WTM/AS/IVD-3/ID14/31131/2024-25

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

UNDER SECTION 11(1), 11(4), 11(4A) 11B(1), 11B(2) AND 11D OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992

In respect of –

S. No.	Name of the Entity	PAN
1.	Mr. Ashish Kirti Kothari	AMZPK9677J
2.	Mr. Amit Kirti Kothari	AAEPA2301C
3.	Mrs. Neha Ashish Kothari	AMZPK9675L
4.	Mrs. Hetal Amit Kothari	AMZPK9676K
5.	Ashish Kirti Kothari HUF	AAKHA2028N
6.	Mr. Krishna Tukaram Kadam	AZIPK9497J
7.	Mr. Nirav Mahendra Sapani	AAQPS8479K
8.	Mrs. Jugmi Sapani	AATPM7471L

(The above mentioned entities are hereinafter referred individually by their respective names /Noticee numbers and collectively as "Noticees")

In the matter of Front Running by Ashish Kirti Kothari and Others

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A. BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as **"SEBI"**) conducted an investigation in respect of the alleged front running of the trades of an entity named Gagandeep Consultancy Private Limited (hereinafter referred to as the **"Big Client/ BC/ Gagandeep"**) by certain entities. The focus of investigation was to ascertain the violation of provisions of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred as "**PFUTP Regulations"**) and Securities and Exchange Board of India Act, 1992 (hereinafter referred as **"SEBI Act"**) by the *Noticees*. The period of investigation was from September 1, 2018 to September 30, 2023 (hereinafter referred as **"Investigation Period/ IP"**).

2. The investigation conducted by SEBI, initially, focused on investigating the role of five suspected entities namely, Mr. Ashish Kirti Kothari, Mr. Amit Kirti Kothari, Ms. Neha Ashish Kothari, Ms. Hetal Amit Kothari and Ashish Kirti Kothari HUF (i.e., *Noticees No. 1 – 5 and also referred to as FRs No. 1 – 5/ "Kothari Group")* in the front running of the trades of the Big Client. During the course of investigation, it was learnt that the Big Client was placing its orders through the stock broker, Anvil Share & Stock Broking Private Limited (hereinafter referred to as the **"Anvil"**) and Mr. Nirav Mahendra Sapani *(Noticee no. 7),* working as a dealer at Anvil, was tasked with placing the orders for the Big Client. Additionally, role of one more suspected entity, namely, Mr. Krishna Tukaram Kadam (hereinafter referred to as **"Mr. Kadam"**) was noticed in relation to the alleged front running, and thus, the same was also investigated.

B. FACTS UNEARTHED DURING INVESTIGATION

3. During investigation, it was revealed that Mr. Anujkumar Anantrai Sheth (hereinafter referred to as **'Mr. Anuj'**), the promoter-director of Gagandeep, and Mr. Hem Prabhakar Thakore (hereinafter referred to as **'Mr. Thakore'**) were authorized to take trading decisions on behalf of the Big Client during the IP. The instructions for trades

of the Big Client were placed by Mr. Anuj and Mr. Thakore. The said trades were placed through following dealers of Anvil:

Table No.1 – Details of dealers

TM Code	Trading Member	Mode of Order placement	In case of CTCL orders	
			Dealer Name	**Dealer PAN**
10468	Anvil Share & Stock Broking Pvt. Ltd.	CTCL	Mr. Nirav Mahendra Sapani	AAQPS8479K
			Mr. Ketan Gangji Gala	AACPG2487P
			Mr. Himanshu Mahendra Gandhi	AEQPG3540K
			Mr. Vinay Prabhulal Trivedi	ABDPT8068M
			Mr. Ravi Motiram Advani	AEPPA3528L
			Mr. Jitendra Kanji Masani	AJXPM5484G

4. It was observed that, during the IP, out of the dealers mentioned above, only Mr. Nirav Mahendra Sapani (hereinafter referred to as **'Mr. Nirav'**) had calls with front runners through his personal mobile number. Accordingly, the matter was further examined and the following was observed:
   a) Mr. Nirav was a dealer with Anvil at its head office, i.e., Andheri, Mumbai, during the IP and orders of Gagandeep were primarily placed through him;
   b) Mr. Nirav is brother-in-law of Mr. Anuj as he is the brother of Mrs. Parul Sheth ('Mrs. Parul'), wife of Mr. Anuj;
   c) Mr. Nirav is also brother-in-law of Mr. Ashish Kirti Kothari as he is cousin brother of Mrs. Neha (wife of Mr. Ashish).
   d) Mr. Nirav and his wife Mrs. Jugmi Sapani (hereinafter referred to as **"Mrs. Jugmi"**) are also connected to Mr. Ashish, Mr. Amit, Ms. Neha and Mrs. Hetal on social media platform, Facebook.

5. As regards the front runners, it was gathered that Mr. Ashish (**'FR-1'**), Mr. Amit (**'FR-2'**), Mrs. Neha (**'FR-3'**), Mrs. Hetal (**'FR-4'**), Ashish HUF (**'FR-5'**) and Mr. Kadam (**'FR-6'**) (collectively referred to as the **"suspected entities/ Front Runners"**) are clients of the same trading member Arihant Capital Markets Limited (hereinafter referred to as **'Arihant'**). Further, *Noticees no. 1-3* are also Authorized Persons (APs) of Arihant and two Computer to Computer Link Terminals (**"CTCL Terminals"**) were

allotted to Mr. Ashish and Mr. Amit. Investigation revealed that the *Noticees no. 1-4* are relatives and belong to the same family, which was also admitted by them during their respective statement recording. The details are as under:

a) Mr. Ashish and Mr. Amit are brothers;

b) Mrs. Neha is wife of Mr. Ashish;

c) Mrs. Hetal is wife of Mr. Amit;

d) *Noticee no. 5,* Ashish Kirti Kothari HUF, is the HUF of which Mr. Ashish is the Karta. His wife Mrs. Neha and daughter Ms. Ashvi Kothari are the members of HUF;

e) All four individuals stay in the same residence and the registered address of the Ashish HUF is also the same, i.e., located in *Malad West, Mumbai, Maharashtra, 400064;*

f) Mr. Ashish, Mrs. Neha and Mr. Amit are jointly in business of share broking and are APs of Arihant. Although Mrs. Neha was registered as an AP, the business was being managed by Mr. Ashish and Mr. Amit. Their current official address is *Ronak Heights, Plot No 137, 6th Floor, 602, Road No. 9, Jawahar Nagar, Goregaon West, Mumbai – 400062;*

g) Bank and trading accounts of Mrs. Neha and Mrs. Hetal were being operated jointly by Ashish and Amit;

6. Additionally, Mr. Kadam has been working as a peon at the office of Mr. Ashish and Mr. Amit for more than 10 years, at an average salary of ₹10,000 per month. He resides in a room in '*Tulsa Bai Bhangare Chawl, Andheri East, Mumbai – 400093'.*

C. DETAILS OF FRONT RUNNING

7. The suspected entities (*FR-1-6*) front ran the trades of Gagandeep in equity and equity derivatives segment during the IP. Trades were executed by Mr. Ashish and Mr. Amit, on behalf of all the suspected entities, through CTCL terminals allotted to them as APs of Arihant. Front running instances were observed in Buy-Buy-Sell and Sell-Sell-Buy patterns.

Front running in equity segment

7.1. The suspected entities traded for 12,496 scrip days[1], and 455 commonly traded scrip days with the Big Client in equity segment during the IP. Out of 455 common instances, in 213 instances FRs had day-traded. Further, out of 213 common intra-day instances, in 158 instances FRs earned a profit of ₹24.21 lakhs accounting for 21.54% of total profit in equity segment.

7.2. Out of 158 common intra-day instances, where FRs earned profit, front running pattern was observed in 42 instances [constituting 1.76% of the total gross traded value ('GTV')] with a profit of ₹12.86 lakhs, which constituted 11.44% of total profit earned by the FRs in equity segment during the IP.

7.3. FRs' total GTV in equity segment in all the instances (12,496 scrip days) during the IP was ₹2492 crores, while for front running instances (42 scrip days), total GTV was ₹43.9 crores. FR's average GTV of all the instances was ₹19.94 lakhs, while, for front running instances, average GTV was ₹1.04 crores which is 5.24 times higher.

7.4. In 24 out of 42 front running instances, 40-100 percent of the trades of the front runners matched with the trades of the Big client.

Front running in equity derivatives segment

7.5. The suspected entities traded for 5,395 scrip days and have 1,284 commonly traded scrip days with Big Client in equity derivatives segment during the investigation period. Out of 1,284 common instances, in 1,164 instances FRs had day-traded. Further, out of 1,164 common intra-day instances, in 1,043

[1] A combination of a particular 'trade date/ day' and a particular 'scrip/ contract' traded during that date/ day is considered as one Scrip Day/ Contract Day. For instance, if a trader trades in 6 unique scrips/ contracts in a single day, he is considered to have traded in 6 Scrip/ Contract Days and if these trades were all intra-day trades, then these are considered as 6 intra-day scrip/ contract days

instances, FRs earned a profit of ₹5.07 crores accounting for 79.07% of total profit in equity derivatives segment.

