

**SO/EFD2/2024-25/7958**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**  
**SETTLEMENT ORDER**

**In respect of:**

| <b>Name of the Entity/ Applicant</b> | <b>Settlement Application No.</b> | <b>PAN</b> |
|--------------------------------------|-----------------------------------|------------|
| Axis Securities Limited              | 7958/2024                         | AABCE6263F |

**in the matter of front-running by Mandar Ulhas Bhatkar**

**BACKGROUND**

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) had conducted an investigation in the matter of trading activities of Mandar Ulhas Bhatkar and certain other entities related/associated with him, suspected to be front-running the trades of **SVI Consolidated Pvt Ltd.** (hereinafter referred to as “**Big Client**”), client of broker Axis Securities Limited (hereinafter referred to as “**Applicant**”). Investigation prima facie found that Vikrant Bhimrao Kadam (worked as a dealer with the Applicant) and his childhood friend Mandar Ulhas Bhatkar were front-running the trades of the Big Client in the equity and derivatives segments of NSE. Further, it was also observed and alleged that the Applicant had failed to exercise due diligence as per its dealer and Branch manager compliance policy, which was in violation of SEBI (Stock Brokers) Regulations, 1992 (“**Broker Regulations**”).
2. Based on the findings in the investigation, a Show Cause Notice (hereinafter referred to as ‘**SCN**’) dated June 04, 2024 was served on the Applicant. The SCN *inter alia* alleged the following:
  - a) Mandar Ulhas Bhatkar received funds from Vikrant Bhimrao Kadam, which was transferred to his broker Zerodha in order to enable Vikrant Bhimrao Kadam to trade in the scrips/contracts in which the Big Client traded. Further, he had given his consent to Vikrant Bhimrao Kadam to trade in the securities market through his trading account.

Therefore, Mandar Ulhas Bhatkar and Vikrant Bhimrao Kadam together in collusion took advantage of the orders/trades of Big Client by front running the orders/trades of Big Client and earned huge profits.

- b) Accordingly, the investigation revealed that the Dealer & Branch Manager Compliance Policy was breached by certain staff members in different cities of India where branches of Applicant are located. This casual approach of Applicant resulted in its dealer i.e., Vikrant Bhimrao Kadam in colluding with his friend i.e., Mandar Ulhas Bhatkar, to carry out front running activities using mobile phone from the premises of Applicant.
- c) Therefore, it was alleged that as a stock broker the Applicant failed to exercise appropriate due diligence as required in its Dealer & Branch Manager Compliance Policy, and accordingly it violated the provisions of Clause A(2) and (5) of Schedule II read with Regulation 9 of SEBI (Stock Brokers) Regulations 1992.
- d) In view of the above, the Applicant was called upon to show cause as to why appropriate directions under Sections 11(1), 11(4), 11B(1) and 11B(2) of the SEBI Act, 1992 should not be issued against it.

## **APPLICATIONS FOR SETTLEMENT OF PROCEEDINGS**

- 3. The Applicant filed the following application with SEBI in terms of SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as “**Settlement Regulations**”) proposing to settle the pending proceedings through a Settlement order without admitting or denying the findings of fact and conclusions of law, which was intimated by the concerned department of SEBI:

**Table 1**

| <b>Name of the Entity/<br/>Applicant</b> | <b>Date of Filing</b> | <b>Settlement<br/>Application No.</b> |
|------------------------------------------|-----------------------|---------------------------------------|
| Axis Securities Ltd.                     | July 23, 2024         | 7958/2024                             |

- 4. Pursuant to receipt of the Settlement Application, the Authorised Representative of the Applicant had a meeting with the Internal Committee of SEBI (hereinafter referred to as ‘**IC**’) on September 05, 2024, wherein the terms of settlement were deliberated. The IC considered the factors enumerated under Regulation 10 and Schedule II of the Settlement Regulations and permitted the Applicant to submit revised terms of settlement. Accordingly, the Applicant filed

Revised Settlement Terms (hereinafter referred to as “**RST**”) dated September 09, 2024 wherein the Applicant proposed the following:

*A. Monetary Terms:*

Payment of Settlement Amount of ₹14,62,500/- (Rupees Fourteen Lakh Sixty Two Thousand and Five Hundred Only)

5. The High Powered Advisory Committee (hereinafter referred to as ‘**HPAC**’) in its meeting held on September 30, 2024 considered the RST proposed by the Applicant and recommended the case for settlement. The recommendation of the HPAC was placed before the Panel of Whole Time Members of SEBI. In terms of Regulation 15 of the Settlement Regulations, the Panel of Whole Time Members of SEBI approved and accepted the recommendations of the HPAC on November 12, 2024 and the same was communicated to the Applicant vide email dated November 13, 2024.
6. Pursuant to the same, Applicant vide e-mail dated November 28, 2024 informed SEBI about the remittance of the settlement amount and the same was confirmed by the concerned department of SEBI.

**ORDER**

7. On the basis of the aforesaid facts, in exercise of the powers conferred under Section 15JB read with Section 19 of the SEBI Act, 1992 and in terms of Regulations 23 read with Regulation 28 of the Settlement Regulations, it is hereby ordered that the instant proceeding initiated against the Applicant vide Show Cause Notice dated June 04, 2024 is disposed of as per the following terms:
  - (i) SEBI shall not initiate any other enforcement action against the Applicant for the said violation; and
  - (ii) Passing of this Order is without prejudice to the right of SEBI to initiate any enforcement action against the Applicant, if:
    - (a) any representation made by the Applicant in the settlement proceedings is subsequently found to be untrue; or

- (b) the Applicant has breached any of the clauses/conditions of undertakings/ waivers filed during the current settlement proceedings; or
- (c) there was a discrepancy while arriving at the settlement terms.

8. This settlement order is passed on the 04th Day of December, 2024 and shall come into force with immediate effect.
9. In terms of Regulation 25 of the Settlement Regulations, copy of this order shall be served to the Applicant and also to SEBI.

**Place: Mumbai**  
**Date: December 04, 2024**

**G RAMAR**  
**CHIEF GENERAL MANAGER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**