 10:25:42 hours to 15:28:03 hours, with the price ranging from Rs. 444.20 to Rs. 444.00. Immediately upon the commencement of the Big Client's buying activity, Noticee No. 1 executed sell trades for 6,000 shares from 10:25:42 hours to 10:53:34 hours, with the sell price ranging from Rs. 444.75 to Rs. 440.00. Out of these sell trades, 5,960 shares executed by Noticee No. 1 were matched with the buy orders placed by the Big Client. The aforesaid trades resulted in a positive square-off difference of Rs. 22,359.40 for Noticee No. 1.

(iii) Trade date - 04-Apr-2022- Ajmera Realty & Infra India Limited (AJMERA)

Table 21

	Front Runner				Big Client
	Total Buy Qty	Avg Buy Price (Rs.)	Turnover (Rs.)		
	569	344.02	195747.65		
	Buy Order Time(range)	Buy Order Price (Rs.)	Buy Trade Time(range)	Buy Trade Price (Rs.)	
From	10:43:21	342.00	10:43:35	342.7	

To	10:43:21	342.00	10:45:28	346				
	Total Sell Qty	Avg Sell Price (Rs.)	Turnover (Rs.)	Matched Qty Big Client	Total Buy Qty	Avg Buy Price (Rs.)	Turnover (Rs.)	
	569	358.10	203758.90	569	13569	357.06	4844993.55	
	Sell Order Time(range)	Sell Order Price (Rs.)	Sell Trade Time(range)	Sell Trade Price (Rs.)	Buy Order Time(range)	Buy Order Price (Rs.)	Buy Trade Time(range)	Buy Trade Price (Rs.)
From	10:47:37	358.10	10:47:37	358.10	10:43:40	344.00	10:43:40	343.90
To	10:47:37	358.10	10:47:37	358.10	10:46:40	358.10	10:55:36	358.10

In the scrip of AJMERA, on April 4, 2022, in the EQ series, Noticee No. 1 through Noticee No. 3's account executed buy trades for 569 shares between 10:43:35 hours and 10:45:28 hours, with the buy price ranging from Rs. 342.70 to Rs. 346.00. Thereafter, the Big Client executed buy trades for 13,569 shares between 10:43:40 hours and 10:55:36 hours, with the price ranging from Rs. 343.90 to Rs. 358.10. Immediately upon the commencement of the Big Client's buying activity, Noticee No. 3 executed sell trades for 569 shares at 10:47:37 hours, at a sell price of Rs. 358.10. The said 569 shares sold by Noticee No. 3 were matched with the buy orders placed by the Big Client. The aforesaid trades resulted in a positive square-off difference of Rs. 8,011.25 for Noticee No. 3. Similar pattern of trading as explained in the above three instances were followed by the Noticees in the remaining 69 front running trades.