7.6. Out of 1,043 common intra-day instances where FRs have earned a profit, front running pattern was observed in 930 instances (constituting 54.20% of the total gross traded value) with a profit of ₹4.69 crores, which constituted 73.20% of total profit earned by the FRs in equity derivatives segment during the IP.

7.7. FRs' total GTV in equity derivatives segment in all the instances (5,395 scrip days) during the IP was ₹8,658 crores, while for front running instances (930 scrip days), total GTV was ₹4,692 crores. FRs' average GTV of all the instances was ₹1.60 crores, while, for front running instances, average GTV was ₹5.04 crores which is 3.14 times higher. In 774 out of 930 front running instances, 40-100 percent of the trades of the front runners matched with the trades of the Big client.

8. Accordingly, the total profit made by the suspected entities by front running the trades of Big Client during the IP is as under:

Table No.2 – Profit generated in Equity and Derivatives segments

Particulars	Profit (₹)
Profit in equity segment	12,84,681
Profit in equity derivatives segment	4,69,78,988
Total	**4,82,63,670**

9. Further, a summary of profits made by suspected entities by front running the trades of the Big Client in comparison to the profits made across all the trades undertaken by them during the investigation period is as under:

Table No.3 – Summary of profit made by *Noticees*

S. No.	Name of Entity	Profit (in ₹ lakhs) in FR instances vis-à-vis total profit made during IP			Profit in FR instances as % of total profit made during IP		
		Equity	Derivatives	Total	Equity	Derivatives	Total
FR-1	Ashish	5.64	102.06	107.70	**15.79%**	**73.31%**	61.56%
		35.73	139.22	174.95			
FR-2	Amit	2.64	62.06	64.70	**8.62%**	**71.99%**	55.38%
		30.62	86.21	116.83			
FR-3	Neha	1.22	43.72	44.94	**4.39%**	**38.89%**	32.06%
		27.77	112.42	140.19			
FR-4	Hetal	3.33	95.99	99.32	**17.41%**	**84.05%**	74.49%
		19.13	114.20	133.33			
FR-5	Ashish (HUF)	-	24.79	24.79	**0.00%**	**68.41%**	67.51%
		0.48	36.24	36.72			
FR-6	Kadam	0.03	141.17	141.20	**-2.29%**	**91.96%**	92.77%
		-1.31	153.52	152.21			
Total		**12.86**	**469.79**	**482.65**	**11.44%**	**73.20%**	**63.99%**
		112.42	**641.81**	**754.23**			

10. Summary of front-running scrip days vis-à-vis total intra-day scrip days of the FRs during the investigation period is as under:

Table No.4 – Summary of Front running scrip days vis-à-vis total scrip days during IP

S. No.	Name of the Entity	Front running scrip days			Intra-day scrip days of the FRs during IP		
		Equity	Derivatives	Total	Equity	Derivatives	Total
FR-1	Ashish	14	222	236	998	919	1917
FR-2	Amit	9	143	152	1564	836	2400
FR-3	Neha	9	72	81	1175	473	1648
FR-4	Hetal	9	249	258	1099	740	1839
FR-5	Ashish HUF	0	62	62	9	147	156
FR-6	Kadam	1	182	183	54	342	396
Total		**42**	**930**	**972**	**4899**	**3457**	**8356**

11. From the above tables, it is observed that suspected entities have booked substantial profit in derivatives segment by front running the trades of Big Client. While front running instances/ trades contribute 26.90% of total intra-day instances/ trades undertaken by suspected entities in derivatives segment, profit through such front running instances was 73.20% of the total profit in the derivatives segment during the IP.

D. KNOW YOUR CUSTOMER/ UNIQUE CLIENT CODE PROFILE OF FRONT RUNNERS

12. The KYC/UCC documents of the suspected entities were analyzed, basis which, following is noted:

a) As per Mr. Kadam's KYC and account opening documents provided by Arihant, mobile number 70212****1 and email id a**mkothari@gmail.com are linked to his trading account opened on December 7, 2018. Both the mobile number and Email ID belong to Mr. Ashish. Bank accounts of Mr. Kadam were opened with Bank of Baroda ("BoB") and HDFC bank on August 26, 2020 and November 25, 2020, respectively, and were linked to his trading account with Arihant.

b) As per KYC and account opening documents of HDFC and BoB bank accounts belonging to Mr. Kadam, mobile number 70212****1 and 98198****9 and Email ID a**othari@gmail.com are linked to his bank accounts. The mobile number 70212****1, as noted above, belongs to Mr. Ashish and the mobile number 98198****9 belongs to Amit. Further, the email ID a**othari@gmail.com was being used by both Mr. Ashish and Mr. Amit.

c) Further, on analysis of KYC/ UCC details of FRs 1 to 5, it was observed that all the trading accounts in which front running activities were carried out are linked to mobile number and Email IDs of Mr. Ashish and/ or Mr. Amit. The details of the same are tabulated below:

Table No.5 – Email IDs and Mobile numbers associated with accounts of the Front Runners

S. No.	Name of the entity	Mobile Number	Email ID
FR-1	Ashish	981907****	a**othari@gmail.com

FR-2	Amit	981907****, 702122****, 981982****	a**othari@gmail.com, a*****.kothari@arihantcapital.com a**othari@anugrahsb.com
FR-3	Neha	981907****, 702122****, 982181****	a**othari@yahoo.com
FR-4	Hetal	992002****, 981907****	im*****kothari@gmail.com, a**othari@gmail.com
FR-5	Ashish (HUF)	981907****	a**othari@gmail.com

13. The above details show that Mr. Ashish and Mr. Amit were operating the trading/ demat and bank accounts of all the suspected entities/ front runners during the investigation period.

E. ANALYSIS OF BANK ACCOUNTS

14. On analyzing the bank statements of Mrs. Jugmi (wife of Mr. Nirav), it was observed that from June 2021, front runners, viz., Mr. Ashish, Mr. Amit and Mrs. Neha have been regularly transferring funds from their bank accounts to the HDFC bank account of Mrs. Jugmi (A/c No. 0084100006****). Summary of the funds transferred by the aforesaid entities to the bank account of Mrs. Jugmi is as under:

Table No.6 – Receipt of amount (in ₹) in the a/c of Mrs. Jugmi Sapani

Period	**Ashish**	**Amit**	**Neha**	**TOTAL**
FY 2021-22	6,88,900 (3 tranches)	7,78,250 (7 tranches)	8,08,500 (7 tranches)	22,75,650
FY 2022-23	1,59,190 (4 tranches)	3,80,235 (7 tranches)	3,80,235 (7 tranches)	9,19,660
FY 2023-24 (till Sept.)	1,51,933 (5 tranches)	0	0	1,51,933
Total	**10,00,023**	**11,58,485**	**11,88,735**	**33,47,243**

The transfer of funds to the bank account of Mrs. Jugmi discontinued in September 2023 pursuant to the initiation of investigation by SEBI.

15. Further, it is noted that funds amounting to ₹25,00,000 and ₹13,95,000 were transferred by Mr. Ashish and Mrs. Neha, respectively to the HDFC bank account of Mr. Nirav (A/c No. 0084100004****), vide transactions dated October 28, 2020 and October 29, 2020, respectively.

16. In addition to the funds received from Mr. Ashish and Mrs. Neha, Mr. Nirav had also received funds amounting to ₹1,36,75,000 during the period November 2020 to February 2022 in 18 tranches from the bank account of Mr. Kadam, who was a peon in the office of Mr. Ashish and Mr. Amit at a salary of around ₹10,000.

17. It is noted that BoB and HDFC bank accounts of Mr. Kadam were opened on August 26, 2020 and November 25, 2020, respectively and subsequently, linked with his trading account. On analyzing HDFC (A/c No. 5010038961****) and BoB bank accounts of Mr. Kadam (A/c No. 0816010003****) which were being handled by Mr. Ashish and Mr. Amit, it was observed that:

    a) ₹1,36,75,000 were transferred to Mr. Nirav between November 20, 2020 to February 15, 2022. The said amount was returned by Mr. Nirav in July 2024, in two tranches, after initiation of investigation against the *Noticees.*

    b) ₹13,45,000 were transferred to the bank account of Mr. Chandrapal N Kushwaha (hereinafter referred to as **'Mr. Kushwaha'**), the driver of Nirav Sapani between February 16, 2022 to December 1, 2023.

    c) ₹21,00,000 and ₹13,95,000 were received from bank accounts of Mr. Ashish and Mrs. Neha, respectively between March 19, 2021 to February 2, 2022.

    d) ₹25,00,000 and ₹13,95,000 were transferred to Mr. Ashish and Mrs. Neha, respectively between October 28, 2020 to November 24, 2020.

e) Cash amounting to ₹38,65,000 (approximately) was withdrawn from the account through ATM and self-cheque withdrawal between January 2021 to May 2024 as under:

Table No.7 – Details of money withdrawn

S. No.	Mode of Withdrawal	Size of 1 transaction	No. of Tranches	Total Amount (in ₹)	No. of Days
1	Self cheque	45,000	2	90,000	2
2	ATM	20,000	186	37,20,000	95
3	ATM	10,000	4	40,000	3
4	ATM	15,000	1	15,000	1
Total			**193**	**38,65,000**	**99***

Total number of unique days remain 99, as different category of transactions, were made on the same days twice.

