

<b>Department: Investigation</b>	<b>Segment: All</b>
<b>Circular No: MSE/ID/18983/2026</b>	<b>Date: May 04, 2026</b>

**Subject :- SEBI Order in the mater of front running by Prijesh Kurani and Others.**

To All Members,

This is with reference to SEBI Order no. QJA/SS/IVD-1|RO\_LO\_CELL/ID5|RO\_LO\_CELL/32399/2026-27 dated April 30, 2026 wherein SEBI has restrained below mentioned Noticees from buying, selling or dealing in securities, either directly or indirectly, in any manner whatsoever or the period given in the following table, from the date of this order:

<b>Noticee No.</b>	<b>Noticee Name</b>	<b>Noticee PAN</b>	<b>Period of Debarment</b>
1	Prijesh Kurani	AIQPK8093D	3 Years
2	Navnit Gadoya	AQNPG4727F	1 Years
3	Bharati Navnit Gadoya	AAIPG6387Q	1 Years
4	Rekha Arun Kurani	AQCPK5061H	1 Years
5	Dharini Kurani	DAEPK6510G	1 Years
6	Vilpa Vora	AGJPV0381Q	1 Years
7	Pranav Vora	ACYPV7581R	3 Years

If the above 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. They 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 hours on the date of this order.

The detailed order is available on SEBI website - <http://www.sebi.gov.in>

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

**For and on behalf of  
Metropolitan Stock Exchange of India Limited**

**Shweta Mhatre  
Assistant Vice President**



**SECURITIES AND EXCHANGE BOARD OF INDIA**  
**ORDER**

**Under Section 11(1), 11(4), 11(4A), 11B(1), 11B(2) read with Sections 15HA of the Securities and Exchange Board of India Act, 1992 read with Rule 5 of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995**

In respect of

Noticee	Name of Noticee	PAN
1	Prijesh Kurani	AIQPK8093D
2	Navnit Gadoya	AQNPG4727F
3	Bharati Navnit Gadoya	AAIPG6387Q
4	Rekha Arun Kurani	AQCPK5061H
5	Dharini Kurani	DAEPK6510G
6	Vilpa Vora	AGJPV0381Q
7	Pranav Vora	ACYPV7581R

*The abovementioned entities/persons are hereinafter individually referred to by their respective names or Noticee number and collectively as “the Noticees”.*

**In the matter of Front Running Trading activities by Prijesh Kurani and Others**

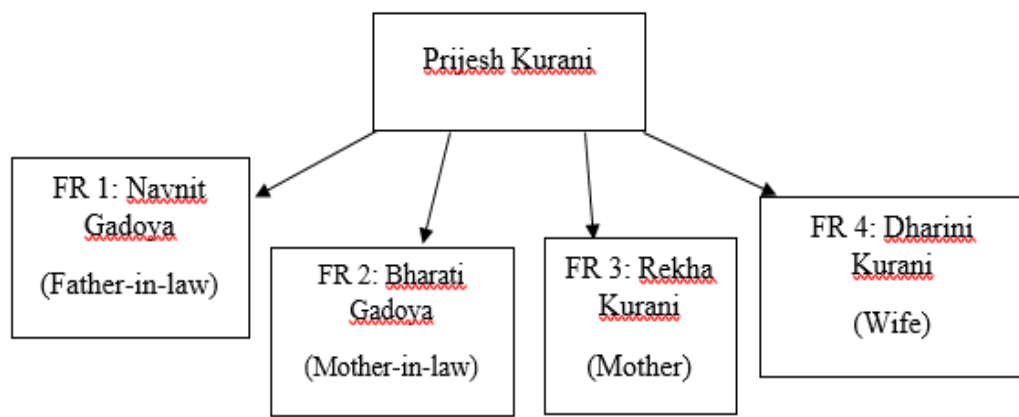
***Background***

1. Securities and Exchange Board of India (hereinafter referred to as SEBI) conducted a detailed investigation with respect to suspected front running of trades of certain big clients by Prijesh Kurani and others during January 01, 2022 to February 28, 2023 (‘Investigation Period’). The investigation was conducted to ascertain as to whether any trading activity in the securities was in the nature of front running of Big Client (BC) and to determine whether there has been violation of the provisions of Securities and Exchange Board of India Act, 1992 (SEBI Act) and the SEBI (Prohibition of Fraudulent and Unfair Trading Practices in Securities Market) Regulations, 2003 (PFUTP Regulations).



2. A snapshot of the background of the Noticees is as follows:

2.1. Prijesh Kurani (Noticee 1), the suspected main Front Running entity, Navnit Gadoya ('Noticee 2'), Bharati Gadoya ('Noticee 3'), Rekha Arun Kurani ('Noticee 4') and Dharini Kurani ('Noticee 5') are family members with Noticees 2, 3, 4 and 5 being the father-in-law, mother-in-law, mother and wife, respectively, of Noticee 1. A pictorial representation of connection of Prijesh Kurani/Noticee 1 with other Front Running ('FR') entities (Noticees 2-5) is given below:



2.2. Vilpa Vora ('Noticee 6'), the suspected information carrier, was registered as Authorized Person ('AP') of Marfatia Broking Pvt. Ltd., the stock broker of the BC Anustup Trading Private Limited. The orders of BC were handled by her and dealers working under her.

2.3. Pranav Vora ('Noticee 7'), the husband of Noticee No.6, operated the trading terminal in her name, communicated with the clients and gave orders to dealers and is also suspected to be information carrier.

2.4. A table summarising the basis of connections between the Noticees is as follows:

Noticee	Noticee Name	Basis of Connection
1	Prijesh Kurani	<ul style="list-style-type: none"><li>• Husband of Dharini Kurani; shares common address with Dharini Kurani</li><li>• Son-in-law of Navnit Gadoya and Bharati Gadoya</li><li>• Son of Rekha Kurani</li><li>• Whatsapp chat with Pranav Vora</li></ul>
2	Navnit Gadoya	<ul style="list-style-type: none"><li>• Husband of Bharati Gadoya</li><li>• Father-in-law of Prijesh Kurani</li></ul>



Noticee	Noticee Name	Basis of Connection
		<ul style="list-style-type: none"><li>• Shares common email id and address with Bharati Gadoya</li></ul>
3	Bharati Navnit Gadoya	<ul style="list-style-type: none"><li>• Mother of Dharini Kurani and mother-in-law of Prijesh Kurani</li><li>• Wife of Navnit Gadoya</li><li>• Shares common email id and address with Navnit Gadoya</li></ul>
4	Rekha Arun Kurani	<ul style="list-style-type: none"><li>• Mother of Prijesh Kurani</li><li>• Common address with Dharini Kurani</li></ul>
5	Dharini Kurani	<ul style="list-style-type: none"><li>• Wife of Prijesh Kurani</li><li>• Daughter of Navnit Gadoya and Bharati Gadoya</li><li>• Common address with Rekha Kurani and Prijesh Kurani</li></ul>
6	Vilpa Vora	<ul style="list-style-type: none"><li>• Wife of Pranav Vora</li><li>• Authorized Person of broker of BC</li></ul>
7	Pranav Vora	<ul style="list-style-type: none"><li>• Husband of Vilpa Vora</li><li>• Whatsapp chat with Prijesh Kurani</li></ul>

### **Show Cause Notice**

3. Consequent to the completion of investigation, a Show Cause Notice (SCN) dated October 06, 2025 was issued to the Noticees. The SCN has brought out, *inter alia*, the following allegations against the Noticees and their trading:

3.1. The Noticees are Front Runners ('FR's) and information carriers ('ICs') as follows:

Noticee	Name	Suspected Role
1	Prijesh Kurani	Main FR
2	Navnit Gadoya	FR1
3	Bharati Navnit Gadoya	FR2
4	Rekha Arun Kurani	FR3
5	Dharini Kurani	FR4
6	Vilpa Vora	IC
7	Pranav Vora	IC

3.2. Noticee 1 opened trading accounts and bank accounts of Noticees 2-5 and traded through these accounts.

3.3. Noticees 2-5 wilfully lent their trading accounts to Noticee 1 who used them as Mule Accounts to front run the impending trade orders of the BC.



3.4. Noticee 7 was coordinating with the BC regarding orders to be placed and he was privy to the material Non-Public Information regarding impending trade orders of BC in certain scrips, which was passed to Noticee 1 who earned an unlawful gain of Rs. 1.99 crore by trading through accounts of Noticees 2-5.

3.5. Noticee 6 wilfully lent the trading terminal in her name to Noticee 7. Hence, she aided and abetted Noticee 7 to get access to the registered terminal in her name.

4. A summary of the alleged front running instances in the accounts of Noticees 2-5 during the investigation period as brought out in the SCN is as follows:

Noticee	No. of front running instances	Gross Traded Value (Rs. Lakh)	Profit (Rs. Lakh)	% of FR instances GTV	% of FR instances Profit
Navnit Gadoya	32	3,691.84	71.41	17.17	29.58
Bharati Gadoya	26	1,053.78	16.75	10.36	19.86
Rekha Kurani	19	2,819.79	57.03	6.26	22.20
Dharini Kurani	18	1,912.45	54.24	6.97	30.64
	<b>95</b>	<b>9,477.86</b>	<b>199.43</b>	<b>9.10</b>	<b>26.25</b>

5. In view of the above, it is alleged that Noticees 1-7 violated provisions of section 12A (a), (b), (c) and (e) of SEBI Act, 1992 read with Regulation 3(a), (b), (c), (d), 4(1) and 4(2)(q) read with 2(1)(c) of the PFUTP Regulations.

6. In view of the allegations made, the Noticees were called upon to show cause as to why appropriate directions under sections 11B(1) and 11(4) read with 11(1) of the SEBI Act, including directions to prohibit them from buying, selling or otherwise dealing in securities market, either directly or indirectly, in any manner whatsoever, for a particular period and directions not to be associated with any registered intermediary/ listed company and any public company which intends to raise money from public in the securities market, in any manner whatsoever as well as disgorgement of unlawful gains, jointly and severally, should not be issued against them for the alleged violations.



7. The Noticees were also called upon to show cause as to why an inquiry should not be held against them in terms of Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 ('the Adjudication Rules'). These Noticees were further called upon to explain and show cause as to why after such inquiry, proceedings under rule 4(3) and 4(5) should not continue for adjudication of monetary penalty, if any, under Sections 11B (2) and 11(4A) read with Section 15HA of the SEBI Act, for the alleged violations.