27. The summary of the front running trades along with the profits earned of the Noticees is tabulated below:

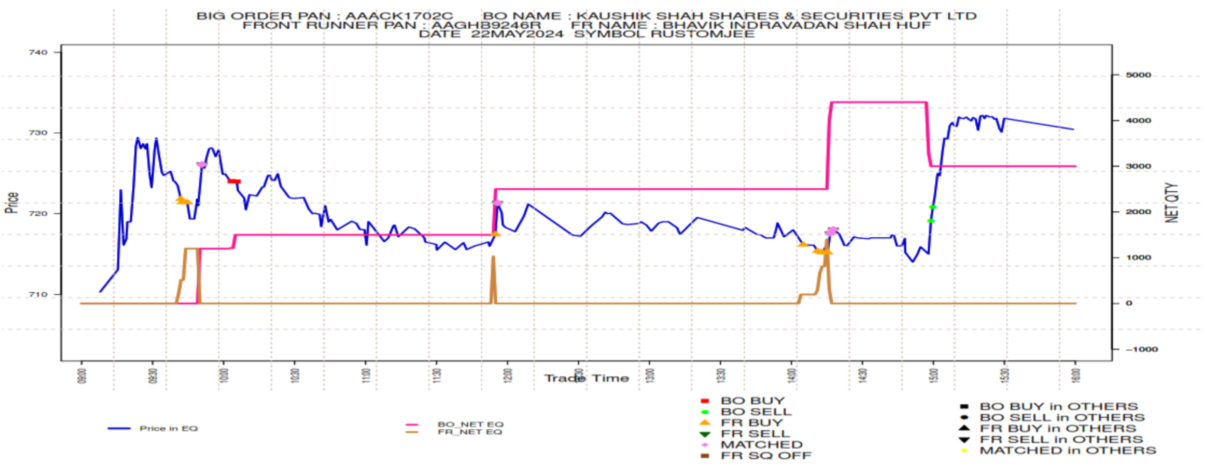
Table 22

Name of Noticee	No. of Instances	Gross Traded Value (Rs. Lakh)	Profit (Rs. Lakh)	% of FR instances Gross Traded Value	% of FR instances Profit
Noticee No. 1	20	432.69	1.79	7.72	13.03
Noticee No. 2	37	587.23	2.45	4.80	8.25
Noticee No. 3	15	220.25	0.90	3.79	6.25
Total	**72**	**1,240.17**	**5.15**	**5.25**	**8.89**

28. In this background, I note that the Noticees have put forth various justification for the impugned 72 trades. The said justifications are discussed in the subsequent paragraphs.

29. Noticees argued that the trades in question constitute an insignificant fraction of the overall volume and turnover. They stated that out of the massive trading volume of the

Big Client, SEBI's analysis has found a mere 72 instances across over a 3.5-year span and hence, the principle of *de minimis non curat lex* should be applied and the said proceeding be dropped. Noticees further argued that the SCN has cherry-picked a microscopic fraction of trades out of massive multi-year trading data to formulate an artificial theory of "front-running". In respect to this argument, I note that regulation 4(2)(q) of PFUTP Regulations characterises the placing of an order while in possession of non-public information regarding an impending substantial transaction as fraudulent irrespective of the value or volume of such order. Thus, it is apparent that the law is concerned with the nature of the act, not its quantum or the proportion the impugned trades bear to overall turnover. Therefore, the said facts, viz., miniscule volume or turnover are not a relevant consideration in the present case nor can they operate to absolve the Noticees of the instant violation. In this case, it cannot be just a coincidence that Noticees which included Noticee No. 1, dealer of the Big Client would trade with a similar trading pattern as the Big Client on 72 occasions over a period of over three years. Such a recurrence that cannot plausibly be attributed to coincidence. This inference is further reinforced by the trading pattern observed across all 72 instances wherein orders placed by the Noticees ahead of the Big Client's substantial orders, square-off within minutes, and close proximity in both price and time to the Big Client's trades which is inconsistent with trading in the ordinary course. Furthermore, the trading pattern of the Noticee clearly fit within the BBS pattern and cannot, in any manner, be characterized as a product of the "artificial theory." In this regard, the details of one of the aforesaid 72 impugned trades is depicted in the graph below:



Graph 1

30. The graph above clearly demonstrates the BBS front-running pattern of Noticee No. 1 through Noticee No. 3's trading account in the scrip Rustomjee on May 22, 2024. It is observed that the trading activity of the Noticee No. 3 was clustered around three distinct intervals during the day. In the first instance, between 09:45 hours and 10:00 hours, the Noticee No. 3 bought shares and squared off the position immediately prior to the increase in the Big Client's substantial order activity, when the price of the scrip was in the range of approximately Rs. 720 to Rs. 725. In the second instance, between 11:45 hours and 12:00 hours, the said Noticee again executed trades shortly before the Big Client placed an additional order in the scrip, at a price of around Rs. 721. In the third instance, and most significantly, between 14:00 hours and 15:15 hours, the said Noticee again purchased shares and squared off the position within a matter of minutes, immediately preceding the Big Client's largest order of the day, during which period the price of the scrip increased sharply from approximately Rs. 715 to Rs. 730 and above. It is further noted that a common pattern is discernible across all three intervals, inasmuch as the said Noticee entered into buy transactions prior to the impending substantial Big Client's orders, held the position for a brief duration, and exited the same immediately once the Big Client's substantial order increased the price of the scrip. This consistent trading pattern over 72 scrips indicates a consistent and deliberate pattern of front-running rather than coincidental trading.