18. In view of the above (i.e., transfer of funds to Mr. Nirav and mobile number/ email ID linked to the accounts belonging to Mr. Ashish/ Mr. Amit), it is noted that the HDFC and BoB bank accounts and the demat account of Mr. Kadam were opened and operated by Mr. Ashish and Mr. Amit to facilitate the sharing of unlawful gains with Mr. Nirav and others, via online and ATM transactions.

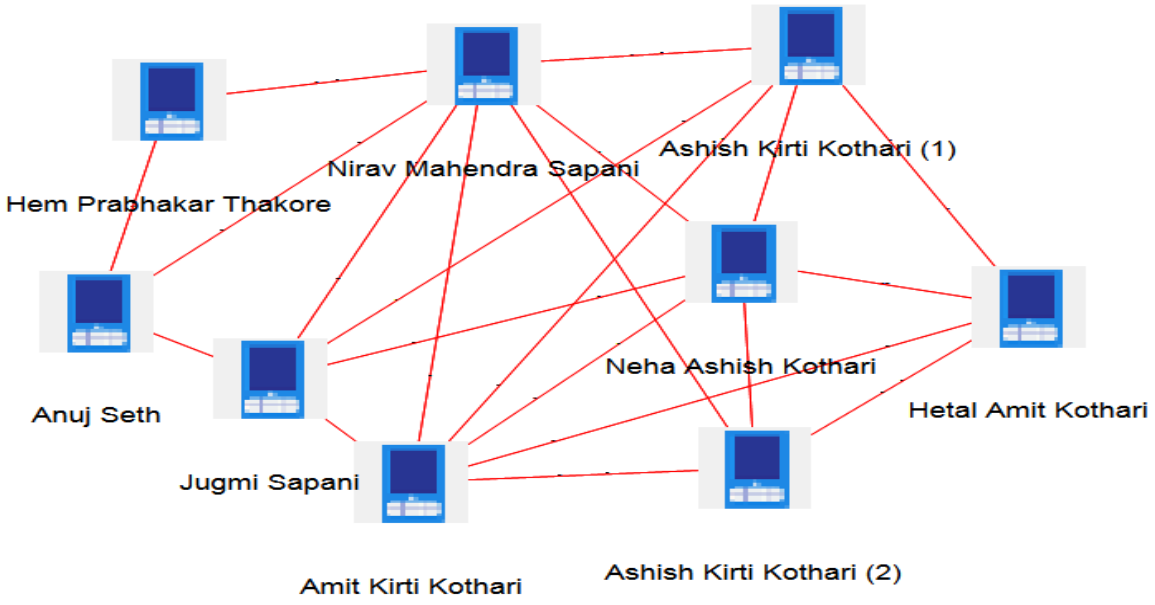
19. On analyzing HDFC (A/c No. 0321172000****) and BoB (A/c No. 0916010000****) bank accounts of Mr. Kushwaha (driver of Mr. Nirav), it was observed that the funds amounting to ₹13,45,000 (₹1,15,000 in BoB bank and ₹12,30,000 in HDFC bank), were received from the HDFC and BoB bank accounts of Mr. Kadam, which were operated by Mr. Ashish and Mr. Amit. The said funds were withdrawn from the account of Mr. Kushwaha in cash through self cheque or ATM transactions within few days of the receipt of those funds. The aforesaid bank transactions show that the FRs and Mr. Nirav (dealer of Gagandeep) were connected with each other. In addition to the family relationship, financial/ business relationship also existed among them during the IP.

20. Apart from the above, it was found that Mr. Kadam has a salary account in State Bank of India (A/c No. 0084100004****) which was linked to his trading account initially (till July 2019) and profits to the tune of approximately ₹7,00,000/- from trading were received from Arihant (broker of Mr. Kadam) into this account.

F. COMMUNICATION OF MATERIAL NON PUBLIC INFORMATION ("MNPI")[2]

21. During the course of investigation, it was observed that orders of the Big Client were usually being placed through Mr. Nirav. In order to establish the communication of MNPI, i.e., the impending information about the orders which were being placed by the Big Client, from Mr. Nirav to Mr. Ashish and Mr. Amit, *inter alia*, the call data records (CDRs) were analyzed. Upon analysis of the available CDRs for the period April 1, 2022 to September 30, 2023, it was observed that there were many direct calls through personal mobile numbers, between the dealer of Anvil, i.e., Mr. Nirav, his wife, i.e., Mrs. Jugmi and *FRs 1-4*. A diagrammatic presentation of the calls executed between the entities is presented hereunder:

Figure 1: Calls executed between the entities



[2] Although material non-public information or MNPI is not defined under the SEBI Act or the Regulations made thereunder, in the context of front running, it refers to any information that is not available to the public and could impact the price of a company's securities or influence an investor's decision to buy, sell, or hold those securities.

22. The summary of the calls made from mobile numbers between the Kothari Group, Mr. Nirav, Mrs. Jugmi and Mr. Anuj is provided below:

Table No.8 – Summary of calls between Kothari group and other entities

Category	Number & Name	Front Runners			Dealer & his wife		Big Client
		Ashish Kothari	Amit Kothari	Neha Kothari	Nirav Sapani	Jugmi Sapani	Anuj Seth (Gagandeep)
Front Runners	981907**** Ashish Kothari				14	5	-
	702122**** Ashish Kothari				2	-	-
	981982**** Amit Kothari				5	4	-
	982181**** Neha Kothari				3	6	-
	992002**** Hetal Kothari				-	-	-
Sub-Total					**24**	**15**	**0**
Dealer & his wife	982103**** Nirav Sapani	16	5	3			18
	932222**** Jugmi Sapani	5	4	6			18
Sub-Total		**21**	**9**	**9**			**36**

23. Further, CDRs of other dealers of Anvil were also analyzed in order to examine the possibility of communication of MNPI to Kothari group from other dealers. It was observed that no other dealer had any calls with any of the FRs. Further, no calls were found between the front runners and Mr. Anuj and therefore, it was deduced that MNPI was communicated by Mr. Nirav to Mr. Ashish and Mr. Amit.

24. On further analysis, it was noted that various calls were made by Mr. Ashish and Mr. Amit via mobile to certain landline numbers. On analysis of the said calls, it was noted that the said landline numbers belonged to the dealers working in the office of Anvil. Summary of the calls executed between Mr. Ashish and Mr. Amit with the said landline numbers during the period April 1, 2022 to September 30, 2023 (largely during market hours) is as under:

Table No.9 - Summary of calls executed between Mr. Ashish/ Mr. Amit and Mr. Nirav

Landline Numbers	FR1 Mobile No. 9819071***			FR2 Mobile No. 9819826***			Total
	Call_Out	Call_In	Total	Call_Out	Call_In	Total	
2267777843	17		17	7		7	**24**
2267777846	23	2	25				**25**
2267777871	1		1				**1**
2267777907	1		1				**1**
2267777909	1		1	1		1	**2**
2267777920	33	1	34	6		6	**40**
2267777924	4		4	2		2	**6**
2267777926	**171**	3	174	**51**	1	51	**226**
2267777927	**474**	11	485	**107**	3	107	**595**
2267777936	2		2				**2**
Total	**727**	**17**	**744**	**174**	**4**	**174**	**922**

25. As per the confirmation received from Anvil, during the course of investigation, the members of the Kothari Group were not clients of Anvil and thus, it appeared that the said calls were made between Mr. Ashish / Mr. Amit and Mr. Nirav, during market hours, to transmit MNPI and front run the trades of the Big Client.

26. On seeking confirmation from Anvil about the users of these landline numbers, it was informed by Anvil, that two landline numbers viz. 2267777926 and 2267777927 were assigned to Mr. Nirav (who is related with the suspected entities) and were placed inside the dealing room. Out of total 922 calls between FRs and landline numbers of Anvil, 901 calls were outgoing calls initiated from the office of Anvil and just 21 calls were incoming calls, received by Mr. Nirav on Anvil's office landline. In general practice, a dealer's role is to receive calls and execute orders based on client instructions received over the call. On the contrary, calls were being made from the landline numbers at Anvil's office to the FRs without having any client-dealer relationship mostly during market hours.

27. Notably, out of total 922 calls, about 821 calls (89%) were made to Mr. Ashish and Mr. Amit directly from the two landline numbers assigned to Mr. Nirav. Further, remaining 101 calls were made from other landline numbers belonging to general '*Dealing Landline Numbers*' at Anvil's office. Considering that Kothari Group members were not clients of Anvil and only Mr. Nirav was related to Mr. Ashish and Mr. Amit and 89% of total identified calls were made by him to Mr. Ashish and Mr. Amit using the landline numbers of Anvil, there is a strong likelihood that the remaining 101 calls were also made by Mr. Nirav through other office landline numbers.

28. Further, all the 922 calls were made on working days and most of the calls were made during trading hours. The first landline call, which was identified in the period for which CDR was obtained (April 1, 2022 to September 30, 2023), was made by Mr. Nirav on December 5, 2022.

29. Between December 2022 to September 2023, following pattern was observed in the calls made between Mr. Nirav and Mr. Ashish / Mr. Amit:

Table No.10 -Pattern of calls made between Mr. Ashish/ Mr. Amit and Mr. Nirav

Period	Call timings	Count of Calls	count of unique days
Dec 2022 to April 2023	During Market Hours	35	13
	Post Market Hours	3	3
May 2023 to Sept 2023	During Market Hours	787	98
	Post Market Hours	21	13
	Pre-Market Open Session	76	63
Unique Total		**922**	**113***

** Calls were made during Pre, Post and during market hours on certain common days.*

30. I note from the above that Mr. Nirav was regularly communicating with Mr. Ashish and Mr. Amit during market hours using the landline numbers at Anvil.