### ***SCN, Inspection of Documents and Personal Hearing***

8. The SCN was sent to the Noticees on the address available on record through SPAD. However, the SCN issued to Noticees 1-5 was returned undelivered. Thereafter, the SCN was delivered to Noticees 2 and 3 through Market Infrastructure Institutions (MIIs) in November 2025 and to Noticees 4-5 through newspaper publication on January 21, 2026.
9. With respect to Noticees 1-5, hearing notices were issued to them through Affixture and a reply from Noticee 1 was received vide email dated December 17, 2025 wherein it was stated that Noticees 2-5 had no role in the instant case. However, despite insistence, no letter of authority from Noticees 2-5 authorizing Noticee 1 to make representation on their behalf was provided by Noticee 1. Further, Noticee 1, vide the said email dated December 17, 2025, also requested for the SCN and Annexures in the matter and the same were served on him through email on January 02, 2026. Thereafter, a reply was received from Noticee 1 on January 07, 2026. Noticees 2-3 did not file any written reply to the SCN. Noticees 4-5, neither filed any reply nor appeared for the hearing despite service of notice. Replies to SCN were received from Noticees 6 and 7 on November 01, 2025 and December 04, 2025. The said Noticees also sought inspection of documents. Based on their request, an opportunity of inspection of the records/documents (which were relied upon by SEBI while issuing the SCN) was provided to the Noticees' authorized representative RHP Partners on November 27, 2025. Noticees 6 and 7 filed reply to the SCN vide their letter dated February 13, 2026.
10. Noticee 1 availed an opportunity of personal hearing on February 17, 2026 and made additional written submissions vide email dated February 20, 2026. Noticees 2-3 appeared for personal hearing on December 24, 2025 and submitted that they had no knowledge of the trading in their accounts as their accounts were handled by their son-in-law Prijesh



Kurani (Noticee 1). Noticees 6 and 7 availed the opportunity of hearing on February 17, 2026 and also filed additional submissions through letter dated February 20, 2026.

11. During the hearing, Noticee 1 emphasized that the trading in scrips was carried out by him independently based on public information and market conditions and was not based on any confidential or unpublished information. During the hearing, the Ld. AR of the Noticees 6 and 7 emphasized that Noticee 7 knows Noticee 1 through the trading circle but there is no evidence that the information regarding impending trades was passed on by Noticee 7 to Noticee 1. It was vehemently argued that trading profit was made in the account of Noticees 2-5 and, hence, no disgorgement orders can be passed against Noticees 6 and 7 as no financial benefit has accrued to them. Further, the Ld. AR underscored that the investigation report has identified 4 BCs whose orders were suspected to have front run by Noticees 1-5 but SEBI could not establish the chain of communication between other 3 BCs and Noticees 1-5. Merely based on acquaintance of Noticee 7 with Noticee 1, the blame for passing on information with respect to trade of one BC has been pinned on Noticees 6 and 7.

***Summary of replies of the Noticees.***

***Noticee 1***

12. In his reply to the SCN, Noticee 1 has, *inter alia*, made the following submissions:

12.1. The essential ingredients required under Section 12A(a), (b), (c) of the SEBI Act and regulations 3 and 4(2)(q) of the PFUTP Regulations are not satisfied in the case.

12.2. Mere communication, relationship or association does not constitute front running. The burden of proof lies squarely on SEBI to establish, through cogent and admissible evidence, the essential ingredients of the alleged violations. Mere coincidence, proximity, relationship or profitable trading cannot substitute legal proof. Mere existence of communication does not establish illegal communication. Call data records show only that a call occurred, not what was communicated.

12.3. The Whatsapp chats with Noticee 7 do not disclose any specific scrip, quantity, price or timing of BC orders prior to execution, any instruction to trade in advance



of such orders or any evidence of trading being carried out pursuant to such communications. The chats are informal, generic and non-specific, and do not meet the legal threshold required to establish front running or fraudulent conduct. The SCN fails to demonstrate any information chain, i.e., how, when, and from whom any Noticee allegedly received non-public order information. No evidence of communication of price, quantity or execution timing exists.

12.4. Order timing proximity does not establish prior access to information. In *SEBI vs Rakhi Trading, Ketan Parekh vs. SEBI* and *Vijay Karia vs. SEBI*, it has been observed that to establish front running or fraudulent trading, SEBI must prove cumulatively:

- a. Existence of a specific, identifiable client order;
- b. Prior access to such order details (price, quantity, timing);
- c. Communication or flow of such unpublished order information;
- d. Trading motivated by such information; and
- e. Unlawful gain attributable to such misuse.

12.5. There is no finding of manipulative intent, artificial price movement, investor complaint or unfair gain attributable to the Noticees.

12.6. The Hon'ble Supreme Court in *SEBI v. Kanaiyalal Baldevbhai Patel (2017)* and *Rakhi Trading Pvt. Ltd. v. SEBI (2018)* has held that coincidence or matching of trades in an anonymous market, without proof of manipulative intent and information flow, cannot constitute a violation and that suspicion or profit alone cannot substitute proof of manipulation or fraud.

12.7. Hon'ble Securities Appellate Tribunal has consistently held that WhatsApp chats, without corroborative trading evidence and precise timing linkage, are insufficient to sustain front running allegations.

12.8. The proceedings being quasi-judicial in nature must conform to Article 14 (non-arbitrariness), and Article 21 (fair procedure) of the Constitution of India. Hence, any adverse finding based solely on inferential material would be disproportionate and violative of settled principles of natural justice.



- 12.9. The Hon'ble Supreme Court in *Sunil Bharti Mittal v. CBI* has held that vicarious liability cannot be presumed in the absence of a specific statutory provision.
- 12.10. The statements relied upon do not admit receipt or misuse of confidential information, are general, explanatory, and in several instances inconsistent and are uncorroborated by independent documentary or technical evidence.
- 12.11. SEBI has failed to demonstrate any quid pro quo, consideration for information, or linkage between fund transfers and alleged trades. Further, family or business-related financial transactions, without proof of illegality, cannot be construed as proceeds of fraud.
- 12.12. The SCN fails to establish that any alleged profit arose because of misuse of non-public information. Without causation, no finding of unjust enrichment can be sustained.

*Noticee 6 and 7*

Noticee 6 and 7 have, *inter alia*, stated the following in their submissions:

- 12.13. Noticee 7 used to operate the trading terminal that was assigned to Noticee 6.
- 12.14. The trades of BC were done based on the client instructions which were given by the director of BC at the time of trading. BC has 3 directors and Noticee 7 is acquainted with only one director. However, he has no personal or business or financial relationship with the said director.
- 12.15. The NSE examination report mentioned that it is possible that Noticee 1 and 7 are related to each other and the observations and allegations against Noticees 6-7 are based on these possibilities alone.
- 12.16. He was acquainted with Noticee 1 through trading circle like any other trader but he had no personal or financial relationship with any Noticees. He had interacted with Noticee 1 in the past but had no continuous interactions with him.



- 12.17. In none of the Whatsapp chats adduced with the SCN, there is discussion/information pertaining to impending trades. Further, the said chats between him and Noticee 1 are of January 25, 2022, i.e., the first month of the investigation period. There is no communication between Noticee 1 and Noticee 7 after that.
- 12.18. There is no allegation of fund flow or any pecuniary relationship between Noticees 6-7 and Noticees 1-5.
- 12.19. The investigation report has not ascertained how and when the orders originated from the BC and how the BC decided to trade in the particular scrip.
- 12.20. The investigation report states that SEBI could not establish chain of communication between Noticee 1 and other BCs but the blame for front running of trades of 1 BC is being put on Noticees 6-7 on the sole ground that Noticee 7 had a formal acquaintance with Noticee 1.
- 12.21. Several persons in the trading industry would have acquaintance with both BC and Noticee 1. The possibilities of a link between the directors of the BC and Noticee 1 has not been investigated and such link would have absolved Noticees 6 and 7 from the allegation of being information carriers.
- 12.22. There is no case for disgorgement against Noticees 6 and 7 when trades are alleged to have been done by Noticee 1 through the accounts of Noticees 2-5. Further, disgorgement being an equitable direction can be directed only against persons who have benefitted from alleged fraud.
- 12.23. Noticee 7 carried out trades for BC based on instructions of the BC and he had no advance knowledge of the impending trades of the BC. The investigation has not delved into the order placement mode or time by the BC to him and has failed to establish that he was in possession of any material and non-public information.
- 12.24. Noticees 6 and 7 did not get an opportunity to cross-examine the BC or Noticee 1 due to lapses in investigating the Noticee 1 and the BC.



- 12.25. It has not been investigated if there is a possible connection shared by Noticee 1 with the brokers of Noticees 2-5.
- 12.26. No meeting of minds or manipulative or deceptive device or contrivance has been remotely established in support of allegations made against Noticee 6-7. Further, there is no allegation or observation of fraud or deceit upon any person.
- 12.27. Noticees 6 and 7 did not trade in their trading accounts. Additionally, there is no intention or even allegation of intention in the SCN against Noticees 6-7.
- 12.28. In *Lashit Sanghvi v. SEBI (Appeal No. 257 of 2023)* and *Balram Garg v. SEBI (Civil Appeal No. 7054 of 2021)*, the Hon'ble SAT has held that the presumption of passing information or connection between parties to hold that parties are in frequent communication cannot be established.

#### ***Consideration of issues and findings***

13. I have carefully considered the allegations, replies of the Noticees and material available on record. Before dealing with the main issues, I shall address the preliminary technical objections raised by the Noticees. Noticees 6-7 have stated that they did not get an opportunity to cross-examine the BC or Noticee 1 due to lapses in investigation. While this may be so, it is important to record that at no point did Noticees 6-7 make any request before me to cross-examine Noticee 1 or the BC. Accordingly, I am inclined to dismiss the said objection.
14. Further, Noticees 6 and 7 have contended that the possibilities of a link between the directors of the BC and Noticee 1 has not been investigated. I note from the documents available on record that during the investigation KYC of BC, details of trading member of BC along with directors of BC, details of dealers of BC, call data records of available phone numbers, possible relationships between FR clients and BC were examined as part of the investigation. Hence, there is no reason to suggest that the possibilities of a link between the directors of BC and Noticee 1 have not been investigated. Accordingly, I find the said contention to be without any merit.