31. Further, Tables 8 to 17 above demonstrate that the Big Client trades were substantial in volume compared to that of Noticees' orders. Thus, when seen in this perspective, the defence sought to be mounted by the Noticees by painting a picture of miniscule volume and turnover crumbles. Accordingly, this contention of the Noticees is rejected.

32. Noticees stated that trade decisions were based on independent analysis and market research. At the foremost, I note that the submission of these Noticees to have carried out market research and independent analysis is not supported by any documentary evidence such as research notes, trading rationale. A bare assertion of independent analysis sans any supporting evidence cannot in itself set aside the allegation of front running. It is pertinent to mention that Noticee No. 1 had admitted in its statement that the trades of the Noticees were driven by the parameters of the Big Client rather than the analysis of Noticee No. 1. Moreover, the consistent trading pattern across 72 identified instances clearly exhibit that the Noticees' trades were not merely in the

same scrips as the Big Client but were executed in close proximity to, and in the same direction of the impending substantial orders of the Big Client, followed by square-off after or during the execution of the Big Client's substantial orders which ultimately resulted in positive square off for the Noticees. Such repeated execution of trades with a BBS front-running pattern is inconsistent with the claim of independently researched trading activity. Thus, in the absence of any contemporaneous evidence and having regard to Noticee No. 1's position as dealer of the Big Client with access to the non-public information regarding the impending substantial orders, the defence of independent analysis appears to be an afterthought and is therefore rejected.

33. Noticees averred that the scrips involved in the impugned trades belonged to "A" category, which carries high volumes and cannot be manipulated so easily by a single person. They stated that the simultaneous momentum trading by speculative day-traders frequently overlaps in a highly liquid market segment. Further, they argued that the execution of trades within close time intervals is a structural feature of market-making and high frequency day-trading, not definitive proof of a fraudulent arrangement. In this regard, I note that the allegation in the present matter is not of price manipulation or volume manipulations of the scrips as such. Rather, it pertains to front running involving misuse of prior, non-public information of the Big Client's impending substantial orders and trading ahead of such orders in a repeated BBS pattern. Therefore, the fact that the scrips belonged to the "A" category or were highly liquid does not, by itself, negate the allegation of front running. High liquidity may explain the possibility of multiple market participants trading in the same scrip, but it cannot explain the Noticees' repeated entry across 72 trades before the Big Client's substantial orders, exit immediately after or during the Big Client's buying, and generation of positive square-off differences across identified instances. As noted above, Noticee No. 1 was a dealer of the Big Client and was privy to the Big Client's impending substantial orders, while the trades were executed in accounts of Noticees. Thus, the pattern is not a mere coincidence arising from speculative day trading or high frequency market activity. This structured course of conduct is more consistent with trading on advance information of the Big Client's substantial orders. Therefore, the instant contention of the Noticees lacks merit and warrants no further consideration.

34. Noticees submitted that the very foundation of the allegation suffers from a fundamental defect as the Big Client itself has categorically confirmed that it has not suffered any loss whatsoever on account of any trading activity undertaken by the Noticees. In this context, Noticees argued that when the alleged victim itself confirms absence of any loss or prejudice, the allegation of a fraudulent scheme causing harm to the client becomes highly improbable and deserves a holistic reconsideration. In this regard, I note that the gravamen of the charge is not confined to the harm suffered by the Big Client in the instant case. The mischief sought to be addressed is the unfair advantage obtained by trading on prior knowledge of an impending substantial order and the consequent impairment of market fairness, transparency and investor confidence. Here, I take note of the decision of the Hon'ble Supreme Court in the matter of *SEBI v. Kanaiyalal Baldevbhai Patel*[2] wherein it was held as under:

> *"… <u>Fairness in financial markets is often expressed in terms of level playing field.</u> A playing field may be uneven because of varied reasons such as inequalities in information etc. Possession of different information, which is a pervasive feature of markets, may not always be objectionable. Indeed, investors who invest resources in acquiring superior information are entitled to exploit this advantage, thereby making markets more efficient. <u>The unequal possession of information is fraudulent only when the information has been acquired in bad faith and thereby inducing an inequitable result for others.</u> …"*
> (Emphasis supplied)

35. *Arguendo*, even assuming that the Big Client has not suffered any direct loss, such statement does not absolve the Noticees if the material on record otherwise establishes prior access to order information, trades ahead of the Big Client, square-off after/during execution of the Big Client's substantial orders and subsequent gains to the Noticees. Therefore, this contention of the Noticees cannot be accepted.