31. In addition to above, call recordings of the dealing room were analyzed for the relevant period. On analyzing the dealing room call recordings provided by Anvil, it

was observed that calls between Mr. Nirav and Mr. Ashish/ Amit were generally taking place in Gujarati. Further, it was gathered from the calls that they were in continuous communication and just using few words for providing/ receiving instructions about the orders to be placed by FRs in close proximity with Big Client. Detailed analysis of the said recordings vis-à-vis the front running instances has been discussed in subsequent paragraphs.

Analysis of FR instances vis-à-vis landline calls

32. Following pattern was observed across all the front running instances identified during the period April, 2023 to September, 2023 vis-à-vis, landline calls made by Mr. Nirav on those days:

Table No.11 – Pattern of front running instances vis-à-vis calls

Timing of calls	No. of FR instances	Count of calls
During the day of FR instance	54	403
1 day before FR instance	1	9
Total	**55**	**412**

33. Notably, across all the 55 FR instances, calls were made from office landlines assigned to Mr. Nirav to the front runners, namely, Mr. Ashish and/ or Mr. Amit, before as well as after Big Client's orders.

34. It is evident from the above instances that Mr. Nirav was calling Mr. Ashish and/ or Mr. Amit via landline calls, mostly during market hours, enabling them in front running the trades of Big Client by passing on the information about impending orders.

35. On carrying out location analysis based on CDRs of Mr. Nirav's mobile number (982103****) for the period April 1, 2022 to September 30, 2023, it was observed that Mr. Nirav was using his mobile to make, as well as, receive calls during office hours from the location (viz. Sahara Road, Andheri East, Mumbai) of his office. Accordingly, Mr. Nirav had continuous access to his phone during office hours, enabling him to

maintain constant communication with Mr. Ashish and Mr. Amit via both mobile and office landlines.

Analysis of CDR Vis-a-Vis Front Running Instances and Transcripts of the Calls

36. To further corroborate that the landline calls were made by Mr. Nirav to Mr. Ashish/ Mr. Amit to transmit MNPI about impending orders of Big Client, CDRs (along with call duration) were mapped with trades of the Big Client and Front Runners, taking into consideration time of placement of such orders. In view of the above, analysis of few front running instances is discussed below:

36.1. **Scrip: INDIACEM (EQ) - Trade Date- 06-Sept-2023**

Front Runner -AMZPK9677J -KOTHARI ASHISH K					**Big Client**			
	Total Sell Qty	Avg Sell Price (₹)	Turnover (₹)					
	30000	252.16	7564822.20					
	Sell Order Time (range)	Sell Order Price (₹)	Sell Trade Time (range)	Sell Trade Price (₹)*				
From	11:51:53	252.00	11:51:53	252.75				
To	11:51:53	252.00	11:51:53	252.00				
	Total Buy Qty	Avg Buy Price (₹)	Turnover (₹)	Matched Qty Big Client	Total Sell Qty	Avg Sell Price(₹)	Turnover (₹)	
	30000	250.70	7521000	24000	300000	250.87	75261236.4	
	Buy Order Time (range)	Buy Order Price (₹)	Buy Trade Time (range)	Buy Trade Price (₹)*	Sell Order Time (range)	Sell Order Price (₹)	Sell Trade Time (range)	Sell Trade Price (₹)*
From	11:52:04	250.70	11:53:00	250.7	11:48:48	253.00	11:49:08	253.00
To	11:52:04	250.70	11:53:00	250.7	11:59:14	250.50	11:59:58	250.50

*The buy/ sell trade prices mentioned in the above and subsequent samples are the prices at which the first and last trades were executed by the entities.

Front Runner - AMZPK9676K -KOTHARI HETAL A					Big Client			
	Total Sell Qty	Avg Sell Price (₹)	Turnover (₹)					
	30000	251.51	7545318.80					
	Sell Order Time (range)	Sell Order Price (₹)	Sell Trade Time (range)	Sell Trade Price (₹)				
From	11:52:10	251.00	11:52:10	251.51				
To	11:52:10	251.00	11:52:10	251.51				
	Total Buy Qty	Avg Buy Price (₹)	Turnover (₹)	Matched Qty Big Client	Total Sell Qty	Avg Sell Price(₹)	Turnover (₹)	
	30000	251.00	7530000	24954	300000	250.87	75261236.4	
	Buy Order Time (range)	Buy Order Price (₹)	Buy Trade Time (range)	Buy Trade Price (₹)	Sell Order Time (range)	Sell Order Price (₹)	Sell Trade Time (range)	Sell Trade Price (₹)
From	11:52:18	251.00	11:53:00	251.00	11:48:48	253.00	11:49:08	253.00
To	11:52:18	251.00	11:53:00	251.00	11:59:14	250.50	11:59:58	250.50

36.2. On 06-Sept-23, Mr. Ashish received a call at **11:51:31** for a duration of **32 secs** from landline number of Mr. Nirav. The transcript of the call is as under:

"Nirav: hello, (Hello)

Ashish: bol bol (Tell Tell)

*Nirav – India Cement cash ma aapi (*Sell Indian Cements in cash segment)

Ashish: Cash ma cash ma (In cash segment)

Nirav: hello (Hello)

Ashish: Su karvanu che? (What needs to be done?)

Nirav: 30 vecho ne 52 ma (Sell 30 at 52)

Ashish: 30,000 vechu 52 ma, Gaya gaya (Selling 30,000 in 52, Sold)

Nirav: ane 50.70" (And 50.70)

36.3. From the above transcript, it is noted that Mr. Nirav called Mr. Ashish and instructed him to short sell 30,000 units of '*India Cements*' in cash segment at a price of 52. During the ongoing call, sell (short selling) order (1st leg of front run trade) was placed in '*INDIACEM (EQ)'* in the trading account of Mr. Ashish at **11:51:53,** for 30,000 shares at limit price of ₹252.00. As instructed by Mr. Nirav, 2nd leg of the order (buy side) was placed in the account of Mr. Ashish before cutting the call at **11:52:04** at limit price of ₹250.70. Before calling Mr. Ashish, Mr. Nirav had started placing sell orders for 3,00,000 shares beginning from **11:48:48 till 11:59:14** in same scrip in equity segment on behalf of the Big Client, ensuring matching of buy order of Mr. Ashish **(80% of Mr. Ashish and 83% of Mrs. Hetal)** with the sell order of the Big Client at **11:53:00**.

36.4. In order to maximize the profit, Mr. Ashish, immediately after the call, placed another sell (short selling) order (1st leg of front run trade) in '*INDIACEM (EQ)'* in the trading account of Mrs. Hetal at **11:52:10,** for 30,000 shares at limit price of ₹251.00. The sell order immediately got executed at 11:52:10 at ₹251.51. Mr. Ashish placed the 2nd leg of order (buy side) in the account of Mrs. Hetal at 11:52:18 at limit price of ₹251 which got matched with the sell order of the Big Client at **11:53:00**.

36.5. Above trades by Mr. Ashish, in connivance with Mr. Nirav, resulted in profit of ₹59,318 in both the trading accounts. Above trades and calls between Mr. Ashish and Mr. Nirav irrefutably reveal that Mr. Ashish placed order for 2nd leg (buy) of the trade at a limit price, which was informed to him by Mr. Nirav in advance, and the price eventually matched with the sell order price of the Big Client. It may be noted that there was no other trade by any of the FRs in same scrip in equity segment during that day.

36.6. Scrip: ICICIBANK FF-0-28-09-2023 Trade Date- 06-Sep-2023

Front Runner -AMZPK9676K -KOTHARI HETAL A					Big Client			
	Total Sell Qty	Avg Sell Price (₹)	Turnover (₹)					
	14000	966.03	13524350.00					
	Sell Order Time (range)	Sell Order Price (₹)	Sell Trade Time (range)	Sell Trade Price (₹)				
From	11:20:01	966.00	11:20:01	966.15				
To	11:20:01	966.00	11:20:01	966.00				
	Total Buy Qty	Avg Buy Price (₹)	Turnover (₹)	Matched Qty Big Client	Total Sell Qty	Avg Sell Price (₹)	Turnover (₹)	
	14000	965.09	13511260	14000	700700	965.02	676186630	
	Buy Order Time(range)	Buy Order Price (₹)	Buy Trade Time(range)	Buy Trade Price (₹)	Sell Order Time (range)	Sell Order Price (₹)	Sell Trade Time (range)	Sell Trade Price (₹)
From	11:20:25	965.05	11:21:34	965.05	11:21:33	965.00	11:21:33	966.50
To	11:20:25	965.05	11:27:23	965.1	11:55:34	964.00	11:55:34	964.00

Front Runner -AMZPK9677J -KOTHARI ASHISH K					Big Client			
	Total Sell Qty	Avg Sell Price (₹)	Turnover (₹)					
	14000	966.01	13524140					
	Sell Order Time (range)	Sell Order Price (₹)	Sell Trade Time (range)	Sell Trade Price (₹)				
From	11:20:10	966.00	11:20:10	966.10				
To	11:20:10	966.00	11:20:10	966.00				
	Total Buy Qty	Avg Buy Price (₹)	Turnover (₹)	Matched Qty Big Client	Total Sell Qty	Avg Sell Price (₹)	Turnover (₹)	
	14000	965.10	13511400	14000	700700	965.02	676186630	
	Buy Order Time (range)	Buy Order Price (₹)	Buy Trade Time (range)	Buy Trade Price (₹)	Sell Order Time (range)	Sell Order Price (₹)	Sell Trade Time (range)	Sell Trade Price (₹)
From	11:20:29	965.05	11:27:23	965.1	11:21:33	965.00	11:21:33	966.50
To	11:20:29	965.05	11:27:23	965.1	11:55:34	964.00	11:55:34	964.00

36.7. On 06-Sep-23, Mr. Ashish received a call at **11:19:35** for a duration of 46 secs from the landline number of Mr. Nirav**.** The transcript of the call is as under:

"Ashish: hello (Hello)

Nirav: aapde, ICICI, Hello (ICICI, hello)

Ashish: ha ek minute, ha bol (Wait a minute, now say)

Nirav: 42 vechavana 66.20, hello? (Sell 42 at 66.20, hello?)