15. I note that Noticees 4 and 5 have neither filed reply to the SCN nor did they avail the opportunity of personal hearing despite service of notices. I, therefore, find that they are deliberately keeping away from these proceedings. I find that the matter must proceed qua them ex parte in terms of rule 4(7) of the Adjudication Rules. In absence of any response from Noticees 4-5, it is presumed that they have admitted the charge of provisions as alleged in the case.
16. In this regard, the observations of Hon'ble Securities Appellate Tribunal (SAT) in the matter of *Classic Credit Ltd. vs. SEBI (Appeal No. 68 of 2003 decided on December 08, 2006)* are relevant to rely upon wherein it has observed that- "*... the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them*". Further, the Hon'ble SAT in the matter of *Sanjay Kumar Tayal & Others vs SEBI (Appeal No. 68 of 2013 decided on February 11, 2014)*, has, inter alia, observed that: "*... appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges levelled against them in the show cause notices...*" Similarly, Hon'ble SAT in the matter of *Dave Harihar Kirtibhai vs SEBI (Appeal No. 181 of 214 dated December 19, 2014)*, observed that: "*...further, it is being increasingly observed by the Tribunal that many persons/entities do not appear before SEBI (Respondent) to submit reply to SCN or, even worse, do not accept notices/letters of Respondent and when orders are passed ex-parte by Respondent, appear before Tribunal in appeal and claim non- receipt of notice and do not appear and/or submit reply to SCN but claim violation of principles of natural justice due to not being provided opportunity to reply to SCN or not provided personal hearing. This leads to unnecessary and avoidable loss of time and resources on part of all concerned and should be eschewed, to say the least. Hence, this case is being decided on basis of material before this Tribunal...*".
17. Noticee 1 has contended that the essential ingredients required under Section 12A(a), (b), (c) of the SEBI Act and regulations 3 and 4(2)(q) of the PFUTP Regulations are not satisfied in the case. In order to deal with such contention, I deem it appropriate to highlight the scheme of prohibitions contained in SEBI Act and PFUTP Regulations. The true character of the SEBI Act lies not in its sombre title but in its design and purpose and



specific provisions describing the role and functions of SEBI. The SEBI Act provides for ample opportunities for creation of businesses, smooth means of capital raising and breathing life to companies where growth is possible under regulated environment. Thus, it entails creative sustenance rather than destruction as it operates in freedom of doing business instead to compulsorily closing it based on technical reasons, suspicion and over – boarded zeal. Having granted exemplary powers and functions, the duty is also cast on SEBI under section 11 of the SEBI Act to take measures, *inter alia*, to promote the development of the securities market. The duty under section 11 read with section 11B creates greater and strenuous responsibility to strike a balance between regulatory overreach and possible mischief containment taking into account its paramount duty of market development based on sound principles of corporate governance and integrity. One such duty is envisaged under Section 11(2)(e) of the SEBI Act mandating SEBI to take measures for *prohibiting fraudulent and unfair trade practices relating to securities markets*. Section 12A of the SEBI Act provides for anti-fraud prohibitions in wide terms so as to include any device, scheme or artifice to defraud in connection with issue or dealing in securities and any manipulative or deceptive device or contrivance in contravention of the Regulations. Here, it is apposite to refer to the relevant provisions of law which are alleged to have been violated, the relevant extract of which is reproduced hereunder:

**SEBI Act, 1992**

*“Section 12A: No person shall directly or indirectly*

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

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

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



...

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

### **SEBI (PFUTP) Regulations, 2015**

*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.*

*Explanation.— For the removal of doubts, it is clarified that any act of diversion, misutilisation or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company shall be and shall always be deemed to have been considered as manipulative, fraudulent and an unfair trade practice in the securities market.*

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

*(a) ....*

*(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;”*

18. The prohibition under Regulation 4(2)(q) of the PFUTP Regulations specifically covers the acts of ‘front running’. The wide definition of the terms fraud and fraudulently in



Regulation 2(1)(c) and all-inclusive prohibitions under Section 12 A of the SEBI Act and Regulation 3 of the PFUTP Regulations encompass within their ambit this kind of market abuse. Apart from these prohibitions, Regulation 4(1) of the PFUTP Regulations prohibits any kind of manipulative, fraudulent or an unfair trade practice in securities markets. An act of front running or tailgating being a form of illegal market abuse is a heinous fraud prohibited under the SEBI Act and PFUTP Regulations and is squarely covered within the ambit of prohibitions contemplated in Section 11(2)(e) and 12A of the SEBI Act and Regulations 3 and 4 of the PFUTP Regulations. I, therefore, reject this contention of Noticee 1.

19. Hon'ble Supreme Court in the matter of *SEBI v. Kanaiyalal Baldevbhai Patel (2017) 15 SCC 1*, while considering the term 'front running' observed as following:

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

*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 (9th Edition) defines the term 'front running' as under:*

*Front running, n. Securities. A broker's or analyst's use of non-public 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 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, The Front - Runners of Wall Street, 07.04.2014 (The New York Times).*

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



*SEBI has defined front-running in one of its circular of 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.”*

20. Hon’ble SC in the aforesaid case has further observed as under:

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

21. Further, a consultative paper issued by SEBI had grouped front running to be an undesirable manipulative practice as follows:

*‘However, SEBI Act does not prescribe or specify as to which practice would be considered to be fraudulent and unfair trade practices. While the fraudulent and unfair trade practices are commonly understood, it would be desirable if these practices are defined specifically...this will bring about clarity among the intermediaries, issuers, investors and other connected persons in the securities markets about the practices that are prohibited, fraudulent and unfair. ...The draft defines fraudulent and unfair trade practices. These regulations seek to cover market manipulation on the stock exchanges also. Practices like wash sales, front-running, price rigging, artificial increasing or decreasing the prices of the securities are brought within the ambit of the regulations’*

22. SEBI vide its circular CIR/EFD/1/2012 dated May 25, 2012 has defined front running as 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;”.*

23. In practice, orders above the minimum lot size (particularly for large orders) are often placed in smaller tranches so as to have minimum impact on the price, the alleged front runner can gain from placing his order(s) at any time before the last tranche of the BC's order. In other words, all the tranches of the order of the first leg placed by the alleged front runner that have been placed on or before the time of last tranche of the order placed by the BC, would qualify as front running transactions. The second leg of any front runner's order which encashes the advantage of the first leg, need not necessarily be placed after the BC order since the Stock Exchanges permit "*limit orders*" i.e., contingent orders like "*sell if the price is more than Rs. X*" or "*buy if the price is lower than Rs. Y*". Such limit orders can be placed in advance; whose execution is contingent on the BC's order impacting the price of the scrip. However, any tranche of the order placed by the alleged front runner subsequent to the last tranche of the order of the BC will be excluded from being qualified as a front running trade. The most common patterns of front running; are the BBS and SSB patterns as discussed herein.

24. The most common patterns of front running are the BBS and SSB patterns as discussed hereinafter:

- a. **Buy-Buy-Sell ("BBS")**, i.e., buy by the front runner, buy by the BC and sell by the front runner. In this pattern, the front runner, by using the non-public information regarding an impending buy order of the BC, places his buy order before the last tranche of the BC's buy order. As and when the buy order of the BC gets executed, the price of the security rises and the front runner sells the securities bought earlier, at the raised price, thereby pocketing the difference between the new raised price of the security which is established during/post BC's buy trades and the price at which he had bought his securities.
- b. **Sell-Sell-Buy ("SSB")**, i.e., sell by the front runner, sell by the BC, buy by the front runner. In this pattern, the 'front runner' by using the non-public information regarding the impending sell order of the BC, places his sell orders before the last tranche of the BC's sell order. As and when the sell order of the BC gets executed, the price of the



security falls which gives an opportunity to the front runner to buy back the securities at a lower price to meet his obligations which he had created earlier by selling securities. He pockets the difference.

25. From aforesaid, it can be safely deduced that the activity of ‘front running’ encompasses the following inclusive elements,
- a. The existence of non-public information regarding the substantial order of the BC for dealing in securities;
  - b. The information regarding a substantial order (BC’s order) in a particular security, is not publicly available;
  - c. The order by the alleged *front runner* was placed (directly or indirectly) in advance of the order/s of the BC, while in possession of the aforesaid non-public information.
  - d. Use of such information to buy or sell securities (same or related) in advance of the order of BC in the anticipation that when the information becomes public, the price of such securities may change.
26. Coming to the merits of the allegation, I note that the instant SCN emanates from an investigation, which was conducted to ascertain whether Noticee 1 used trading accounts of his 4 family members to front run the trades of 4 BCs during January 01, 2022 to February 28, 2023. However, the investigation report observed that no front running instances were observed for 3 out of the 4 BCs. With respect to the trades of 1 BC, the SCN alleges that Noticees 2-5 wilfully lent their trading accounts to Noticee 1 who consistently placed orders ahead of orders of BC on receipt of non-public information regarding impending orders of the BC from Noticee 6 and 7.
27. During the Investigation Period (‘IP’), in 188 instances, Noticees 2-5 have earned a positive square off difference of Rs. 3.80 crore accounting for 50% of total profit earned by client. Out of 188 common intraday instances where client has earned a positive square off difference, in 95 instances front running pattern was observed which constituted 9.10% of the gross traded value cumulatively earning a positive square off difference of Rs. 1.99 crore through front running trades – 84 BBS and 11 SSB as can be seen from the following table:



## BBS Trades

Date	Security Name /Contract	FR Buy order start time	FR Buy Trade Start Time	BC Buy order start time	BC Buy order End Time	BC Buy Trade Start Time	BC Buy Trade End Time	FR Sell order start time	FR Sell Trade Start Time
22/04/2022	KBCGLOB AL	14:55:30	14:55:30	09:15:02	15:23:41	09:15:06	15:23:44	15:10:01	15:10:08
22/04/2022	KBCGLOB AL	14:56:05	14:56:05	09:15:02	15:23:41	09:15:06	15:23:44	15:13:04	15:14:56
10/03/2022	GLOBE	10:09:22	10:09:22	10:08:04	13:19:40	10:08:04	15:22:37	10:06:04	10:08:04
29/04/2022	FCL	09:22:05	09:22:05	09:25:12	14:14:24	09:25:12	14:14:35	09:28:20	09:28:41
29/04/2022	FCL	09:17:50	09:17:58	09:25:12	14:14:24	09:25:12	14:14:35	09:29:53	09:29:53
29/04/2022	FCL	09:18:55	09:19:01	09:25:12	14:14:24	09:25:12	14:14:35	09:28:30	09:28:41
22/04/2022	EASEMYT RIP	12:04:26	12:04:26	12:05:32	12:38:51	12:05:32	12:38:51	12:06:35	12:07:20
22/04/2022	EASEMYT RIP	12:05:57	12:05:57	12:05:32	12:38:51	12:05:32	12:38:51	12:07:23	12:07:26
27/04/2022	FCL	12:26:34	12:26:44	09:21:25	15:00:32	09:21:25	15:00:32	12:28:41	12:29:35
27/04/2022	FCL	12:27:47	12:27:52	09:21:25	15:00:32	09:21:25	15:00:32	12:29:03	12:29:35
17/03/2022	FCL	12:32:01	12:33:15	12:35:34	12:40:45	12:35:34	12:40:45	12:34:02	12:35:35
22/04/2022	FCL	09:28:23	09:28:23	09:28:51	09:50:45	09:28:51	09:51:01	09:48:11	09:49:36
26/04/2022	GLOBE	10:51:30	10:51:42	10:20:12	15:25:16	10:20:12	15:25:17	10:58:07	11:02:00
26/04/2022	GLOBE	14:56:55	14:57:38	10:20:12	15:25:16	10:20:12	15:25:17	15:07:01	15:12:41
08/04/2022	FCL	14:55:59	14:55:59	10:12:06	15:16:26	10:12:06	15:18:21	14:57:55	14:57:55
20/04/2022	GLOBE	10:13:11	10:13:11	10:12:18	11:32:59	10:12:18	12:26:20	10:14:23	10:14:28