36. Noticees further submitted that it is a settled principle that mere pattern matching or proximity of trades, in the absence of corroborative evidence establishing fraudulent intent, cannot automatically lead to a finding of fraud under the PFUTP Regulations. At the outset, I note that the present case is not one of mere pattern matching unaccompanied by corroborative material. I note that Noticee No. 1 was the dealer for the Big Client and used to punch orders on Big client's behalf. From the statements of Noticee No. 1 and Mr. Saurin Parikh, it is manifest that Noticee No. 1 had discretion

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[2] *Ibid*.

to place trades for the Big Client and that the Noticees had placed the impugned trades based on the parameters of the Big Client. These statements corroborate the fact that Noticee No. 1 had access to the Big Client's trading intentions in advance of the execution. Adding to that, the 72 trades of Noticees followed a similar BBS pattern wherein Noticee No. 1 places a buy order for the Noticees, the Big Client buys next and the Noticees sells shortly thereafter. This sequence is not a stray or isolated occurrence rather repeated across the 72 instances over a period of over three years. A trading pattern of such nature, repeated with such consistency over a considerable period of time, is itself a corroborative evidence of front running by the Noticees. In this regard, I take note of the decision of the Hon'ble Supreme Court in the matter of *SEBI v. Kishore R. Ajmera*[3] wherein it was avowed that:

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

37. In this background, I note that the instant submission of the Noticees is untenable and hence, rejected.

38. With regard to the liability of Noticee Nos. 2 and 3, who have contended that the impugned trades were executed by Noticee No. 1, I take note of the decision of the Hon'ble SAT in the matter of *Pragnesh Vishnubhai Patel v. SEBI*[4] wherein it was held as under:

> *"…8. We also find that admittedly the appellant allowed the another noticee Lalit Amritlal Shah to use his trading account and if his trading account was misused, the appellant himself is to be blamed and for this blunder, the appellant cannot escape the liability for violating the SEBI laws. …"*

In the present case, it is an admitted fact that Noticee Nos. 2 and 3 willingly permitted Noticee No. 1 to operate their trading account. Considering the same in light of the

[3] (2016) 6 SCC 368.
[4] Appeal No. 268 of 2020.

abovementioned order of the Hon'ble SAT, I find the instant contention of the Noticees in no manner helps the case of Noticee Nos. 2 and 3.

39. In view of the above, I note that Noticees have not adduced any justifiable reasons for executing such trades.

40. Against this backdrop, I take note of the decision of the Hon'ble Supreme Court in the matter of *Reliance Industries Limited and others v. SEBI*[5], wherein the Apex Court has expounded on interpretation of the term "fraud" under the PFUTP Regulations as under:

> *"… 175. We agree with the observation in Kanhaiyalal Baldevbhai Patel (supra) that fraud is jurisprudentially very difficult to define. However, such difficulty should not result in such a legislation that would cover every act, expression, omission or concealment under the sky. In our opinion, it cannot be the intention of the PFUTP Regulations to give unfettered powers to the respondent authority to decide the question of fraud alienating it from the object of the enactment and language used in other parts of the definition itself and the provisions of the Act. We find it apposite to purposively interpret Regulation 2(1)(c). In our considered view, both mens rea and actus reus cannot be made into irrelevant factors for deciding fraud. Therefore, we may outline the following scenarios for a more purposive approach to Regulation 2(1)(c):*
>
> > *i) In situations where injury due to wrongful act is established, i.e, inducement to deal in securities has caused the other person to be adversely affected and allowed the party accused of fraud to gain unlawful profits or avert ordinary losses at the former's expense, there would be no requirement on the respondent authority to prove deceitful intention. In other words, where injury is impossible to be proved, the requirement of wrongful intention becomes mandatory.*
> >
> > *ii) Secondly, similarly, in situations where deceitful or mala fide intention to defraud and manipulate the securities market is clear from the blatant misconduct or attending circumstances that cogently establish wrongful intention, then proving the injury would not be required.*
>
> *176. We may, with a view to obviate any confusion, clarify that inducing another person or their agent to deal in securities, remains a strict requirement for establishing fraud. This Court in SEBI v. Rakhi Trading (P) Ltd., reported in (2018) 13 SCC 753. This Court held therein that once the factum of manipulation was established, there is no requirement to establish whether other persons were induced to deal in securities, as such manipulation is deemed to have taken place because of inducement. …"*