Ashish: Haa, 14 gaya che, bija 14 karu chu chalo, 66 ma nakhu ke? (Ok. 14 sold. Selling another 14. Shall I place it at 66?)

Nirav: ha rakho 66 ma (Yes, Sell it at 66)

Ashish: bija 14 gaya, total … (14 sold. Total….)

Nirav: ha 65.05 (Yes 65.05)

Ashish: 65.05 ok" (65.05 ok)

36.8. From the above transcript, it is noted that Mr. Nirav called Mr. Ashish and instructed him to short sell 42,000 units of '*ICICI Bank'* at a price of ₹66.20. During the ongoing call, two front run sell orders (1st leg of trade) were placed in '*ICICIBANK (FF) with expiry as on 28.09.2023'* in the trading account of Mrs. Hetal and Mr. Ashish at **11:20:01** and **11:20:10,** respectively, for total 28,000 shares at a limit price of ₹966.00. As instructed by Mr. Nirav, buy orders (2nd leg of trade) were placed by Mr. Ashish at **11:20:25** and **11:20:29** in his own trading account and the trading account of Mrs. Hetal, respectively, immediately after the call from Nirav at instructed limit price of ₹965.05.

36.9. Thereafter, Mr. Nirav started placing sell orders for 7,00,700 shares beginning from **11:21:33** till **11:55:34** in the same scrip with the same expiry in trading account of the Big Client. During the same time when 2nd leg (sell) of FRs' limit orders were open in market, Mr. Nirav called Mr. Ashish at **11:22:46** for **45 secs, at 11:24:54** for **16 secs** and **at 11:26:35** for **16 secs** to discuss and possibly modify the price so that orders could be matched. This arrangement resulted in matching of entire volume of sell orders by Mr. Ashish (100% for both Mr. Ashish and Mrs. Hetal) with buy orders of the Big Client. Above limit orders, and their modification by Mr. Ashish, in connivance with Mr. Nirav, resulted in profit of ₹25,830 (in both the FR

accounts). It may be noted that there were no other trades by any of the FRs in any future contract on that day.

36.10. **Scrip: HINDALCO FF-0-31-08-2023 Trade Date- 28-Jul-2023**

Front Runner -AMZPK9676K -KOTHARI HETAL A					Big Client			
	Total Sell Qty	Avg Sell Price (₹)	Turnover (₹)					
	30800	446.19	13742750.00					
	Sell Order Time (range)	Sell Order Price (₹)	Sell Trade Time (range)	Sell Trade Price (₹)				
From	11:41:41	447.50	11:43:50	447.00				
To	12:16:59	446.25	12:16:59	446.25				
	Total Buy Qty	Avg Buy Price (₹)	Turnover (₹)	Matched Qty Big Client	Total Sell Qty	Avg Sell Price(₹)	Turnover (₹)	
	30800	444.96	13704740	21000	700000	445.18	311627120	
	Buy Order Time (range)	Buy Order Price (₹)	Buy Trade Time (range)	Buy Trade Price (₹)	Sell Order Time (range)	Sell Order Price (₹)	Sell Trade Time (range)	Sell Trade Price (₹)
From	11:44:48	445.90	11:45:39	445.9	11:44:37	446.50	11:44:37	446.75
To	12:17:14	445.00	12:18:01	445	12:20:53	444.00	12:20:53	444.00

36.11. On 28-Jul-23, Mr. Amit (FR-2) received a call at **11:41:26** for a duration of 46 seconds from the landline number of Mr. Nirav. The transcript of the call is as under:

"Amit: Ha bol (Yes, tell)

Nirav: Hindalco (Hindalco)

Amit: bol bol (Tell tell)

Nirav: Hindalco (Hindalco)

Amit: Hindalco (Hindalco)

Nirav: 47.50 ma 28000 vechana (sell 28000 at 47.50)

Amit: 47.50 ma 28000 vechana (sell 28000 at 47.50)

Nirav: ane levana 46.25 (And buy at 46.25)

Amit: 47 no bhav thayi gayo (Price changed to 47)

Nirav: 47 ma vecho (Sell at 47)

Amit: ubho re nakhu chu ho 47 ma. Bhav nathi pan nakhu chu. Nakhya. (Wait, placing at 47. Price has not reached there yet I am placing it. Placed.)
Nirav: ane Levana hata 45.90 (And buy at 45.90)
Amit: 45.90 jay to ne? 28000 karya che, vadhare karu? (First let the price reach 45.90. 28000 done. Should I do more?)
Nirav: ok" (Ok)

36.12. From the above transcript, it is understood that Mr. Nirav called Mr. Amit and instructed him to sell 28,000 units of '*Hindalco'* at a price of ₹47.50. During the ongoing call at **11:41:41**, Mr. Amit started placing sell orders (1st leg of trade) in '*HINDALCO (FF) with expiry as on 31.08.2023*' from the trading account of Mrs. Hetal for 30,800 shares starting from limit price of ₹447.50. During the call, Mr. Amit told Mr. Nirav that the price has been changed to ₹47 and thereafter, Mr. Nirav instructed Mr. Amit to sell at ₹47. It is observed from the above table, that the sell order stated executing from **11:43:50** at price of ₹447.00. Further, as instructed by Mr. Nirav over the call, Mr. Amit started placing buy orders (2nd leg of trade) at **11:44:48** at instructed limit price of ₹445.90.

36.13. Around the same time, Mr. Nirav started placing sell order for 7,00,000 shares at **11:44:37** in the same scrip with the same expiry in trading account of the Big Client. Thereafter, Mr. Nirav again called Mr. Amit from his landline at **11:48:20** for **9 secs**, to discuss and modify the price so that trades could be matched. The transcript of the call is as under:

"Amit: ha 9000 j aavya che ho (Have received 9000)
Nirav: ha to remove kar natho ne 45 (Then remove it and place it at 45)
Amit: Ha" (Ok)

36.14. It is understood from the above transcript that Mr. Nirav instructed Mr. Amit to settle the transaction by buying the remaining quantities at a price of 45. This arrangement resulted in matching buy orders (68%) of Mrs. Hetal with the sell orders of the Big Client. Aforesaid modus operandi of placing limit orders and their subsequent modifications by Mr. Amit in connivance with Mr. Nirav resulted in profit

of ₹38,010 in the account of Mrs. Hetal. It is also noted that there is no other trade by any of the FRs in the same contract during that day.

36.15. Scrip: AXISBANK (FF-Expiry 29-Oct-20) Trade Date- 07-Oct-2020

	Front Runner				Big Client			
	Total Buy Qty	Avg Buy Price (₹)	Turnover (₹)		Total Buy Qty	Avg Buy Price (₹)	Turnover (₹)	
	181200	455.08	82460580		500400	456.29	228326160	
	Buy Order Time (range)	Buy Order Price (₹)	Buy Trade Time (range)	Buy Trade Price (₹)	Buy Order Time (range)	Buy Order Price (₹)	Buy Trade Time (range)	Buy Trade Price (₹)
From	10:13:43	455.00	10:13:44	455	10:14:15	456.00	10:14:15	455.50
To	10:17:15	455.50	10:17:18	455.5	10:15:12	456.30	10:15:51	456.30
	Total Sell Qty	Avg Sell Price (₹)	Turnover (₹)	Matched Qty Big Client				
	181200	456.13	82651620	157200				
	Sell Order Time (range)	Sell Order Price (₹)	Sell Trade Time (range)	Sell Trade Price (₹)				
From	10:14:13	456.20	10:14:15	456.10				
To	10:18:38	455.50	10:18:39	455.50				

It is observed from the above that buy trades were executed from the trading account of Mr. Kadam for 1,81,200 shares between **10:13:44** and **10:17:18**. The buy start price was ₹455 and buy end price was ₹455.5 for the orders placed through the account of Mr. Kadam. The buy trade for 5,00,400 shares of the Big Client were executed between **10:14:15** and **10:15:51**. The buy start price was ₹455.5 and end price was ₹456.3 for the orders placed by the Big Client. Limit orders (sell) were accordingly placed in the account of Mr. Kadam at **10:14:13**, i.e., just before the first tranche of the order of the Big Client at **10:14:15**. Pursuant to the placement of buy orders by Big Client, sell trades placed through the account of Mr. Kadam got executed between **10:14:15** and **10:18:39**. The sell trades placed through the account of Mr. Kadam were executed between ₹456.1 and 455.5. Out of 1,81,200 shares, 1,57,200 shares **(86.75%)** in the sell order placed

by Mr. Kadam matched with the Big Client. The above trades resulted in a profit of **₹1,91,039.88**.