<b>Date</b>	<b>Security Name /Contract</b>	<b>FR Buy order start time</b>	<b>FR Buy Trade Start Time</b>	<b>BC Buy order start time</b>	<b>BC Buy order End Time</b>	<b>BC Buy Trade Start Time</b>	<b>BC Buy Trade End Time</b>	<b>FR Sell order start time</b>	<b>FR Sell Trade Start Time</b>
29/03/2022	GLOBE	09:48:41	09:48:41	09:44:14	15:04:30	09:44:14	15:04:30	10:29:35	10:29:35
09/06/2022	KBCGLOBAL	09:05:49	11:28:40	09:00:53	15:26:50	09:07:10	15:26:50	14:26:48	14:34:53
09/06/2022	KBCGLOBAL	11:31:18	11:33:14	09:00:53	15:26:50	09:07:10	15:26:50	14:26:05	14:34:31
09/06/2022	KBCGLOBAL	09:06:53	11:26:48	09:00:53	15:26:50	09:07:10	15:26:50	11:32:41	14:30:30
21/06/2022	LANCER	11:20:04	11:20:04	10:19:44	11:58:25	10:19:44	11:59:48	11:51:59	11:57:55
21/06/2022	LANCER	11:21:51	11:21:51	10:19:44	11:58:25	10:19:44	11:59:48	11:52:07	11:58:20
07/06/2022	KBCGLOBAL	14:45:20	14:45:20	14:49:18	15:29:21	14:51:13	15:29:55	15:10:58	15:20:16
07/06/2022	KBCGLOBAL	14:47:58	14:47:58	14:49:18	15:29:21	14:51:13	15:29:55	15:05:52	15:20:45
01/07/2022	FCL	15:01:10	15:01:10	12:08:31	15:24:32	12:08:31	15:24:34	15:02:06	15:02:30
27/06/2022	FCL	09:23:37	09:23:37	10:17:03	15:24:36	10:17:03	15:24:36	09:24:46	10:21:57
28/06/2022	GLOBE	12:50:01	12:50:01	12:46:59	12:59:01	12:46:59	12:59:01	12:56:11	12:56:14
08/06/2022	LANCER	14:28:56	14:28:56	09:04:23	15:20:32	09:15:05	15:24:08	14:29:42	14:30:05
06/06/2022	COMPINFO	14:40:31	14:40:31	09:22:04	15:26:49	09:22:04	15:27:00	09:15:02	09:16:08
06/06/2022	KBCGLOBAL	14:43:00	14:43:00	14:44:34	15:13:47	14:44:34	15:14:51	14:45:34	14:50:11
06/06/2022	KBCGLOBAL	14:42:59	14:42:59	14:44:34	15:13:47	14:44:34	15:14:51	14:49:25	14:50:22
08/06/2022	KBCGLOBAL	09:15:00	09:15:00	09:15:49	15:23:26	09:15:49	15:29:59	09:16:49	09:16:58
05/05/2022	FCL	11:55:29	11:55:37	09:30:02	15:25:02	09:30:03	15:25:02	11:58:41	11:58:41



<b>Date</b>	<b>Security Name /Contract</b>	<b>FR Buy order start time</b>	<b>FR Buy Trade Start Time</b>	<b>BC Buy order start time</b>	<b>BC Buy order End Time</b>	<b>BC Buy Trade Start Time</b>	<b>BC Buy Trade End Time</b>	<b>FR Sell order start time</b>	<b>FR Sell Trade Start Time</b>
30/05/2022	FCL	10:03:41	10:03:44	10:02:07	15:40:00	10:02:07	15:51:38	10:04:15	10:04:57
07/06/2022	COMPINFO	14:27:58	14:28:28	10:07:00	15:27:26	10:07:00	15:27:30	14:29:24	14:30:00
05/07/2022	GLOBE	10:49:37	10:49:37	10:49:22	15:14:49	10:49:22	15:28:35	15:04:54	15:06:27
30/06/2022	GLOBE	10:07:21	10:07:30	10:06:22	15:26:42	10:06:22	15:29:06	13:16:59	13:25:04
08/06/2022	BESTAGR O	12:43:48	12:43:56	12:38:22	14:03:51	12:38:22	14:03:51	13:02:27	13:30:06
08/06/2022	BESTAGR O	12:47:34	12:47:42	12:38:22	14:03:51	12:38:22	14:03:51	13:02:03	13:29:46
08/06/2022	BESTAGR O	12:44:17	12:44:17	12:38:22	14:03:51	12:38:22	14:03:51	12:46:26	12:46:26
24/06/2022	LANCER	10:49:10	10:49:10	11:06:34	11:42:07	11:06:34	11:42:07	11:07:05	11:22:25
30/05/2022	GLOBE	11:26:19	11:29:58	10:23:16	15:10:03	10:44:27	15:10:59	11:32:09	11:32:42
30/05/2022	GLOBE	14:54:11	14:54:31	10:23:16	15:10:03	10:44:27	15:10:59	14:55:56	14:58:49
28/06/2022	FCL	09:24:15	09:24:15	09:39:00	12:53:21	09:39:00	12:53:21	09:58:17	09:58:18
02/06/2022	GLOBE	14:21:05	14:21:05	14:21:40	14:58:06	14:21:40	15:25:51	14:27:27	14:49:11
02/06/2022	GLOBE	14:21:11	14:21:11	14:21:40	14:58:06	14:21:40	15:25:51	14:24:20	14:49:11
24/06/2022	GLOBE	11:48:18	11:48:18	11:47:25	15:19:04	11:47:25	15:19:04	11:48:55	11:50:49
03/06/2022	DUCON	13:13:08	13:13:08	13:12:19	14:46:08	13:12:19	14:49:58	13:14:31	13:18:10
07/07/2022	KBCGLOB AL	15:14:25	15:14:25	14:55:31	15:23:17	14:55:31	15:23:17	15:16:46	15:19:03
15/07/2022	FCL	10:01:17	10:01:17	10:18:19	14:47:31	10:18:19	14:49:44	10:26:10	10:26:41



<b>Date</b>	<b>Security Name /Contract</b>	<b>FR Buy order start time</b>	<b>FR Buy Trade Start Time</b>	<b>BC Buy order start time</b>	<b>BC Buy order End Time</b>	<b>BC Buy Trade Start Time</b>	<b>BC Buy Trade End Time</b>	<b>FR Sell order start time</b>	<b>FR Sell Trade Start Time</b>
21/07/20 22	FCL	15:01:24	15:01:24	09:56:06	15:24:13	09:56:06	15:24:13	15:09:31	15:13:27
20/07/20 22	GLOBE	09:57:05	09:57:08	09:32:53	09:59:15	09:32:53	10:00:29	09:57:59	09:58:27
21/07/20 22	FCL	15:00:22	15:00:22	09:56:06	15:24:13	09:56:06	15:24:13	15:11:42	15:13:05
06/07/20 22	GLOBE	11:18:18	11:18:22	11:16:31	15:23:44	11:16:31	15:23:50	11:26:14	11:26:21
22/07/20 22	FCL	09:19:10	09:19:10	09:38:57	15:40:00	09:38:57	15:40:01	09:22:39	09:39:07
27/07/20 22	GLOBE	14:03:03	14:03:03	09:27:44	14:35:58	10:28:55	14:36:36	14:05:53	14:10:21
15/07/20 22	FCL	10:00:42	10:00:42	10:18:19	14:47:31	10:18:19	14:49:44	10:25:51	10:26:41
21/07/20 22	FCL	14:59:59	14:59:59	09:56:06	15:24:13	09:56:06	15:24:13	15:11:28	15:13:17
21/07/20 22	DUCON	10:02:05	10:02:05	10:03:07	12:03:05	10:03:07	12:40:36	10:03:09	10:03:39
07/07/20 22	GLOBE	11:44:04	11:44:04	11:34:40	12:03:47	11:34:40	12:07:19	11:45:14	11:45:31
22/07/20 22	GLOBE	12:59:48	12:59:48	10:52:11	15:29:12	10:52:11	15:29:32	14:38:03	14:38:48
27/07/20 22	GLOBE	14:02:50	14:02:50	09:27:44	14:35:58	10:28:55	14:36:36	14:33:56	14:35:05
07/07/20 22	DUCON	14:09:50	14:09:50	13:29:59	15:05:54	13:29:59	15:05:55	14:16:18	15:03:30
08/07/20 22	GLOBE	14:48:55	14:48:55	14:09:22	14:57:12	14:09:22	15:29:31	14:56:44	14:56:49
19/07/20 22	GLOBE	10:31:57	10:31:57	10:26:16	15:27:24	10:26:16	15:29:42	13:26:42	13:29:39
29/07/20 22	CORALFIN AC	13:04:56	13:04:56	13:04:54	15:15:22	13:04:54	15:15:22	13:05:16	13:05:42
08/07/20 22	KBCGLOB AL	11:44:57	11:51:43	12:17:02	15:27:15	12:17:02	15:27:15	12:17:25	14:16:11