41. In the instant case, the blatant misconduct of the Noticees including dealing in securities while in possession of non-public information across 72 trades resulted in a wrongful gain of Rs. 5.15 Lakh cogently establishes that deceitful and mala fide of the

[5] 2026 INSC 585.

Noticees to defraud the securities market. In these circumstances, the exploitation of non-public information for personal gain is in itself sufficient to satisfy the threshold for 'fraud' as provided in paragraph 175. (ii) of the aforesaid judgment without any further requirement to prove injury to any specific party.

42. Thus, all of the above material available on record including the access of non-public information to the Noticee No. 1, the commonality of the trades of these Noticees with trades of the Big Client and the repeated and consistent recurrence of such trades over a period of three years, leads me to the conclusion on a strong preponderance of probability that the Noticees traded upon the non-public information concerning the impending substantial trades of the Big Client in the impugned 72 trades during the IP.

43. In view of the above circumstances and discussions, I find that the Noticees have violated sections 12A(a), 12A(b) and 12A(c) of the SEBI Act and regulations 3(a), 3(b), 3(c), 3(d), 4(1) and 4(2)(q) read with 2(1)(c) of the PFUTP Regulations.

II. Does the violation, if any, on the part of Noticees attract a monetary penalty under section 15HA of the SEBI Act?

III. If so, what would be the monetary penalty that can be imposed upon Noticee staking into consideration the factors stipulated in section 15J of the SEBI Act?

44. The text of the aforementioned sections is reproduced below:

SEBI Act

> *"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."*

45. While determining the quantum of penalty under the aforesaid sections, the following factors stipulated in section 15J of the SEBI Act have been given due regard:

SEBI Act

> *"15J. While adjudging quantum of penalty under Section 15-I, 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."

46. I note that material available on record does not bring out any loss caused to any specific investor or a group of investors, as a result of violations committed by Noticees. I note that there is no material available on record to indicate that the violations committed by Noticees are repetitive. I have considered the profit made by the Noticees.

47. The aforementioned factors have been taken into consideration while adjudging the penalty.

<u>ORDER</u>

48. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in preceding paragraphs and in the exercise of powers conferred upon me under section 15-I of the SEBI Act read with rule 5 of the Rules, I, hereby, impose the following penalty on Noticees:

Table 23

<table>
<tr><th>Noticee Name</th><th>Charging Provision</th><th>Penalty (in Rs.)</th></tr>
<tr><td>Mr. Bhavik Indravadan Shah</td><td rowspan="3">Section 15HA of the SEBI Act</td><td rowspan="3">Rs. 10,00,000/- (Rupees Ten Lakh only)
Noticees are jointly and severally liable to pay the said penalty.</td></tr>
<tr><td>Mrs. Jayshree Bhavik Shah</td></tr>
<tr><td>Bhavik Indravadan Shah HUF</td></tr>
</table>

49. The said penalty is commensurate with the lapses/omissions on the part of Noticees.

50. Noticees shall remit/pay the said amount of penalty within 45 days of receipt of this order through the online payment facility available on the website of SEBI, i.e., www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT > Orders > Orders of AO > PAY NOW.

51. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, *inter alia,* by attachment and sale of movable and immovable properties of Noticees.

52. In terms of the provisions of rule 6 of the Rules, a copy of this order is being sent to Noticees and to SEBI.

JAI SEBASTIAN
Digitally signed by JAI SEBASTIAN
Date: 2026.08.19 16:46:48 +05'30'

Date : August 19, 2026
Place : Mumbai

JAI SEBASTIAN
ADJUDICATING OFFICER