36.16. Scrip: DLF (FF-Expiry 29-Oct-20) Trade Date- 16-Oct-2020

Front Runner					Big Client			
	Total Buy Qty	Avg Buy Price (₹)	Turnover (₹)		Total Buy Qty	Avg Buy Price (₹)	Turnover (₹)	
	198000	163.09	32292480		1003200	164.22	164745075	
	Buy Order Time (range)	Buy Order Price (₹)	Buy Trade Time (range)	Buy Trade Price (₹)	Buy Order Time (range)	Buy Order Price (₹)	Buy Trade Time (range)	Buy Trade Price (₹)
From	15:23:18	163.00	15:23:18	162.6	15:23:46	165.00	15:23:46	163.30
To	15:23:27	163.00	15:23:35	163.5	15:24:34	166.00	15:24:34	165.00
	Total Sell Qty	Avg Sell Price (₹)	Turnover (₹)	Matched Qty Big Client				
	198000	164.40	32551200	198000				
	Sell Order Time (range)	Sell Order Price (₹)	Sell Trade Time (range)	Sell Trade Price (₹)				
From	15:23:41	164.40	15:23:54	164.40				
To	15:23:44	164.40	15:23:59	164.40				

It is observed from the above that buy trades were executed from the trading account of Mr. Kadam for 1,98,000 shares between **15:23:18** and **15:23:35**. The buy start price was ₹162.6 and buy end price was ₹163.5 for the buy orders placed in the account of Mr. Kadam. The buy trade for 10,03,200 shares placed by the Big Client got executed between **15:23:46** and **15:24:34**. The buy start price was ₹163.3 and end price was ₹165 for the buy order placed by the Big Client. Limit orders (sell) were placed from the account of Mr. Kadam at **15:23:41**, i.e., just before the first tranche of the order, placed for the Big Client at **15:23:46**. Pursuant to the placement of buy orders by Big Client, sell trades placed in the account of Mr. Kadam got executed between **15:23:54** and **15:23:59**. The sell trades placed in the account of Mr. Kadam were executed at ₹164.4. All the sell orders placed through the account of Mr. Kadam got matched with the buy order of the Big Client, i.e., there was a 100% match. The above trades resulted in a profit of **₹2,58,720.07**.

36.17. Scrip: HDFCBANK – Date - 20-Sep-2019

Front Runner -AMZPK9676K -KOTHARI HETAL A					Big Client			
	Total Buy Qty	Avg Buy Price (INR)	Turnover (INR)					
	165500	1147.93	189982450					
	Buy Order Time(range)	Buy Order Price (INR)	Buy Trade Time(range)	Buy Trade Price (INR)				
From	10:50:20	1140.00	10:50:20	1138.85				
To	11:10:06	1163.00	11:10:06	1162.8				
	Total Sell Qty	Avg Sell Price (INR)	Turnover (INR)	Matched Qty Big Client	Total Buy Qty	Avg Buy Price(INR)	Turnover (INR)	
	165500	1151.18	190520500	92500	2070000	1158.64	2398389825	
	Sell Order Time(range)	Sell Order Price (INR)	Sell Trade Time(range)	Sell Trade Price (INR)	Buy Order Time(range)	Buy Order Price (INR)	Buy Trade Time(range)	Buy Trade Price (INR)
From	10:50:40	1143.50	10:50:57	1143.00	10:50:31	1145.00	10:50:31	1138.40
To	11:09:58	1162.00	11:10:02	1162.00	14:02:31	1188.00	14:02:44	1189.00

It is observed from the above that buy trades were executed from the trading account of Mrs. Hetal for 1,65,500 shares between **10:50:20** and **11:10:06**. The buy start price was ₹1138.85 and buy end price was ₹1162.8 for the orders placed in the account of Mrs. Hetal. The buy trade of 20,70,000 shares for the Big Client were executed between **10:50:31** and **14:02:44**. The buy start price was ₹1138.4 and end price was ₹1189 for the buy order placed by the Big Client. Limit orders (sell) were placed from the account of Mrs. Hetal at **10:50:40**, i.e., within few seconds of the first tranche of the order, placed for the Big Client at **10:50:31.** Pursuant to the buy order of the Big Client, sell trades placed in the account of Mrs. Hetal got executed between **10:50:57** and **11:10:02**. The sell trades were executed at price ranging from ₹1143 to ₹1162. Out of 1,65,500 shares, 92,500 shares **(55.89%)** in the sell order matched with the Big Client. The above trades resulted in a positive square off difference of ₹5,38,050.10.

37. Based on above instances, it is inferred that the Big Client used to provide instructions for placing orders to Mr. Nirav. Thereafter, Mr. Nirav used to call Mr. Ashish and/ or Mr. Amit through landline phones placed in the dealing room. Over the calls, Mr. Nirav used to provide the information about the scrip (or its derivatives), quantity, 1st leg order price and 2nd leg order price. Based on the information, Mr. Ashish and Mr. Amit used to place limit orders for both 1st and 2nd legs of the FRs' trades. This placing of limit orders for both legs of trades, in addition to the dealing room call recordings, further strengthens the finding that Mr. Ashish and Mr. Amit, in connivance with Mr. Nirav, were aware of the MNPI regarding impending orders of the Big Client. In close proximity with the orders of Mr. Amit and Mr. Ashish, Mr. Nirav used to place the orders of the Big Client in substantial quantities. Thus, Mr. Ashish and Mr. Amit in conjunction with Mr. Nirav used to book unlawful gains in the trading accounts of all the FRs.

G. ROLE OF MR. KADAM

38. As has already been mentioned, the trading and bank accounts of Mr. Kadam, (peon at the office of Mr. Ashish and Mr. Amit) were opened / operated by Mr. Ashish and Mr. Amit. In this connection, statement of Mr. Kadam was recorded on August 21, 2024 in the office of Mr. Ashish and Mr. Amit. During the statement recording, Mr. Kadam stated that he is a Peon at the office of Mr. Ashish and Mr. Amit with a salary of ₹10,000 and lives in a chawl at Andheri East, Mumbai and that he has never traded in securities market and does not have any knowledge about securities market.

39. It was observed that during the IP, net profit of ₹1.52 crores was booked in his trading account with Arihant. Out of the total profit, ₹1.41 crores (92.75% of total profit) was made in the derivatives segment by front running the trades of Gagandeep. Entire profit was transferred by Arihant into bank accounts of Mr. Kadam. Mr. Kadam, in his statement, stated that he is not aware about any such transaction or profit in his trading account or bank accounts and that Mr. Amit and Mr. Ashish control and operate his bank accounts. On seeking confirmation from Arihant about Mr. Kadam's

trading account, it was found that Mr. Ashish is authorized to place trades on Mr. Kadam's behalf and all the orders were placed by him.

40. Out of the profit amounting to ₹1.52 crores made by Mr. Ashish and Mr. Amit in the account of Mr. Kadam, ₹1.36 crores were transferred to Mr. Nirav and ₹0.13 crores to Mr. Kushwaha (Mr. Nirav's driver). Thus, ₹1.50 crores (98.68% of total profit) were transferred to Mr. Nirav as profit sharing for front running transactions undertaken by Mr. Amit/ Mr. Ashish into all the FRs' accounts in lieu of the information about impending orders of the Big Client - Gagandeep. Accordingly, it is evident that Mr. Ashish and Mr. Amit were operating the bank and demat account of Mr. Kadam to front run the trades of the Big Client, and the trading done using the account of Mr. Kadam and the profits earned therefrom are entirely attributable to the acts of Mr. Ashish and Mr. Amit.

41. Further, as regards the salary account of Mr. Kadam with SBI, I note that although the said account was used for receiving unlawful gains for initial period (till July 2019), as on January 16, 2025, the said account only has a meagre sum of ₹21,361. Additionally, as discussed in the preceding paragraphs, Mr. Kadam was a peon in the office of Mr. Ashish and Mr. Amit, earning a modest salary, and his accounts were being used/ operated by Mr. Ashish and/ or Mr. Amit for front running the trades of the Big Client.

H. PARTICULARS OF THE PROFITS EARNED BY THE NOTICEES

42. To recapture the particulars, in the equity segment, there were 42 instances of front running (amounting to 1.76% of the total gross trade value during the IP) by all the suspected entities, resulting in a net profit of ₹12.86 lakhs, which represents 11.44% of the total profit in that segment made by these entities during the IP. As noted above, in these FR instances, the average GTV was 5.24 times higher than the average GTV of other equity trades by these entities. Likewise, in the equity derivatives segment, there were 930 instances of front running (accounting for 54.20% of the total GTV) by all the suspected entities/ FRs, resulting in a net profit of ₹4.69 crores, which represents 73.20% of the total profit in that segment made by

these entities during the IP. Here, the average GTV was 3.14 times the average GTV of other trades in equity derivatives by these entities.