Date	Security Name /Contract	FR Buy order start time	FR Buy Trade Start Time	BC Buy order start time	BC Buy order End Time	BC Buy Trade Start Time	BC Buy Trade End Time	FR Sell order start time	FR Sell Trade Start Time
07/07/2022	DUCON	13:26:40	13:29:02	13:29:59	15:05:54	13:29:59	15:05:55	13:31:31	13:31:31
22/07/2022	FCL	09:19:06	09:19:06	09:38:57	15:40:00	09:38:57	15:40:01	09:22:31	09:36:18
27/07/2022	FCL	09:17:34	09:43:53	09:23:29	15:06:26	09:23:29	15:06:26	09:58:18	09:58:41
21/07/2022	GLOBE	11:42:14	11:42:34	09:43:23	11:48:05	10:53:57	11:48:05	11:44:10	11:45:07
08/07/2022	DUCON	14:21:38	14:42:16	12:04:35	15:28:20	12:04:35	15:28:20	14:43:55	14:44:31
29/07/2022	TIRUPATIF L	12:12:45	12:12:49	12:09:56	12:14:55	12:09:56	12:16:10	12:13:24	12:14:00
22/07/2022	GLOBE	13:00:33	13:00:33	10:52:11	15:29:12	10:52:11	15:29:32	13:01:09	13:14:36
09/12/2022	ARIHANTS UP	15:20:29	15:20:29	10:57:11	15:26:33	11:32:21	15:26:33	15:21:40	15:21:49
15/11/2022	SECURCRE D	11:05:44	11:05:44	11:08:13	12:44:21	11:08:13	12:58:47	11:22:46	12:43:12
17/11/2022	TIRUPATIF L	11:10:17	11:10:19	10:43:26	11:26:05	10:43:26	11:26:17	11:13:17	11:13:31
17/11/2022	TIRUPATIF L	11:11:38	11:11:38	10:43:26	11:26:05	10:43:26	11:26:17	11:13:33	11:21:24
11/01/2023	TIRUPATIF L	11:53:41	11:53:56	10:27:54	12:06:04	10:28:00	12:06:04	11:55:29	11:59:40
20/02/2023	AXITA	09:15:28	09:15:39	09:18:32	15:28:21	09:18:32	15:28:21	09:16:27	09:18:19
07/02/2023	ARIHANTS UP	14:31:57	14:31:57	14:28:40	14:33:05	14:28:40	14:33:05	14:32:52	14:32:57
21/02/2023	TIRUPATIF L	10:18:11	10:18:56	10:19:02	10:26:15	10:19:06	10:26:18	10:19:43	10:25:38
14/02/2023	TIRUPATIF L	13:01:25	13:01:50	13:02:51	13:09:14	13:02:56	13:09:14	13:02:44	13:07:08
23/02/2023	TIRUPATIF L	10:41:44	10:41:44	10:49:06	12:43:09	10:49:06	12:43:09	10:42:01	10:49:41



## SSB Trades

Date	Security Name /Contract	FR Sell order start time	FR Sell Trade Start Time	BC Sell order start time	BC Sell order end time	BC Sell Trade Start Time	BC Sell Trade End Time	FR Buy order start time	FR Buy Trade Start Time
18/04/2022	KBCGLOBAL	09:20:25	09:20:45	09:15:19	11:45:32	09:15:19	11:48:34	10:33:01	10:33:07
18/04/2022	KBCGLOBAL	09:21:40	09:21:49	09:15:19	11:45:32	09:15:19	11:48:34	10:33:38	10:33:38
08/03/2022	GANGAFORGE	09:16:59	09:16:59	09:20:01	15:28:37	09:20:28	15:29:32	09:20:45	09:23:14
25/04/2022	CGCL	09:18:35	09:18:35	09:15:04	15:22:58	09:15:04	15:22:58	10:54:56	10:54:56
25/03/2022	GLOBE	09:36:48	09:36:53	09:31:41	15:01:21	09:31:41	15:01:21	14:58:46	14:59:09
06/06/2022	COMPINFO	09:15:07	09:18:13	09:26:22	15:29:37	09:26:22	15:29:37	14:40:34	14:40:34
03/06/2022	GLOBE	09:15:00	09:15:00	09:17:16	15:28:28	09:17:16	15:29:57	12:43:31	12:43:31
03/06/2022	COMPINFO	13:52:35	13:52:42	09:36:55	15:29:27	09:36:55	15:29:53	14:41:56	14:43:54
07/06/2022	DUCON	09:15:06	09:15:13	09:16:06	15:25:02	09:16:06	15:25:02	09:24:45	10:34:40
31/05/2022	GLOBE	09:15:00	09:15:00	10:00:56	11:20:40	10:00:56	11:27:30	10:56:09	11:05:51
31/05/2022	GLOBE	09:22:29	09:22:40	10:00:56	11:20:40	10:00:56	11:27:30	10:54:12	11:05:51

28. In 79 out of 95 FR instances identified, matching percentage of the FR clients with BC ranged between 40% – 100%.

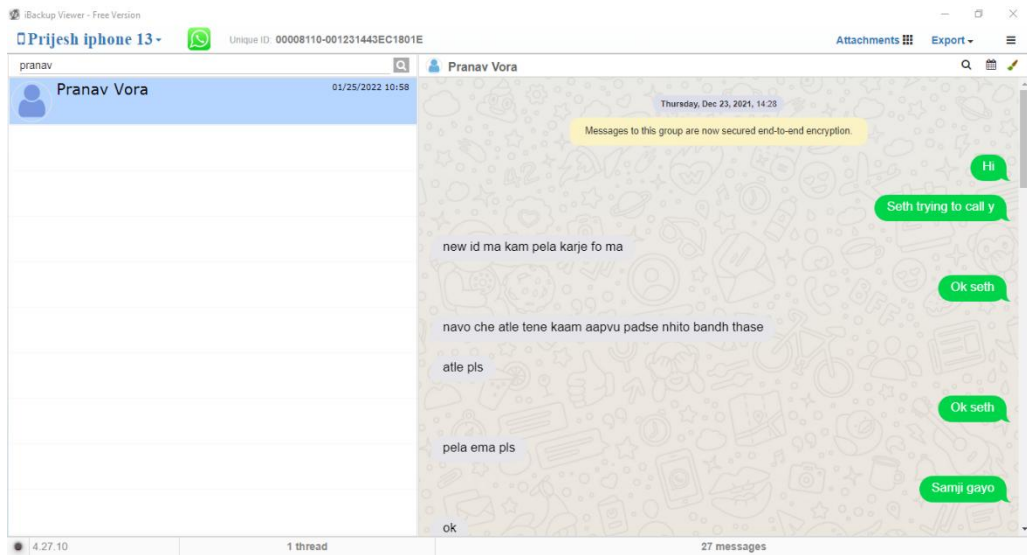
### *Access to information about the impending orders*

29. None of the Noticees have denied the opening of accounts, connections, contacts and pattern of trading. It is also an admitted fact that the BC had a trading account with the concerned stock broker through its AP, Noticee 6. Further, the trading terminal allocated to Noticee 6 was operated by her husband i.e. Noticee 7. All the CTCL trades that were done for the BC by broker were done under the name of Noticee 6 (an AP of broker). It is thus, established that it was Noticee 7 who was in possession of impending orders of the BC. Thus, it was Noticee 7, who using the name of his wife, i.e., Noticee 6 was the information carrier.

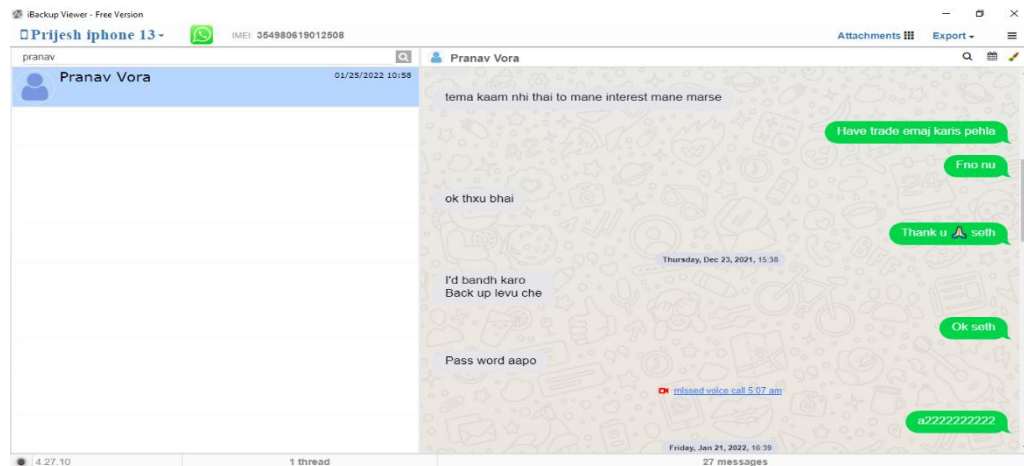


### Communication of non-public information

30. Noticees 6 and 7 have contended that there is no evidence, direct or circumstantial, that they communicated any non-public information to Noticee 1. According to them, the Whatsapp chats/calls between Noticees 1 and 7 were during January 2022 whereas the trades in question have occurred during March 2022 to February 2023 and thus, the allegation fails. It is noted that Noticee 7, the husband of Noticee 6, had admitted during investigation that he was in contact with Noticee 1 through regular calls and Whatsapp chats during the IP. It was also admitted by him that he used the trading terminals that were in his wife's name. The Whatsapp chats as extracted from the phone of Noticee 1 between him and Noticee 7 are as follows:



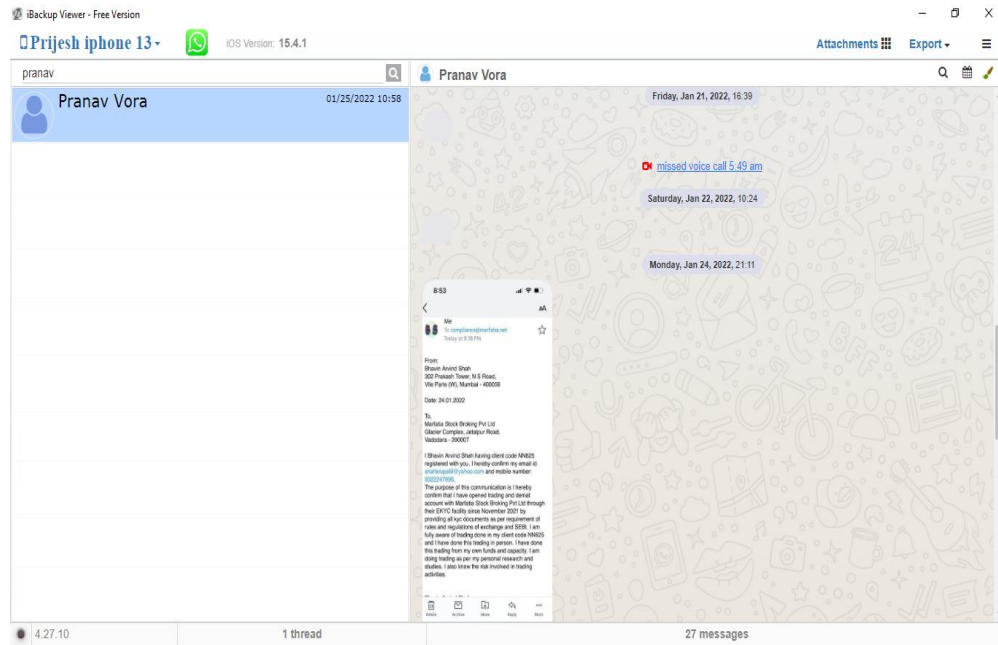
This chat is dated December 23, 2021 where Noticee 7 told Noticee 1 to do 'the work' in new ID first or else it will be closed.



In the above extract from the same chat dated December 23, 2021, Noticee 7 went on to state that if it did not work out, he will get interest. Noticee 1 told



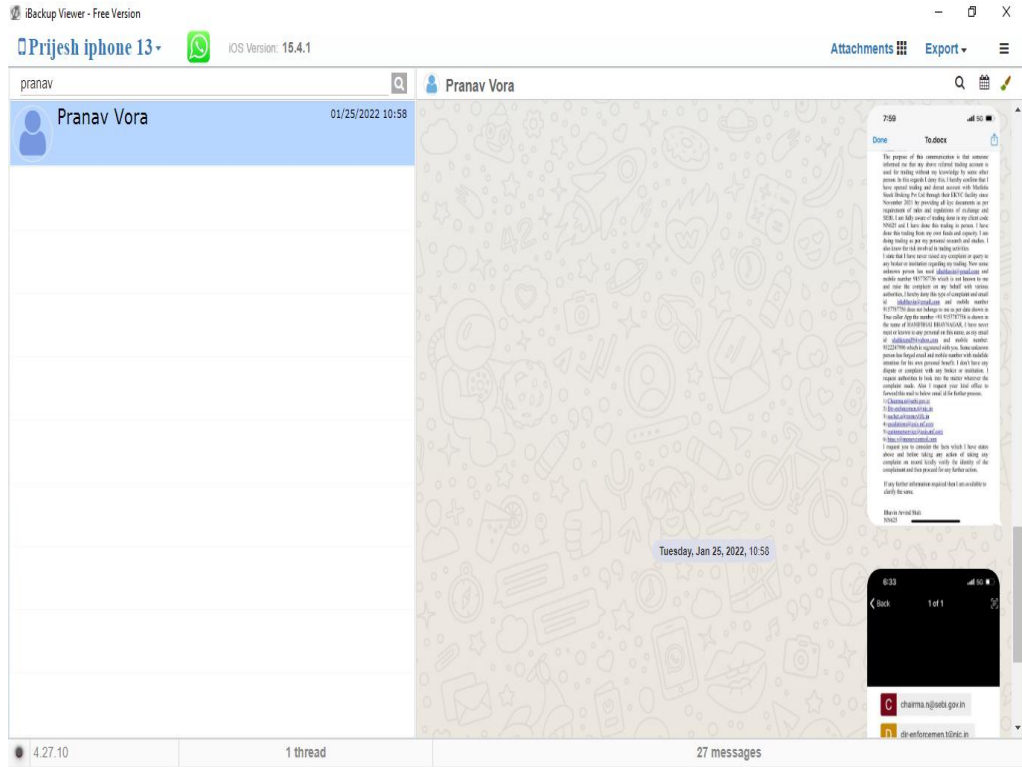
Noticee 7 to first trade in the new ID in F&O. Thereafter, Noticee 7 asked for the ID to be closed and enquired about the password for the ID, which Noticee 1 shared with Noticee 7.



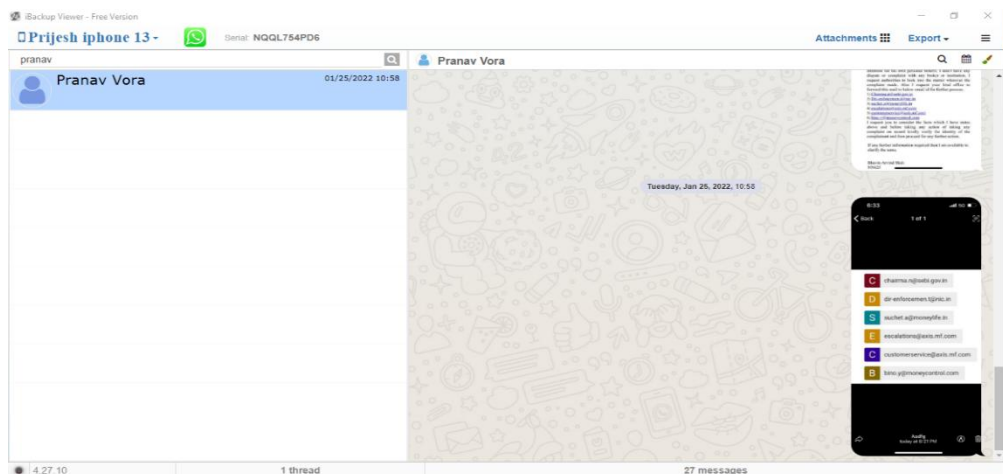
Thereafter, there was a missed voice call on January 21, 2022 and while January 22, 2022 appears in the extract, no details of chat, if any, are visible.

On January 24, 2022, Noticee 7 shared snapshot of an email from one Bhavin Arvind Shah addressed to [compliance@marfatia.net](mailto:compliance@marfatia.net) wherein Bhavin Shah stated that he had opened his account with Marfatia Stock Broking Pvt. Ltd. ('Marfatia') through their EKYC facility since November 2021 and confirmed his email ID and phone number to Marfatia. In the said email, it is also stated that Bhavin was aware of trades done in his client code and such trading had been done in person through his personal research and studies.

*(space intentionally left blank)*



In the above extract, Noticee 1 shared a revised extract of the email from Bhavin Shah wherein Bhavin Shah stated that somebody informed him that his account was being used for trading without his knowledge and that was not true, which was why he was sending the said mail to Marfatia. He also went on to request Marfatia to forward his mail to certain email ids including one that of SEBI. A snapshot of the email IDs is shared separately on January 25, 2022 by Noticee 1 with Noticee 7 as shown below.





31. Neither Noticee 1 nor Noticee 7 have given context for the said chats even though during the hearing on February 17, 2026, Noticee 1 was enquired about his Whatsapp chats with Noticee 7. Both Noticees 1 and 7 have only stated that the information does not evidence passing on non-public information related to any scrip. However, such chats do establish that Noticees 1 and 7 knew each other well and cannot be considered as mere acquaintances in the same trading circles. Hence, the change in stance of Noticee 7 from knowing Noticee 1 well and being in touch with him through calls and Whatsapp chats during investigation to not having communication post January 2022 after the issuance of SCN is an only an afterthought.

32. The Hon'ble Supreme Court in ***Balram Garg v. SEBI, (2022) 9 SCC 425***, has cautioned against making presumptions based on relationships alone, holding: “*merely because a person was related to the connected person cannot by itself be a foundational fact to draw an inference.*” However, when it comes to establishing communication when transaction parties and connecting links stay in close contact and coterie, it is almost impossible to establish the communication based on direct evidence such as written texts, emails or call recordings alone. The circumstantial evidence in such cases is the only choice. I also deem it appropriate to take into account the observations of Hon'ble SAT, in the matter of ***Vibha Sharma and Jitendra Kumar Sharma v. SEBI (order dated September 04, 2013 in Appeal no. 27 of 2013)***, wherein it has held that an act of ‘front running’ is always considered injurious to other participants in the securities market. The following observations made by Hon'ble SAT in that case are worth mentioning:

*“We would like to give a liberal interpretation to the concept of front running and would hold that any person, who is connected with the capital market, and indulges in front running is guilty of a fraudulent market practice as such liable to be punished as per law by the respondent. The definition of front running, therefore, cannot be put in a straight-jacket formula.”*

33. It is settled position that there can be no hard and fast rule regarding the extent and nature of circumstantial evidence required to prove a charge of front running. The standard is of reasonable prudence to reach to a conclusion based on greater degree of preponderance of probability. In my view, when matter touches market integrity, it is my duty to further the legislative object of providing a remedy for the mischief and adopt a holistic approach



rather than one which attempts to find a way to circumvent the regulatory interventions. Such case, as the present one, where allegations are pointing out at the acts of the Noticees to the detriment of market integrity, one has to look at it in a realistic manner. I am also mindful of the fact that while examining the allegations, I must adopt the path of practicality rather than a dryly logical extreme based technical contention of the Noticees alone.

34. In view of the above established legal principle regarding front running, all trades placed by Noticees 2-5 till the last tranche of the BC's order qualify as front running trades and the 95 identified instances are based on the same legal principle. Hence, I find that it is not necessary to delve into order placement time of the BC once it is established that Noticee 7 was placing the orders on behalf of the BC.

35. Noticees 6 and 7 have contended that there is no allegation of fund flow or any pecuniary relationship between Noticees 6-7 and Noticees 1-5. I note that during his statement recorded on oath on August 12, 2024, in response to the question "*Explain the transfer of trading terminals of Marfatia Stock Broking Pvt. Ltd. to Mr. Prijesh Kurani*", Noticee 7 has replied as follows: "*The trading terminal was transferred by me with the approval of Mr. XX<sup>\*1</sup> and Mr. YY, Director of Marfatia Stock Broking Pvt. Ltd.*" Therefore, I find that in a situation as drastic as this, where transfer of CTCL terminal in gross violation of securities market laws, is acknowledged, it may not be possible for investigation to corroborate passing of information between Noticee 7 and Noticee 1 through calls or messages. Further, while I note that there is no proof of pecuniary relationship between Noticees 1-5 and Noticees 6-7, considering the facts and circumstances of this case, I am constrained to conclude that if the Noticees could go so far as to transfer CTCL terminal, a rather sophisticated way for funds to change hands, say through cash/kind, to hide money trail is not unreasonable.

36. Further, the instant case is differentiated from ***Balram Garg vs. SEBI*** on two counts – (a) the case pertained to insider trading and (b) the connected entities could prove alienation from the insiders. Even ***Lashit Sanghvi v. SEBI*** pertains to insider trading and the acquittal was based on the facts and circumstances of the case as the shares dealt with

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<sup>1</sup> Third party names anonymized



indicated a long term investment consistent with the trading strategy of the accused. In the current case, there are 95 instances of intraday trades coinciding with the orders of the BC so that they are in the nature of front running trades. The overarching principle laid down in *SEBI vs. Kanaiyalal Baldevbhai Patel* is that SEBI does not need to prove communication beyond reasonable doubt and a high degree of probability based on circumstances is enough. A natural and logical inference from volume, timing and nature of trades executed before a BC order is sufficient. Further, *SEBI vs. Kishore R. Ajmera* underscores that in securities fraud, the test is what a reasonable or prudent man would conclude from the totality of facts. Even *SEBI vs. Rakhi Trading Pvt. Ltd.* observed as follows:

“ 31. The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors... ”

37. Thus, manipulation and "unfair trade practices" can be established through circumstantial evidence alone, even without proof of actual communication of non-public information. With respect to the Noticees' contention that WhatsApp chats without corroborative trading evidence and precise timing linkage are insufficient, I note that this stance emanates from the judgement in the matter of *Shruti Vora vs. SEBI*. However, in that case, the information was considered as "market chatter" forwarded as received by the accused and not unpublished price sensitive information. Further, no leakage of information of the alleged unpublished price sensitive information from the companies could be detected. In the present case, the non-public information regarding the pending orders of BC available with Noticee 6/7 is clearly established. Further, the reference to *Sunil Bharti Mittal vs. CBI* is irrelevant as this case does not deal with liability of company directors. Further, Noticee 1 has not provided enough context to explain how it is relevant to the present case. Hence, I am inclined to not delve into whether the reliance on the case is misplaced or not. Further, no relevant case could be found in the name of *Vijay Karia vs. SEBI* pertaining to fraudulent trading and I am constrained to dismiss it, especially in the absence of any citation by Noticee 1.

38. Additionally, while deciding a case of insider trading which is similar to front running to the extent of communication of non-public information and trading based on the said



information case about standard circumstantial evidence, Hon'ble SAT in the matter of *V.K. Kaul v. SEBI* recognised the principles laid down by the *New York District Court in States of America v. Raj Rajaratnam [2009] Cr. 1184 (RJH)* of United States District Court, Southern District of New York (decided on 11.08.2011) regarding the issue of relevance of circumstantial evidence in considering such factors as:

- a. Access to information;
- b. Relationship between the tipper and the tippee;
- c. Timing of contact between the tipper and the tippee;
- d. Timing of the trades;
- e. Pattern of the trades; and
- f. Attempts to conceal either the trades or the relationship between the tipper and the tippee.

39. The above principles are not in conflict with the regulatory framework prescribed by SEBI and can be looked into while deciding cases under the Indian regulatory framework which is similar to the United States of America's (US) regulatory system. It is pertinent to mention that in the *Rajaratnam case (Supra)*, the US Court also held that there cannot be an absolute proof of knowledge and activity. In a different case, the US Court (2012) had observed: "*you cannot expect a tipper or tippee to voluntarily confess to passing or receiving insider information*".

40. To be in the know of things can only be based on reasonable inferences drawn from foundational facts which can be proved based on inferential findings by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. The relations/connection amongst the parties cannot be sole criteria yet it cannot be totally ignored. 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 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.

41. With the large number of variables in the capital markets – technology, instruments, processes, etc., there is a constant need for the law to catch up with the market. In these situations, the law has to be flexibly interpreted and interpretations given to it by Courts



cannot be strictly deciphered as the language of a statute. The interpretations though could act as guiding factor but could not be relevant in the facts and circumstances of a case. If the facts, on preponderance of probability suggest no communication, corroborating evidence is desirable. Where, in the facts and circumstances, however, it is shown on preponderance of probabilities that tippees had received the non-public information, it would be sufficient to bring home the charge. Thus, it has to be determined based on preponderance of probabilities as to whether Noticee 1 had received non-public information about impending trades of the BC from Noticee 7 to place orders in accounts of Noticees 2-5, while in possession of said non-public information, to generate abnormal profit in their accounts as alleged in the SCN.

42. Proving front running charges becomes more difficult where call/chat time is remote from trade time. In such case, the case has to be considered with utmost care and findings and would depend upon facts and circumstances of each case. The guiding factor in such situations would certainly be intent, structural connectivity/relationships and the possession of non-public information regarding impending trades of the BC. Of course, it is not relevant to prove instantaneous trading to prove front-running, provided a "*nexus*" is established between the information carrier and the front-runner. What is relevant is the proof of possession over proximity. While timing proximity is strong evidence, considering the facts and circumstances indication that the front runner possessed non-public information about an impending BC order, it would be held that he indulged in front running regardless of exactly when the trade was executed relative to the communication.

43. When direct evidence of communication is absent due to the "*remote*" nature of the act, it is proper to rely on circumstantial evidence, including:

- Calls/chat showing contact between the Information Carrier (e.g., dealer- Noticee.7) and the Front Runner (Noticee 1);
- Familial or professional relationships
- Financial trails, such as sharing profits, funding the trading account, or money transfers between the parties.

44. It has been found in the IR that the broker for BC has stated that all the CTCL trades done for BC were done by Noticee 6. In his statement recorded on oath on August 12, 2024, Noticee 7, however, stated that:



*“The order placement was done by clients through telephone and through client IDs” and that “I do not know about the impending orders of the BC. The orders were placed by BC through its online ID and not through the AP.”*

45. This has been reiterated in his written submissions in response to the SCN. I note that Annexure 9 to the SCN evidences that throughout the investigation period, trades of BC were placed through AP Noticee 6. Further, Noticee 6 has submitted no evidence in support of his statement that trades were not placed through Noticee 6’s CTCL or its dealers. Accordingly, I reject this contention that orders were placed by BC directly and not through its AP. Therefore, in view of the fact that Noticee 7 executed all CTCL trades for BC, I conclude that he became privy to non-public order information at the time of receiving trade instructions. It is admitted fact that Noticees 7 knew Noticee 1 ‘very well’ from September 2021 and both were in contact through calls/whatsapp chat. The close acquaintance, when both of them are closely connected, cannot rule out possibility of communication of non- public information about above impending trades of the BC when the said information was exclusively within knowledge of Noticee 7.
46. It is admitted fact that trading accounts of Noticee 2 and 3 were opened by Noticee 1 and it was he who was handling their trading accounts and also controlled their bank accounts to arrange and channelize the funds for their trades. During January 2022 to February 2023, Rs. 56,61,214.65 through 14 transactions were transferred from the account of Noticee 2 and Rs. 70,01,000 through 17 transactions were received from Noticee 1. During January 2022 to February 2023, Rs. 1,18,59,000 through 21 transactions were transferred from the account of Noticee 3 to Noticee 1, Rs. 3,58,72,500 through 32 transactions were transferred from the account of Noticee 4 to Noticee 1, Rs. 5,29,67,300 through 41 transactions were transferred from the account of Noticee 5 to Noticee 1 and Rs. 55,86,401 through 19 transactions were transferred from the account of Noticee 1.
47. Admittedly, Noticees 1-5, are all family members. Among Noticees 2-5, the SCN brings out that one MAC ID was used to carry out trades for more than one user as follows:



Mac ID used	From	To	Clients for which MAC ID was used
38-87-D5-06-1B-83	February 07, 2022	March 10, 2022	Notices 2, 3 and 4
54-E1-AD-B8-4C-C1	February 08, 2022	May 02, 2022	Notices 2 and 3
E4-A8-DF-92-3D-5E	March 10, 2022	March 14, 2023	Notices 3 and 4

48. Further, the IP addresses, viz., 192.168.0.184 and 192.168.0.185, were same for the two MAC IDs – 38-87-D5-06-1B-83 and 38:87: D5:06:1B:7F – for Notices 2 and 5, respectively. In this regard, Notices 2 and 3 have admitted in their statements that their bank accounts and demat accounts were opened and operated by Noticee 1. During the hearing they stated that they had no knowledge of trading in their accounts as their accounts were handled by Noticee 1. Additionally, they stated that Noticee 1 was pressurized by his brother, one Bindesh Kurani. I am inclined to dismiss the reference to Bindesh Kurani as an afterthought as no mention of Bindesh Kurani was made during the investigation by these Notices when they gave statement on oath. Further, Notices 4 and 5 have not submitted any reply and Noticee 1 has stated that trading in scrips was carried out independently based on public information and market conditions and was not based on any confidential or unpublished information. Thus, I find that Noticee 1 had operated the demat and bank accounts of Notices 2-5. Hence, I am inclined to conclude that accounts for Notices 2-5 were operated by Noticee 1. These facts and circumstances when seen cumulatively and holistically clearly establish that Notices 1 and 7 were in close connection and contact with each other during relevant trading periods. Noticee 1 was the main trader using the trading accounts lent by Notices 2 -5 to him. Further, the trading pattern in the demat accounts of Notices 2-5, shows that there were 95 instances of alleged front running as following:

*(space intentionally left blank)*



<b>Noticee</b>	<b>No. of front running instances</b>	<b>Gross Traded Value (Rs. Lakh)</b>	<b>Profit (Rs. Lakh)</b>	<b>% of FR instances GTV</b>	<b>% of FR instances Profit</b>
Navnit Gadoya	32	3,691.84	71.41	17.17	29.58
Bharati Gadoya	26	1,053.78	16.75	10.36	19.86
Rekha Kurani	19	2,819.79	57.03	6.26	22.20
Dharini Kurani	18	1,912.45	54.24	6.97	30.64
	<b>95</b>	<b>9,477.86</b>	<b>199.43</b>	<b>9.10</b>	<b>26.25</b>

49. I note from the documents available on record that during the Investigation Period ('IP'), in 188 instances, Noticees 2-5 have earned a positive square off difference of Rs. 3.80 crore accounting for 50% of total profit earned by client. Out of 188 common intraday instances where client has earned a positive square off difference, in 95 instances front running pattern was observed which constituted 9.10% of the gross traded value cumulatively earning a positive square off difference of Rs. 1.99 crore through front running trades. This constituted 26.25% of total cumulative profit earned by the clients during the IP. In 79 out of 95 Front Running instances identified matching percentage of the FR clients with BC ranged between 40% – 100%. I also note that as per the KYC of the Noticees 2-5, each of them had annual income of up to Rs. 10 lakh but the gross trade value of each of them was in the range of Rs. 100-450 crore. Such trading pattern certainly proves existence of design and purpose in the minds of Noticee 1 and 7. In such ingenious machinations, where 'smoke' is visible it is duty of Regulator to trace if there is 'fire.' Existence of collusive transactions is one of the indicators, which lead to the inference of fraudulent trading in this case. Further, the circumstances which lead to the conclusion that the transactions were collusive are trading pattern with intent to make profit based on wrongful trades, use of Noticees 2-5 as mules and entangled interrelationships/ interconnectedness and transfer of CTCL.

50. It cannot be just a coincidence that Noticee 1 placed order using the accounts of Noticees 2-5 in such an abnormal way ahead of the impending trades of the BC and earned profits in their accounts without having information regarding impending trades of the BC as found in this case. Noticee 6 was dealer and her husband Noticee 7 was using her terminal and taking orders of BC and was definitely and exclusively in possession of information



on trading to be done by BC. But for the communication of said non -public information, such BBS and SSB trades would not be possible by Noticee 1 using the accounts of Noticees 2-5. Such information exchange only could enable Noticee 1 so that he could suitably buy/sell the same scrip and put buy/sale order for same depending upon whether it is a BBS or SSB trade.

51. It is pertinent to mention that there is no scale to measure fraudulent, deceptive and manipulative device, plan and artifice or its impact and the findings in that regard always depend on inferences drawn from a mass of factual details. Findings in this regard can also be gleaned from patterns of transactions/dealings, conduct and behavior of connected parties employed to achieve the designed purpose. In the instant case, I find that what the entire gamut of events show is a classic example of touch-me-not distancing culminating in the final denouement wherein connected/related parties with all their manipulative assemblage came to the fore setting a seal on their machinations of fraudulent, manipulative and deceptive dealings. The whole picture on the canvass suggests tell-tale strands of how each one of the connected entities at various sequences in the chain had catalyzed the transactions in a web of make believe transactions meant to mislead and obfuscate, to the final confluence in the market. Their acts, conduct, behavior and dealings connote a deceptive conduct designed to deceive or defraud investors by interfering with free forces of transparent supply and demand. When all the facts and circumstances of this case are considered holistically they emerge as ingredients in a fraudulent, deceptive and manipulative device, plan and artifice designed to tamper with free market forces and to damage the integrity of the securities markets.

52. I conclude that the trades in the account of Noticees 2-5 were done by Noticee 1 to front run the trades of BC and the information pertaining to orders of BC was passed to Noticee 1 by Noticee 7 who was lent the trading terminal by his wife Noticee 6. Therefore, I find that Noticees 1-7 violated provisions of section 12A(a), (b), (c) and (e) of the SEBI Act read with Regulation 3(a), (b), (c), (d), 4(1) and 4(2)(q) read with 2(1)(c) of the PFUTP Regulations.

53. The unfair gain of Rs. 2 crore from such trades is well documented in the SCN and the investigation report. However, I note that in one BBS trade, the buy order quantity of the front running entity was higher than the order of the BC. Hence, for the purpose of



disgorgement, the profit of Rs. 1.4 lakh from that trade is not being considered. Further, upon receipt of submissions of the Noticees, the mode of order placement by BC was requested from the broker and it was found that out of 95 front running instances, 9 orders were placed directly by the BC without the AP. The cumulative profit from these 9 trades is Rs. 3,29,771.75 (this includes Rs. 1,40,000 from the trade mentioned earlier where the order quantity of front runner order was higher than that of BC). Hence, I find that the amount to be disgorged is Rs. 1,96,13,685.20.

54. Considering the facts and circumstances of this case, where Noticee 1 front run the trades of BC based on the information shared by Noticee 7 and the fact that Noticees 2-5 and Noticee 6 wilfully lent their bank/demat accounts and CTCL terminal to Noticee 1 and 7, respectively, I deem this case fit to issue directions restraining the Noticees from securities market and imposition of monetary penalty on the Noticees in order to meet the ends of justice.

55. In this regard, I have also been guided by the principles of consistency and proportionality. While proportionality demands a penalty should be proportionate with the mischief it seeks to address, penalties cannot be disproportionate to the magnitude of default. No arithmetical formula can be devised to impose a fixed penalty on each case.

56. While Section 11 deals with the functions and duties of the Board, Section 11B is on the powers of the Board. Section 11B is in a sense a functional tool in the hands of the Board and one of the measures available to the SEBI is to enforce its prime duty under Section 11 by issuing directions under Section 11(4) and Section 11B (1) and/or also imposing monetary penalty under Section 11B (2) and 11(4A). I note that the power under Section 11B (2) is pari material the power under Section 11(4A). In fact, the power under the both the sections are nothing but a replica of each other in two different sections. This power is not intended for inflicting same monetary penalty twice under the charging sections referred in Section 11(4A) and replicated under Section 11B (2) of the SEBI Act.

57. Further, I note that Section 15I (2) of the Adjudication Rules gives discretion and application of the principles of reasonability and proportionality. Proportionality demands that a penalty should be proportionate with the mischief it seeks to address and penalties cannot be disproportionate to the magnitude of default. In fact, Section 15J of the SEBI



Act cast duties to consider several other factors. I reproduce provisions of Section 15J of the SEBI Act as follows:

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

*15J. While adjudging quantum of penalty under section 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 15AA 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.”*

58. In the explanation appended to Section 15J, which was brought vide Part VIII of Chapter VI of the Finance Act, 2017, the legislative intent has been reinforced that while adjudging the quantum of penalty the Adjudicating Officer has discretion and such discretion should be exercised having due regard to the factors specified in Section 15J. It is also settled position that the words "*shall be liable to*" used in the context of "*penalty*" in any statute, do not convey an absolute imperative; they are merely directory and leave it to the discretion of the authority to impose any penalty as he deems fit and commensurate with the violation. Further, having regard to the factors listed in Section 15J and the guidelines issued by Hon'ble Supreme Court of India in ***SEBI v. Bhavesh Pabari Civil Appeal No. (S).11311 of 2013*** vide judgement dated February 28, 2019, it is noted that the provisions of Section 15J has to be properly understood and not to be mechanically applied and other factors reasonable for the facts of the case are also relevant to take into account.

59. In this case, Noticees 6 and 7 have stated that there is no case for disgorgement against Noticees 6 and 7 when trades have been done by Noticee 1 in the accounts of Noticees 2-5. I note that, in similar matters, concerned Noticees are directed to disgorge their respective unlawful gains individually. As a matter of consistency, I permit this request of Noticees 6 and 7. However, this case is a peculiar one, as Noticee 1 has taken responsibility



for other Noticees namely Noticee 2-5 being family members. In these facts and circumstances, these Noticees should disgorge the unlawful gains, jointly and severally.

60. I note that interim order dated February 28, 2023 has been passed against Noticees 1, 3, 4, 5 and 7. Further, Noticees 4-5 have not cooperated during the investigation and current proceedings. Further, 86 instances of front running are identified and Noticee 7 is observed to have provided different statements during investigation and the current proceedings. I find no mitigating factor in favour of the Noticees while deciding the quantum of penalty.

### ***Order and Directions***

61. Considering the above peculiar facts, circumstances and magnitude of the contravention in this case, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4), 11(4A), 11B(1) and 11B(2) of the SEBI Act, read with Section 19 of the SEBI Act do hereby issue the following directions:-

- i. The Noticees are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for the period given in the following table, from the date of this order:

<b>Noticee</b>	<b>Noticee Name</b>	<b>Restraint Period</b>
1	Prijesh Kurani	3 years
2	Navnit Gadoya	1 year
3	Bharati Navnit Gadoya	1 year
4	Rekha Arun Kurani	1 year
5	Dharini Kurani	1 year
6	Vilpa Vora	1 year
7	Pranav Vora	3 years

- ii. It is hereby clarified that 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. These 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.

iii. Noticees 1-5 shall, jointly and severally, disgorge the unlawful gains of Rs. 1,96,13,685.20 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. February 28, 2023) till the date of deposit of these unlawful gains. The Noticees shall pay the aforesaid amount of penalty to the Investor Protection and Education Fund (IPEF) as referred to in Section 11(5) of the SEBI Act within a period of 45 (forty-five) 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](http://www.sebi.gov.in)) under “Click here to make payment to SEBI IPEF”.

iv. I impose monetary penalty under Section 15HA of the SEBI Act on the following Noticees for the violations of the provisions of the PFUTP Regulations as found in this order:

Noticee	Noticee Name	Penalty Amount (Rs.)
1	Prijesh Kurani	10 lakh
7	Pranav Vora	10 lakh

v. Noticee 1 and 7 shall remit/ pay the amounts of penalties mentioned against their names in the table above, within 45 days of receipt of this Order through online payment facility available on the website of SEBI, i.e., SEBI, i.e., [www.sebi.gov.in](http://www.sebi.gov.in) on the following path, by clicking on the payment link [www.sebi.gov.in/ENFORCEMENT](http://www.sebi.gov.in/ENFORCEMENT) -> Orders -> Orders of EDs/CGMs -> PAY NOW. In case of any difficulty in online payment of penalty, the Noticee(s) may contact the support of [portalhelp@sebi.gov.in](mailto:portalhelp@sebi.gov.in).

vi. Noticees 1 and 7 shall forward the details of online payment made in compliance with the directions contained in this Order to the “The Division Chief, CFID, Securities and Exchange Board of India, SEBI Bhavan – II, Plot No. C-7, “G” Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400051” and also to email id: [tad@sebi.gov.in](mailto:tad@sebi.gov.in) in the format as given in the following table:



<b>Case Name</b>	
<b>Name of Payee</b>	
<b>Date of Payment</b>	
<b>Amount Paid</b>	
<b>Transaction No.</b>	
<b>Payment is made for: Penalty or Disgorgement</b>	

vii. Noticees 2-6 who have lent their trading/bank account/CTCL terminal shall be vigilant and not lent accounts/terminals in their name to any person.

62. This Order shall come into force with immediate effect.

63. A copy of this order shall be served on all the Noticees herein, SEBI, recognized Stock Exchanges, Banks, Depositories and Registrar and Share Transfer Agents to ensure necessary compliance.

**Date: April 30, 2026**

**Place: Mumbai**

**SANTOS** Digitally signed  
by  
**HKUMAR** SANTOSHKUMAR  
**SHUKLA** SHUKLA  
Date: 2026.04.30  
12:51:45 +05'30'

**Santosh Shukla**

**Quasi-Judicial Authority  
Securities and Exchange Board of India**