43. The total profit generated by the suspected entities through front running the trades of the Big Client during the IP is detailed below:

Table No.12 - Profit generated through front running

S. No.	Name of the entity	Profit (in ₹)		
		Equity	Derivatives	Total
FR-1	Ashish	5,63,512	1,02,06,119	1,07,69,632
FR-2	Amit	2,63,849	62,06,014	64,69,862
FR-3	Neha	1,22,014	43,72,119	44,94,133
FR-4	Hetal	3,32,607	95,98,788	99,31,395
FR-5	Ashish (HUF)	-	24,78,780	24,78,780
FR-6	Krishna Kadam	2,700	1,41,17,168	1,41,19,868
Total		**12,84,681**	**4,69,78,988**	**4,82,63,670**

44. Further, the break-up of total front running instances, vis-à-vis, the profit generated by the *Noticees* is as under:

Table No.13 – Break-up of front running instances vis-à-vis profit made

Financial Year	Number of Front Running Instances	Profit (in ₹)
2018-19	13	5,48,917
2019-20	99	47,23,351
2020-21	523	2,87,39,202
2021-22	18	13,05,391
2022-23	264	1,08,44,055

`2023-24	55	21,02,754
Grand Total	**972**	**4,82,63,670**

I. CONCLUSION AND FINDINGS

45. The following has been observed in the present matter:

i. *Noticees no. 1-4* are family members with the same residential address in Mumbai and *Noticee no. 5* is the HUF (Ashish Kirti Kothari HUF) of which Mr. Ashish is the Karta. Mr. Nirav and his wife Mrs. Jugmi are relatives of *Noticees no. 1-4*. Mr. Anuj was the person authorized to place orders on behalf of the Big Client – Gagandeep. Mr. Anuj used to place the orders with Mr. Nirav (dealer at the office of the broker, Anvil). Upon receipt of the MNPI regarding the orders of Big Client from Mr. Anuj, Mr. Nirav used to communicate the MNPI to Mr. Ashish and Mr. Amit majorly through landline telephones at Anvil's office. As seen in Table 13 above, the activities of the *Noticees* started in 2018, gathered momentum in 2021 and continued till the end of the investigation period. The front runners were sharing the unlawful gains with Mr. Nirav by transferring money to his account directly or through the account of Mr. Kushwaha or to the bank account of Mr. Nirav's wife, Mrs. Jugmi.

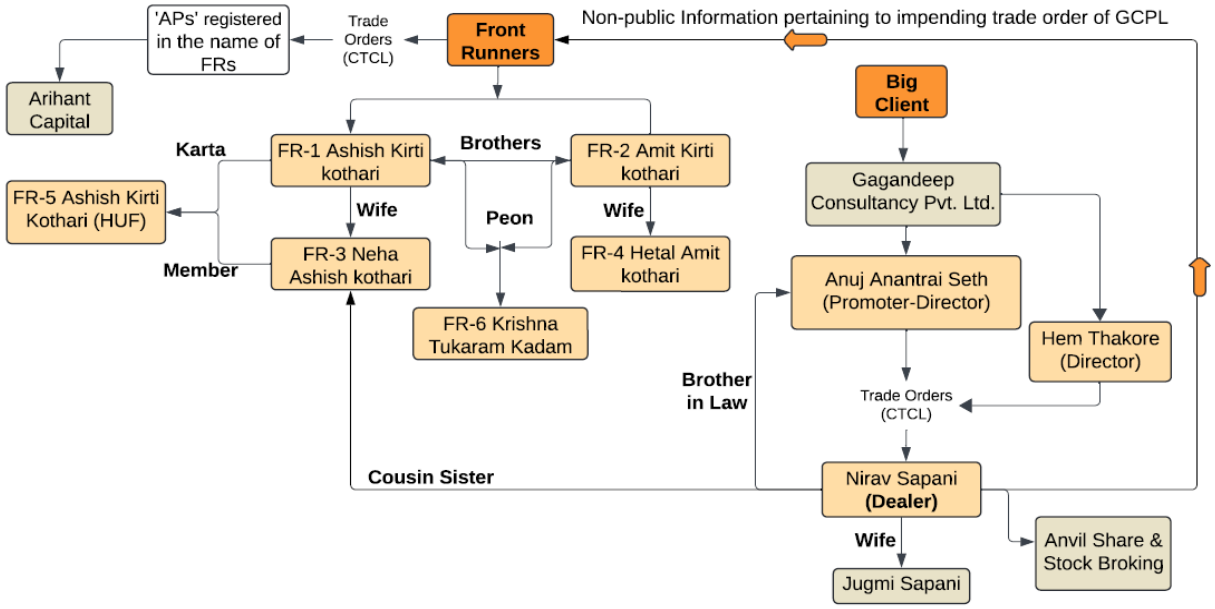
ii. Mr. Kadam, is a peon at the office of Mr. Ashish and Mr. Amit and the bank and demat accounts, opened in the name of Mr. Kadam, were being operated by Mr. Ashish and Mr. Amit to front run the trades of the Big Client. The bank accounts of Mr. Kadam, in addition to the profit received from front running, also received funds from the accounts of Mr. Ashish and Mrs. Neha. The said funds, alongwith the unlawful gains generated in Mr. Kadam's account, were partially transferred to the bank account of Mr. Nirav (around ₹1.36 crores) and Mr. Kushwaha (Mr. Nirav's driver) and approximately ₹38.65 lakhs were withdrawn in cash. Pursuant to initiation of investigation against the *Noticees*, Mr. Nirav transferred the said amount back to the account of Mr. Kadam in July 2024. Furthermore, analysis of Mr. Kushwaha's bank statements revealed that

₹13,45,000 (₹1,15,000 from BoB A/c and ₹12,30,000 from HDFC A/c) were withdrawn in cash via self-payee cheques and ATMs shortly after receiving these funds from Mr. Kadam's bank accounts.

iii. From the total profit of ₹4.82 crores made by Mr. Ashish and Mr. Amit using trading accounts of all the front runners, ₹1.36 crores were transferred to Mr. Nirav and ₹0.13 crores to Mr. Kushwaha (Mr. Nirav's driver) from Mr. Kadam's bank account. Evidently, unlawful gains were transferred to Mr. Nirav as a profit-sharing arrangement for front running transactions conducted by Mr. Amit and Mr. Ashish across all the front runners' trading accounts, in lieu of the information about impending orders of Gagandeep transmitted by Mr. Nirav to Mr. Ashish/ Mr. Amit.

46. Diagrammatic presentation of connection among all the *Noticees* and the *modus operandi* adopted by them in the matter has been detailed below:

Figure 2: Diagrammatic representation of connection between entities



47. In light of the aforesaid discussion, I note that the *Noticees* colluded with each other to create and design a fraudulent and manipulative scheme to front run the trades of the Big Client, Gagandeep, and generated unlawful profits by deploying and executing the said scheme. The *Noticees* have engaged in front running by placing orders ahead of the Big Client's orders, while being in possession of the MNPI and therefore, the following entities are found to have violated the provisions of Section 12A(a), 12A(b), 12A(c) and 12A(e) of SEBI Act, Regulation 3(a), 3(b), 3(c), 3(d), 4(1) and 4(2)(q) read with Regulation 2(1)(c) of the PFUTP Regulations:

a) Mr. Ashish Kirti Kothari, Mr. Amit Kirti Kothari, Ms. Neha Ashish Kothari, Ms. Hetal Amit Kothari and Ashish Kirti Kothari HUF, being the front runners;
b) Mr. Nirav Mahendra Sapani being the Information Carrier;
c) Ms. Jugmi Nirav Sapani (wife of Mr. Nirav) being the recipient of unlawful gains;
d) Mr. Krishna Tukaram Kadam (front entity) as his bank and trading accounts were used by entities at (a) for trading and receiving unlawful gains;

48. The provisions of SEBI Act and PFUTP Regulations alleged to have been violated by the *Noticees* are reproduced as under:

SEBI ACT, 1992

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

Section 12A. No person shall directly or indirectly—

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

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

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

…

(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;*

PFUTP REGULATIONS

Prohibition of certain dealings in securities

Regulation 3. No person shall directly or indirectly—

(a) buy, sell or otherwise deal in securities in a fraudulent manner;

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

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

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

Prohibition of manipulative, fraudulent and unfair trade practices

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

Regulation 4 (2) Dealing in securities shall be deemed to be a manipulative, fraudulent or an unfair trade practice if it involves any of the following:-

...(q) any order in securities placed by a person, while directly or indirectly in possession of information that is not publically available, regarding a substantial impending transaction in that securities, its underlying securities or its derivative;

J. NEED FOR EX PARTE INTERIM DIRECTIONS

49. The findings recorded in the present Order bring out the scheme to front run the trades of the Big Client which was devised by the *Noticees No. 1-4 along with Noticees No. 7-8* in order to make illegal/ unlawful gains, in contravention of the provisions of the SEBI Act and the PFUTP Regulations. The information carrier (*Mr. Nirav*), after receiving information from the Big Client, was sharing the same with the Front Runners, enabling them to generate unlawful gains to the tune of ₹4.82 crores. In the interest of justice, I am of the view that the unlawful gains generated by the *Noticees* need to be impounded on an immediate basis so that such funds are not disposed of by the *Noticees*. In this regard, it was observed that funds to the tune of ₹12.58 crores are still available with the *Noticees*. The details of the funds available with the *Noticees* as on January 16, 2025 are as under:

Table No.14 - Funds available with the *Noticees* as on January 16, 2025

Sr. No.	PAN	Name	Shares & MFs		Mutual Funds		Bank Balance					TOTAL
			Pledged	Unpledged	Kfintech	CAMS	HDFC	HDFC FDs	BOB	UCO	SBI	
1	AMZPK9677J	Ashish Kirti Kothari	39,68,566	8,31,718	29,407		-27,766	78,33,922	-3,17,206			1,23,18,642
2	AAEPA2301C	Amit Kirti Kothari	39,24,944	1,66,618	-		-79,107	31,47,004	-11,119			71,48,340
3	AMZPK9675L	Neha Ashish Kothari	37,28,403	34,500	-		-4,156	11,15,961	1,05,719	725		49,81,152
4	AMZPK9676K	Hetal Amit Kothari	22,50,744	4,54,732	-		10,557	11,15,965	40,211			38,72,209
5	AAKHA2028N	Ashish Kirtikumar Kothari (HUF)	24		-		-13,43,178	-	25,089			-13,18,065
6	AAQPS8479K	Nirav Mahendra Sapani		2,59,60,844	23,42,484	16,09,890	28,525	2,16,97,251	15,910			5,16,54,903
7	AATPM7471L	Jugmi Sapani		1,20,000	3,02,593	1,25,962	4,99,644	3,17,07,320	11,278			3,27,66,797
Sub-Total (A)			**1,38,72,682**	**2,75,68,413**	**26,74,484**	**17,35,852**	**-9,15,482**	**6,66,17,423**	**-1,30,118**	**725**	**-**	**11,14,23,978**
8	AZIPK9497J	Krishna Tukaram Kadam					1,43,67,101		5,021		21,361	1,43,93,482
Sub-Total (B)			**-**	**-**	**-**	**-**	**1,43,67,101**		**5,021**	**-**	**21,361**	**1,43,93,482**
TOTAL			**1,38,72,682**	**2,75,68,413**	**26,74,484**	**17,35,852**	**1,34,51,619**		**-1,25,097**	**725**	**21,361**	**12,58,17,460**

50. I note that as on January 16, 2025, funds amounting to around ₹12.58 crores are available with the *Noticees*. Thus, it would only be appropriate that the unlawful gains available with the *Noticees* are frozen so that the same are not withdrawn or otherwise disposed of. Additionally, as noted above, the devious scheme was first deployed in 2018 and was constantly used for front running the trades of the Big Client till September 2023, i.e., for a period of approximately five years. In addition to the above, it is pertinent to note that the *Noticees* still have access to the securities market, which renders the market vulnerable to their deceitful/ devious methods.

51. Therefore, it is imperative that the *Noticees* are denied access to the market and the unlawful gains are impounded, at the earliest, in order to ensure that the said funds are not misused. Issuance of an interim directions at this stage will also ensure that the unlawful gains are duly disgorged.

52. The facts and circumstances of the present case strongly show commission of the alleged violation of securities laws by the *Noticees* leading to unlawful enrichment. The speaking facts and evidences adequately reflect the misconduct of the *Noticees*, including the large amount of gains that have accrued to them by way of executing trades in the manner discussed hereinabove. Accordingly, I find that it is a fit case to issue interim directions to insulate the securities market from the misconduct of the *Noticees* as well as to protect the unlawful gains from going beyond the regulatory reach.

53. At this stage, I refer to the order of the Hon'ble Securities Appellate Tribunal, in the matter of ***Amalendu Mukherjee Vs. SEBI***[3], wherein the Hon'ble Tribunal has underscored the necessity of passing impounding orders by, *inter alia,* observing that: "*We are of the opinion that the WTM is empowered under the SEBI Act and the Regulations to pass an ex-parte order in order to protect the interests of securities market and the investors. If such impounding order is not passed, it may result in*

[3] (Appeal (L) no. 169 of 2020)

defeating the ultimate direction of disgorgement if any, as there would be chances of such monies being dissipated by the appellant …".

54. In addition to the aforesaid, I find it relevant to mention that *Noticee no. 7*, Mr. Nirav, vide an email dated January 25, 2025 has informed that he has filed a *suo motu* settlement application in the matter of investigation initiated by SEBI into the front running of trades of Gagandeep Consultancy Private Limited. In this regard, I find it relevant to refer to the proviso of regulation 8(2) of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018, which provides that the filing of a settlement application shall not prohibit the initiation of any proceedings, in so far as may be deemed necessary for the purpose of issuance of interim civil and administrative directions to protect the interests of investors and to maintain the integrity of the securities markets. In the present matter, I have already discussed the need for issuance of interim directions at this stage by way of the present interim order-cum-show cause notice. Accordingly, I find that the filing of the above mentioned settlement application does not preclude issuance of the appropriate directions.

K. DIRECTIONS

55. In consideration of the above, I, in exercise of the powers conferred upon me under Sections 11, 11 (4), 11B (1) and 11D read with Section 19 of the SEBI Act, 1992, hereby, by way of the present *interim order cum show cause notice*, issue the following directions:
    a. The *Noticees* are restrained from buying, selling or dealing in securities, either directly or indirectly, in any manner whatsoever until further orders;
    b. 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 this Order or at the expiry of such contracts, whichever is earlier. The *Noticees* are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this order;

c. An amount of ₹4,82,63,670, being the total unlawful gains earned from the alleged front running activities, is impounded, jointly and severally, from the *Noticees*;

d. The *Noticees* are directed to credit/deposit the aforesaid amount of unlawful gains to an interest bearing Escrow Account created specifically for that purpose, in a Nationalized Bank. The Escrow Account(s) shall create a lien in favour of SEBI and the monies kept therein shall not be released without permission from SEBI;

e. Banks are directed that no debits shall be made, without permission of SEBI, in respect of the bank accounts held jointly or severally by the *Noticees*, except for the purpose of transfer of funds to the Escrow Account. Further, the Depositories are also directed that no debit shall be made, without permission of SEBI, in respect of the demat accounts held by the *Noticees*. However, credits, if any, into the accounts may be allowed;

f. Banks and the Depositories are directed to ensure that all the aforesaid directions are strictly enforced. Further, debits in the bank accounts may also be allowed for amounts available in the accounts in excess of the amount to be impounded. Banks are allowed to debit the accounts for the purpose of complying with this Order;

g. As regards, *Noticee no. 6*, Mr. Kadam, the directions mentioned above at sub-paragraphs (e) and (f) shall be applicable only with respect to his bank accounts in HDFC and BoB mentioned in this Order;

h. Upon deposit of the impounded amount in the Escrow Account in terms of the directions at sub-paragraphs (c) and (d) above, the restraint imposed on the *Noticees* pursuant to direction at sub-paragraph (a) read with sub-paragraph (e) shall cease to operate;

i. To ensure compliance with direction at sub-paragraph (a), the Registrar and Transfer Agents shall neither permit any transfer nor any redemption of the securities, including Mutual Funds units, held by the *Noticees*, without permission of SEBI*;*

j. The *Noticees* are directed not to dispose of or alienate any of their assets/ properties/ securities till such time the amount of unlawful gains is credited to an Escrow Account, except with the prior permission of SEBI;

k. The *Noticees* are further directed to provide a full inventory of all their assets whether movable or immovable, or any interest or investment or charge in any of such assets, including property, details of all their bank accounts, demat accounts, holdings of shares/ securities if held in physical form and mutual fund investments and details of companies in which they hold substantial or controlling interest immediately but not later than 7 working days of this Order;

l. The *Noticees* shall cease and desist from, directly or indirectly, engaging in any fraudulent, manipulative or unfair trade practice including front running thereby committing or causing violation of securities laws.

56. The observations/ findings contained in this Order are made on the basis of the material available on record. This Order shall also be treated by the *Noticees* as a Show Cause Notice under Sections 11(1), 11(4), 11B(1), and 11D of the SEBI Act, calling upon them to show cause as to why appropriate directions, including the following, shall not be issued against them:

a. Direction to disgorge an amount equivalent to the total gains made on account of alleged front running along with interest from the *Noticees*; and

b. Direction to restrain the *Noticees* from accessing the securities market and prohibiting them from buying, selling or otherwise dealing in securities for an appropriate period;

57. Further, *Noticees no. 1 to 5* and *Noticees no. 7* and *8* shall also show cause as to why appropriate penalty under Sections 11(4A) and 11B(2) read with Section 15HA of the SEBI Act, 1992 and Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 shall not be imposed against them.

58. The *Noticees* may file their replies to the present interim order cum show cause notice within 21 days from the date of receipt of this Order and avail an opportunity of personal hearing in the matter, if they so desire.

59. This Order is without prejudice to any other action that SEBI may initiate under the securities laws, as deemed appropriate, against the above mentioned *Noticees*.

60. This Order shall come into force with immediate effect and shall be in force till further orders.

61. A copy of this Order shall be forwarded to the Stock Exchanges, Depositories, Registrar and Share Transfer Agents and Banks to ensure necessary compliance.

Sd/-

Place: Mumbai **AMARJEET SINGH**

Date: January 27, 2025 **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA