BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO: Order/SBM/VS/2021-22/13638-13640)

UNDER SECTION 15-I 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 BY ADJUDICATING OFFICER) RULES, 1995.

In respect of:

1. **Viraj Mercantile Pvt. Ltd.** (PAN No.: AADCV3852H), having address at**:** 91/93, 1st Floor, Pramodchand CHS, Girgaon Road, Opera House, Mumbai-400004
2. **Mr. Abhinandan Ranka** (PAN No.: ATXPR8358Q), having address at 73/1 Tardeo Main Road, Room no 703, 7th floor, Bombay AC Market, Mumbai-400034
3. **Josh Trading Pvt. Ltd.** (PAN No.: AACCJ4233H), having address at**:** 91/93, 1st Floor, Pramodchand CHS, Girgaon Road, Opera House, Mumbai-400004

In the matter of
Front–Running by Manish Chaturvedi & Others

FACTS OF THE CASE

1. Securities and Exchange Board of India ('**SEBI**') had received two reports dated October 11, 2010 and January 31, 2011, respectively, from the National Stock Exchange ('**NSE**'), *inter alia*, mentioning alleged front-running trading activity by certain persons/entities in respect of the trades of about 10 companies/entities (hereinafter referred to as '**the Sterling Group**') during the period January 1, 2010 to December 15, 2010. Thereafter, SEBI received three more Reports dated May 31, 2010, October 29, 2010 and March 14, 2011, respectively, from NSE, on the suspected front-running trading activity by Ms Laxmi Chaturvedi and Mr Bhavesh Gadhavi (who were allegedly connected to each other), of the trades of the Sterling Group during the period May 31, 2010 to March 14, 2011. Upon analysis of the aforementioned Reports received from NSE, an investigation was conducted by SEBI in the matter for the period from March 1, 2009 to March 31, 2011 (**'Investigation Period'**). The investigation conducted by SEBI focused on the front-running of the trades of the Sterling Group by several persons/entities. As the same set of entities were also observed to be trading in considerable volumes on the Bombay Stock Exchange (**'BSE'**), the trades of these entities on BSE were also examined by SEBI. The investigation conducted by SEBI revealed that several persons/entities

were involved in the front running of the trades of the Sterling Group. The persons/entities relevant to the case have been broadly segregated into the following three sub-groups:-

a. 9 entities, including Viraj Mercantile Pvt. Ltd. (hereinafter referred to as '**Viraj**') and Josh Trading Pvt. Ltd. (hereinafter referred to as '**Josh**') which were, *prima facie*, observed to be front running the trades of the Sterling Group/ its clients during the period under investigation,
b. 8 entities, including Mr. Abhinandan Ranka (hereinafter referred to as '**Abhinandan**') who was also the director of Josh and Viraj during the relevant time and had allegedly aided/ abetted /facilitated in the front running activities of these entities i.e Viraj and Josh
c. 10 companies /entities of the Sterling Group whose trades were front-run viz. Abhi Ambi Financial Services Limited, Sterling Futures & Holidays Limited, Ratha Infrastructure Pvt Limited, Baghmar Finlease Pvt Limited, Shanmugha Home Makers Pvt Limited, Siva Trade Consultancy Pvt Limited, Saravana Enterprises, Shanmuga Real Estate & Promoters Pvt Limited, V.S Net Limited and Siva Projects Engineering & Enterprises Limited (Sterling group of companies whose trades were front-run).

2. Pursuant to the investigations by SEBI and in view of the above observations/findings brought out during the course of investigations, SEBI initiated adjudication proceedings against various persons/entities who were involved in the front running of the trades of the Sterling group, including Viraj, Josh and Abhinandan (hereinafter referred to by their individual names and/or also collectively referred to as '**Noticees**') under the provisions of section 15HA of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**') for their alleged violation of the provisions of sections 12A(a), (b) and (c) of the SEBI Act read with regulations 3(a), (b), (c), (d) and 4 (1) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereafter referred to as '**PFUTP Regulations'**).

APPOINTMENT OF ADJUDICATING OFFICER

3. The undersigned was initially appointed as the Adjudicating Officer ('**AO**') in the matter vide *communiques* dated July 17, 2017 and October 03, 2018 to conduct the adjudication proceedings against the Noticees in the manner specified under Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') and impose such penalty, as deemed fit, on the Noticees in terms of rule

5 of the Adjudication Rules and section 15HA of the SEBI Act. Pursuant to the transfer of the undersigned to another department of SEBI, Dr. Anitha Anoop was appointed as the AO in the matter, vide order dated March 25, 2019. Subsequently, due to the transfer of Dr. Anitha Anoop, the undersigned was appointed as the AO in the matter, vide *communique* dated November 3, 2020.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. Show Cause Notices ref. SEBI/EAD-1/AA/ASR/474/2019, SEBI/EAD-1/AA/ASR/475/2019 and SEBI/EAD-1/AA/ASR/477/2019 dated December 23, 2019 (hereinafter referred to as '**SCN'**) were issued to the Noticees under the provisions of rule 4(1) of the Adjudication Rules to show-cause as to why an inquiry should not be initiated against the Noticees and penalty be not imposed on them under the provision of section 15HA of the SEBI Act for their alleged violation of the provisions of sections 12A(a), (b) and (c) of the SEBI Act read with regulations 3(a), (b), (c), (d) and 4 (1) of the PFUTP Regulations. The details in respect of the violation committed/ non-compliance by the Noticees in the aforesaid matter and as observed from the SCN are as under:
    a. *Mr. Manish Manoharlal Chaturvedi (Manish): Manish submitted to SEBI that he was involved in research and suggesting scrips for investment/ trading to Sterling Group's management. Manish was generally observed to be placing orders with the brokers on behalf of the Sterling Group after seeking approval from his seniors. As per the submissions of the Sterling Group, Manish was employed with the group from November 03, 2008 to November 08, 2011.*
    b. *Mr. Praveen Kumar Jain (Praveen): Praveen had financial transactions with all the frontrunners (i.e., other than Anandilal Chanda, his HUF and Sharekhan) and has facilitated banking transactions for the frontrunners through several entities which claimed to be involved in the business of diamond trading, investment etc. He stays in the same building as Manish did during the investigation period.*
    c. *Mr. Manoharlal Bhaiyalal Chaturvedi (Maniharlal): Manoharlal is father of Manish and he was authorized to deal in the trading account of his wife Laxmi Chaturvedi.*
    d. *Mrs. Laxmi Manoharlal Chaturvedi (Laxmi): Laxmi is Manish's mother and front-running was observed in her account apart from receiving money from Praveen.*
    e. *Mr. Bhavesh Gadhavi (Bhavesh): Front-running was observed in his account besides multiple banking transactions with Praveen's companies/ other companies in diamond trade. Bhavesh submitted that his account was misused without his knowledge.*

f. *<u>Mr. Sandeep Maloo (Sandep):</u> Sandeep is a Chartered Accountant by profession and was authorised to place orders in the accounts of E Ally Consulting India Pvt. Ltd. (E Ally) and Pinky Auto Finance Ltd. (PAFL).*

g. *<u>Mrs. Neeta Maloo (Neeta):</u> Neeta is Sandeep's wife, was authorized to trade in Shree Jaisal Electronics & Industries Ltd. (Jaisal) account.*

h. *<u>Mr. Abhinandan Ranka (Abhinandan):</u> Abhinandan was the director of Josh and Viraj and authorized to place orders in the account of Josh and Viraj. He is also a cousin of Praveen.*

i. *Pinky Auto, E Ally, Jaisal Electronics, Viraj Mercantile, Josh Trading: Front running was observed in these trading accounts apart from multiple banking transactions with companies related to Praveen.*

j. *<u>Mrs. Madhu Chanda (Madhu)</u>: Madhu was a dealer of Sharekhan Limited (hereinafter referred to as 'Sharekhan') and submitted that she was heading the branch at second floor at the Lower Parel and was also handling all the accounts of 7 of the front-runners such as Laxmi, Viraj, Josh, PAFL, E Ally, Jaisal and Bhavesh Gadhavi at Sharekhan.*

k. *<u>Mr. Anandilal Chanda (Anandilal):</u> Anandilal (Madhu Chanda's husband) was observed to be front running in his own account, his HUF's account and also in the proprietary account of Sharekhan.*

l. *<u>Vishal Vijay Shah (Vishal):</u> A proprietary firm (registered member of BSE), provided false ledger statements/ documents/ bills for transactions on BSE in the account of Laxmi and Viraj without registering them as clients and without execution of actual trades on BSE.*

m. *It is alleged that three of the Noticees indulged in front running consecutively i.e., Bhavesh Gadhavi indulged in front running during the period July 16, 2009 to April30, 2010, followed by PAFL during the period May 07, 2010 to July 30, 2010 (except on one day i.e. May 17, 2010) and then by E Ally from August 03, 2010 to February 17, 2011.*

n. *It is alleged that the 7 Noticees namely Laxmi, Viraj, Josh, PAFL, E Ally, Jaisal and Bhavesh had, prima facie, front-run Sterling Group and Noticees namely Anandilal and Anandilal Chanda HUF, had front-run the clients of Sharekhan during the period March 2009 -March 2011. Further, these entities traded heavily on those scrip days which were common with the Sterling Group vis-à-vis trading in small volumes on other scrip days. Summary of client wise total trading activity of each of the frontrunner during the investigation period is provided at Page 1 of Annexure 7and a consolidated summary of the same is tabulated below:*

Sr. No.	***Particulars***	***Value***
1	*Total number of scrip days traded by the frontrunners*	*4,001*
2	*Number of scrip days of 1 above - common with Sterling group*	*833*

3	*Total profit on scrip days common with Sterling group*	*₹8,72,00,568*
4	*Total profits on other scrip days (i.e., not common with Sterling group)*	*₹38,82,609*
5	*% of Number of Shares day traded on common scrip days to number of shares day traded during the investigation period*	*84.68%*
6	*% of Matching with the Sterling group compared to total number of share day traded by the frontrunners on common scrip days*	*85.95%*
7	*% of no. of trades matching with Sterling Group with same order price to total no. of trades matched (including +/- ₹0.05 in case of Anandilal Chanda/ his HUF)*	*85.24%*
8	*% of average number of shares per trade with Sterling group to average number of shares per trade with others*	*2,424.14%*
9	*% of average value per trade with Sterling group to average value trade with others*	*2,941.26%*
10	*% of average turnover on scrip days common with Sterling Group to average turnover on other scrip days*	*3,465.75%*
11	*% of average Profit on scrip days common with Sterling Group to average profits on other scrip days*	*8,541.53%*

o. *Therefore, based on the above observations including the voice recording, trading pattern observed, phone calls between Manish and Madhu, matching of trades with the Sterling Group trades and the significant difference between the average value/ quantity of trades of the frontrunners that matched with the Sterling Group vis-à-vis the others and the amount of unfair gains earned by them, it is alleged that the trades of the Sterling Group were front-run in seven different accounts viz. Laxmi, Viraj, Josh, PAFL, E Ally, Jaisal and Bhavesh.*

p. *It is further alleged that these trades of the front-runners were executed based on the trades of the Sterling Group and only with an intention to square-off by matching with the Sterling Group. Considering the activity of the nine frontrunners (Laxmi, Viraj, Josh, PAFL, E Ally, Jaisal, Bhavesh, Anandilal and Anandilal Chanda HUF) on the common scrip days, about 86% of number of shares day traded by the front-runners matched with the Sterling group, which appears to be on the basis of the prior information of trades of the Sterling Group available with Manish. Due to the trading by front runners, based on prior information of trades of Sterling Group, the investing public/investors have, prima facie, either incurred loss or have been deprived of the profits.*

q. *The aforesaid alleged violations, if established, make the Noticees, liable for monetary penalty under sections 15HA of the SEBI Act.*

5. The Noticees, vide their letters dated June 20, 2020 and July 02, 2020 submitted their reply to the SCN, details of which in brief are as follows:

a. Viraj and Josh vide their individual letter dated June 10, 2020 *inter alia* submitted as under:

   i. *The only allegation against the Company is that the several trades of Sterling Group were allegedly front–run in the Company's account and that this front–running has allegedly resulted in loss to other investors or has deprived the investors from earning profits.*

   ii. *We are a Company incorporated under the Companies Act, 1956 on January 25, 2006. Our Director – Abhinandan Ranka, was approached by his cousin, Praveen Jain, who requested us to provide a trading account to him which was to be used by one of his friends for some trading purpose.*

   iii. *The money in the trading account for investment in the shares was provided by Praveen Jain and the profits earned/pay out received was also transferred to Praveen Jain. There was no benefit received by us for trades executed in our account which is evident from the affidavit of Praveen Jain dated December 11, 2017.*

   iv. *Until the initiation of the investigation by SEBI in the present matter, we were not aware that the trades in our account were executed by one Mr. Manish Chaturvedi.*

b. Abhinandan vide his letter dated July 02, 2020 *inter alia* submitted as under:

   i. *He was approached by Praveen Jain, to provide him some trading account in the companies as he wanted to provide the same to his friend for trading. I provided Praveen Jain with demat/trading account of the Companies.*

   ii. *The money in the trading account for investment in the shares was provided by Praveen Jain and the profits earned/pay out received was also transferred to Praveen Jain. There was no benefit received by him for the trades executed in his account which is evident from the affidavit of Praveen Jain dated December 07, 2017.*

   iii. *SEBI has carried out a detailed investigation and has undertaken a detailed analysis of the call records of him and Manish. Nowhere in the SCN or the investigation report has it been shown that Manish was in touch with him or that Manish was sharing any information about impending trades to him through telephone. Infact before the initiation of the investigation, he did not know any person by the name of Mr. Manish Chaturvedi*

   iv. *The SCN has further not shown that he was trading in the accounts of Companies, rather, his role was limited to lending such accounts to Praveen Jain without having any knowledge of them being used by Manish Chaturvedi. His role was limited to providing of account of the Companies to Praveen Jain without having any clue about the accounts being used for nefarious designs of Manish.*

v. *With regard to the trades undertaken in the account of Viraj and Josh during the relevant period, it is submitted that the Ledgers of the Trading Account for the relevant period is hereby attached.*

6. In terms of Rule 4(3) of the Adjudication Rules and in the interest of natural justice, an opportunity of personal hearing was provided to the Noticees on March 08, 2021, though the online Webex platform. On the scheduled date of hearing, i.e. on March 08, 2021, Mr. Ankit Lohia, Advocate, appeared as Authorized Representative (AR) on behalf of all the Noticees and reiterated the submissions made by them vide their letters dated June 10, 2020 and July 02, 2020, respectively.

CONSIDERATION OF ISSUES AND FINDINGS

7. I have carefully perused the documents/material available on record, the allegations levelled in the SCN and the submissions made by the Noticees (both oral and written) during the course of the proceedings. It is alleged that the Noticees have violated the provisions of sections 12 A(a), (b) and (c) of the SEBI Act read with Regulations 3(a), (b), (c), (d) and 4(1) of the PFUTP Regulations.

8. Before dealing with the aforesaid charges in seriatim, the relevant legal provisions, the contraventions of which have been alleged in this case against the Noticees are mentioned as under:

SEBI Act

"Section 12A- Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

12A. No person shall directly or indirectly—

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

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

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

PFUTP Regulations

"Regulation 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 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.

Regulation 4. Prohibition of manipulative, fraudulent and unfair trade practice

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities…"

9. In their respective submissions, the Noticees have contended that the SCN is bad in law and mentioned that it must contain the exact nature of the measures/actions that SEBI proposes to take, failing which, any Order passed would be violative of the principles of natural justice and would be rendered invalid. In this regard, the Noticees placed their reliance on the judgment of the Hon'ble Supreme Court in the matter of ***Gorkha Security Services vs. Govt. of NCT of Delhi & Ors. (2014) 9 SCC 105***. On perusal of the said Order of the Hon'ble SC, I find that the same is factually distinguishable and not applicable to the facts and circumstances of the present proceeding against the Noticees. I note that in the Gorkha Security Services case, the matter pertained to blacklisting of a contractor by a government agency for breaching the terms and conditions of the contract, which resulted in depriving the contractor from entering into any public contracts with the government agencies, thereby violating the fundamental right of equality of opportunity in the matter of public contract of such person. In the instant proceeding, the SCNs issued to the Noticees were for their violations / breach of the provisions of the securities law, which confer discretion upon SEBI to take such measures as it thinks fit in the interest of the investors and the securities market. In this regard, among other enforcement actions that were initiated against the entities, including the Noticees, SEBI also

initiated adjudication proceedings against the Noticees under the provisions of the SEBI Act and the Adjudication Rules. Further, it is observed that the SCNs issued to the Noticees in this regard have clearly spelt out the provisions of law allegedly violated by the Noticees under various provisions of the SEBI Act and the PFUTP Regulations. Therefore, it is observed that the specific allegations levelled against the Noticees in the instant proceeding have been unambiguously conveyed to them in the SCN. Further, in the interest of natural justice and in terms of the Adjudication Rules, opportunities were provided to the Noticees to make their submissions and also appear for a personal hearing before the undersigned. As already stated, Noticees have not only made their written submissions in the matter but also appeared before the undersigned during the course of the proceeding and made their submissions (both oral and written). Therefore, based on the submissions of the Noticees and the assessment of the facts and circumstances of the case, the current Adjudication Order is passed against the Noticees.

10. I find that the SCN issued to the Noticees has alleged that the trades of the *Sterling Group* were front–run in 7 different trading accounts, including the accounts of Viraj and Josh and unfair gains had accrued to such accounts. It was further alleged that the front–running activity in the aforementioned accounts of Viraj and Josh were carried out by Manish with the support of Praveen Jain who is also the cousin of Abhinandan. During the course of investigation, it was submitted by the Noticees that their common director i.e Abhinandan (who is the director of both Viraj and Josh and who was authorised to trade in the accounts of both Viraj and Josh) was approached by his cousin, Praveen Jain, who requested Abhinandan to provide some trading accounts for the purpose of trading in shares. The Noticees mentioned that the trading accounts of both Josh and Viraj were therefore provided to Praveen Jain by Abhinandan, which were subsequently used by Manish for the purpose of trading in shares. As already stated, investigations established the fact that Abhinandan had familial connections with Praveen Jain and there were several financial transactions that had taken place between Praveen Jain and all the above mentioned 7 front-runners (including Viraj and Josh) during the investigation period. Investigations further brought out that Praveen Jain had facilitated the banking transactions for the front-runners with the help of several entities, which claimed to be in the business of diamond trading, investment etc. It was established during the course of investigation that Praveen Jain resided in the same building as Manish did during the relevant investigation period. As a result, the aforementioned entities, including the Noticees were alleged to have violated the provisions of Sections 12A (a), (b) and (c) of the SEBI Act and Regulations 3(a), (b), (c), (d) read with Regulations 4(1) of the PFUTP Regulations.

11. In their submissions made during the course of the investigation and also during the course of the current proceeding, Noticees have admitted to the fact that the trading accounts of Josh and Viraj were provided to Praveen Jain for the purpose trading. The Noticees further contended that they were unaware of any illegal trading activity executed by Manish in these accounts. Therefore, it was contended by the Noticees that their conduct of providing the trading accounts of Viraj and Josh to Praveen Jain does not fall within the ambit of the definition of front running as provided by Hon'ble Supreme Court in the matter of ***Securities and Exchange Board of India v. Shri Kanaiyalal Baldevbhai Patel (Civil Appeal No. 2595 of 0213 dated September 20, 2017)***. I cannot accept the contentions of the Noticee. Admittedly, by lending the trading accounts of Viraj and Josh to Manish (through their relationship with Praveen Jain) for the purpose of trading in shares, the Noticees have clearly facilitated in the front-running activity of the Sterling Group, which was orchestrated by Manish. It is on record that substantial trades of the Sterling group were front-run through the trading accounts of Viraj and Josh. The said trading activity has also resulted in loss to other investors/deprived the investors from their legitimate profits. Therefore, the above contention of the Noticees is baseless and without any merit.

12. For determining the violations alleged in the SCN, it is important to firstly ascertain whether the Noticees were known/connected to Praveen Jain/Manish. In this context, I note that the Investigation Report/SCN has detailed out the connections of the Noticees with Praveen Jain and Manish based on the analysis of the KYC documents, financial transactions, depositions made by the respective entities during investigations etc. I note that based on the circumstantial evidence and audio recordings, Manish was in possession of the information pertaining to the impending orders of the Sterling Group. From the investigations, it is noted that Manish was employed with the Sterling group from November 2008 to November 2011. I also observe that Manish was the person who was placing the orders in the Sterling group accounts and also in the accounts of the Noticees. As per the statement of Praveen Jain, which was recorded during the course of investigation, both Abhinandan and Manish used to place the orders on behalf of Josh and Viraj. As already stated, Abhinandan was the shareholder and director of Viraj and Josh and related to Praveen Jain (Abhinandan being the cousin of Praveen Jain). It was observed during the course of investigation that Praveen Jain resided in the same building as Manish did during the relevant period of the transactions of the Sterling group. Further, during investigations, it emerged that Praveen Jain's Company also had financial transactions/dealings with both Viraj and Josh and had invested a sum of ₹40 Lakhs on March 30, 2011 in both Viraj

and Josh. Further, it was also established during the investigations that Praveen Jain had financial transactions with the front-runners, including Viraj and Josh and had facilitated their banking transactions through several entities, which claimed to be in the business of diamond trading, investments etc. Therefore, from the above observations, it is evident that the Noticees were connected to Manish through Praveen Jain, who resided in the same building as Manish did during the relevant time.

13. It is noted that the trades of the Sterling Group were executed through their stock brokers i.e. JM Financial Services Limited ("JMFL") and HSBC Invest Direct Securities (India) Limited ("HSBC"). On the other hand, trading in the accounts of Viraj and Josh were placed through brokers' viz. Sharekhan, Arihant Capital Markets and IndiaNivesh Securities Pvt. Ltd. On the basis of the analysis of call records, e–mails and voice recordings obtained by SEBI during investigations and also upon examination of the trading pattern in respect of orders placed for the Sterling Group [through JMFL and HSBC], the following modus operandi was observed:
    a. Manish used to suggest scrips and the trade price to the management and seek approval for placing the orders with the brokers on behalf of the Sterling Group.
    b. As an employee of the Sterling Group, Manish was in possession of information such as trade type (buy/ sell), scrip, order time (including date), price and quantity of the client of the Sterling Group.
    c. Before placing orders in the accounts of the Sterling Group, Manish, on the basis of the information on the impending orders of the Sterling group available with him, used to place several orders through various accounts, including Viraj and Josh that were used for the purpose of front–running. The orders were placed in the accounts of these entities, including Viraj and Josh in smaller quantities by calling up their dealers.
    d. This is evident from the fact that after execution of the trades for a certain quantity, the dealers used to call up Manish and inform him about the execution status (or) Manish used to call up the dealers to check the status of order execution in the accounts of Viraj and Josh.
    e. Upon the start of the call between the dealer and Manish after execution of certain quantity, a rush for executing more trades was observed in most cases. This is based on the fact that the orders were being placed at a better price and for higher quantities from the start of the call.
    f. During the continuation of the call/and immediately thereafter, the position was exactly/ almost exactly squared. In the meantime, Manish used to place orders in the

accounts of the Sterling Group companies, viz. Abhi Ambi, Sterling Futures, Ratha Infrastructure, Baghmar Finlease, Shanmuga Home Makers, Siva Trade Consultancy, Saravana, Shanmuga, V.S. Net Limited and Siva Projects. In most of the cases, the order price in the accounts of Viraj and Josh was far away from the market but the same was as per the price offered by the Sterling Group and therefore, most of the orders in the accounts of Viraj and Josh got executed only upon the entry of orders by the Sterling Group. Further, the orders placed by Manish for Sterling Group, which were being front-run, were generally in the nature of 'immediate' or 'cancel orders' i.e. the unexecuted order quantity was deleted after matching with orders in the accounts of Viraj and Josh.

14. It is noted that Manish had traded in the accounts of Viraj and Josh on those scrip days which were common with the *Sterling Group vis–a–vis* trading in small volumes on other scrip days. From the material available on record, it is also observed that given that there were a large number of common scrip days, matching of majority of trades with the Sterling Group took place on a consistent basis. Accordingly, the analysis for one scrip day for each front–runner account belonging to Viraj and Josh was made and following observations are made:

   a. Trades of Viraj ahead of Ratha Infrastructure (a *Sterling Group* entity) in K SOIL (NSE) on December 13, 2010:

      i. The trades of Viraj on December 13, 2010 (in one of the 3 Tranches) was analysed in light of the trades of Ratha Infrastructure as under:

	Viraj				**Ratha**			
Tranche I	Total Buy Qty	Avg. Buy Price (₹)	Turnover (₹)		Abbreviations Used B.O.T – Buy Order Time B.O.P – Buy Order Price B.T.T – Buy Trade Time B.T.P – Buy Trade Price		S.O.T – Sell Order Time S.O.P – Sell Order Price S.T.T – Sell Trade Time S.T.P – Sell Trade Price	
	8,02,000	40.03	3,21,04,688					
	B.O.T	B.O.P (₹)	B.T.T	B.T.P (₹)				
From	09:24:26	39.55	09:24:30	39.55				
To	09:33:51	40.50	09:33:51	40.50				
	Total Sell Qty	Avg. Sell Price (₹)	Turnover (₹)		Total Buy Qty	Avg. Buy Price (₹)	Turnover (₹)	
	8,02,000	40.45	3,24,40,900		11,00,000	40.52	4,45,71,287	
	S.O.T	S.O.P (₹)	S.T.T	S.T.P (₹)	B.O.T	B.O.P (₹)	B.T.T	B.T.P (₹)
From	09:34:16	40.45	09:34:21	40.40	09:34:46	40.45	09:34:46	40.35
To	09:34:52	40.45	09:35:54	40.45	09:35:54	41.00	09:38:55	41.00

      ii. From the above table, it is observed that, buy orders were being placed in Viraj's account from 09:24:26 to 09:33:51 for a total of 8,02,000 shares (Average order quantity of 22,278 shares) which translated into 758 trades (Average trade quantity of 1,058 shares).

iii. At 09:34:16, a sell order was placed in Viraj's account for 6,45,000 shares which was followed by another sell order at 09:34:52 for 1,57,000 shares at the same order price of ₹40.45.

iv. Three buy orders for a total buy quantity of 11,00,000 shares were placed by Ratha Infrastructure at (a) 09:34:46 for 3,00,000 shares, (b) 09:35:33 for 4,00,000 shares and (c) 09:35:54 for 4,00,000 shares. All the three orders were placed at ₹40.45 i.e. the same price at which sell orders were placed in Viraj's account *30 seconds prior* to the start of buy orders being placed by Ratha Infrastructure. The LTP at the time of buy order placed by Ratha Infrastructure was ₹ 40.40, ₹ 40.30 and ₹ 40.35 respectively.

v. The total number of shares sold by Viraj in the first tranche were 8,00,000 in 137 trades, out of which 7,22,753 (i.e. 90.34%) shares got matched with the trades of Ratha Infrastructure in 21 trades (average of 34,417 shares per trade) while the balance 77,247 shares got matched in 116 trades with other clients (average of 666 shares per trade). At the end of this tranche, the net position of Viraj was squared off exactly.

vi. Though Madhu (dealer of Sharekhan Ltd) dialled Manish on 9987261632 for 9 times near the timing of orders/ trades of Viraj for 21 minutes, no trades were observed in Manish's account on that date. Also from Madhu Chanda's itemised mobile bills, it was observed that during the market hours no calls were placed to other numbers other than the 9 calls to Manish on 9987261632 and 2 calls to 9967031632 (both numbers belonging to Manish). Therefore, it can be inferred that Manish spoke to Madhu for front–running the trades of the *Sterling Group* through Viraj's account. Further, as detailed at above paragraphs, while buy orders placed in Viraj's account were placed for smaller number of shares, the sell orders of large quantities clearly indicates that the trades in the account were carried out on the basis of prior information of trades of Ratha Infrastructure.

vii. Similar observation were made for subsequent trenches, accordingly a summary of Viraj total trades in KSOIL (NSE) on December 13, 2010, in 3 Tranches is tabulated below:

Viraj Mercantile's trade in KSOIL			
No. of shares day traded	**Matched with *Sterling group***	**Profit in (₹)**	**% of market volume (buyer and seller)**
23,92,237 (2585 buy and 483 sell trades)	20,06,134 (83.86%) (115 sell trades of Viraj)	10,95,507	12.60%

b. The trades of Josh Trading ahead of Ratha Infrastructure in K SOIL (NSE) on February 10, 2011 were analysed and following observations are made:

i. The trades of Josh Trading on February 10, 2011 (in one tranche) were analysed in light of trades of Ratha Infrastructure (a *Sterling Group* entity) as under:

	Josh				Ratha			
Tranche I	Total Buy Qty	Avg. Buy Price (₹)	Turnover (₹)		Abbreviations Used B.O.T – Buy Order Time B.O.P – Buy Order Price B.T.T – Buy Trade Time B.T.P – Buy Trade Price		S.O.T – Sell Order Time S.O.P – Sell Order Price S.T.T – Sell Trade Time S.T.P – Sell Trade Price	
	6,27,122	32.46	2,03,58,502					
	B.O.T	B.O.P (₹)	B.T.T	B.T.P (₹)				
From	12:56:05	31.50	12:56:08	31.50				
To	14:32:35	32.85	14:32:38	32.85				
	Total Sell Qty	Avg. Sell Price (₹)	Turnover (₹)		Total Buy Qty	Avg. Buy Price (₹)	Turnover (₹)	
	6,27,122	33.98	2,13,07,880		7,67,148	33.99	2,60,71,861	
	S.O.T	S.O.P (₹)	S.T.T	S.T.P (₹)	B.O.T	B.O.P (₹)	B.T.T	B.T.P (₹)
From	15:12:06	33.75	15:12:06	33.75	15:12:29	34.00	15:12:29	33.75
To	15:14:28	34.00	15:15:37		15:15:37	34.00	15:16:28	34.00

ii. From the above table, it is observed that the buy orders were placed in Josh's account from 12:56:05 to 14:32:35 for a total purchase of 6,27,122 shares at ₹32.46 shares (Average order quantity of 22,278 shares), which translated into 1,708 trades (Average trade quantity of 367 shares).

iii. Thereafter, two sell orders were placed in Josh's account (a) at 15:12:06 for 25,000 shares and (b) at 15:12:13 for 35,000 shares at ₹33.75. Between 15:12:24 hrs and 15:13:31 hrs, a total of ten sell orders for 6,90,000 shares were placed at ₹34.00. At 15:12:24 i.e. when the sell order was placed at ₹34.00, the LTP was ₹ 33.75. A final sell order was placed by Josh Trading at 15:14:28 Hrs for 5,301 shares at ₹34.00. In all, thirteen sell orders were placed for 7,55,301 shares at an average of 58,100 shares per sell order.

iv. Josh Trading entered its first sell order *23 seconds prior* to the start of buy order by Ratha Infrastructure i.e. 15:12:29 and the time gap between the next sell order of Josh Trading i.e. at 15:12:24 for 1,00,000 shares and the first buy order of

Ratha Infrastructure was only 5 seconds. Four buy orders of Ratha Infrastructure for 2,00,000 shares each were placed between 15:12:29 and 15:15:37 at ₹34.00 (LTP ₹33.70, ₹33.85, ₹33.85 and ₹33.75 respectively).

v. In 13 sell orders placed by Josh, it was observed that in four orders of Josh, all trades matched with Ratha Infrastructure. Further, in 11 of the 13 orders, trade quantity matched with the *Sterling Group* was 86% and above.

vi. From the above trading pattern, it is clear that Josh Trading was also front–running the trades of the *Sterling Group* and had earned ₹9,49,379 on February 10, 2011.

vii. A summary of Josh's total trades in KSOIL (NSE) on February 10, 2011, is tabulated below:

Josh Trading trades in KSOIL			
No. of shares day traded	**Matched with *Sterling group***	**Profit in (₹)**	**% of market volume (buyer and seller)**
6,27,122 (1708 buy and 157 sell trades)	5,69,502 (90.81%) (93 sell trades of Josh)	9,49,379	15.49%

15. Therefore, from the above trading pattern of the Noticees, it is evident that the Noticees were front-running the trades of the Sterling group. As already stated, the trading accounts of Viraj and Josh were allowed to be used by Abhinandan to enable Manish to undertake the front-running activity and in the process, Noticees have clearly aided and abetted Manish in such illegal trading activity. From the material made available on record, I find that Josh had traded in 48 scrip days which were common with the Sterling group. I also find that about 91.46% of the trades of Josh matched with the trades of the Sterling group in terms of same order price to total trades matched. Similarly, Viraj had traded in 31 scrip days which were common with the Sterling group and about 93.42% of the trades of Viraj matched with the Sterling group with same order price to total number of trades matched. I note from the above trading pattern of the Noticees that by indulging into front-running, the Noticees have disturbed the market equilibrium and normal price discovery mechanism of the stock exchanges, besides creating false or misleading appearance of the trading in the securities market. It is also noted from the SCN that all the front-runners, including Viraj and Josh have traded through various brokers. It is noted that Josh and Viraj had mainly traded through two brokers viz. Sharekhan Ltd & IndiaNivesh Securities. A break-up of the profit earned by them on the various scrip days common with that of the Sterling Group is provided (broker-wise) as under:

Broker	Profit of Viraj (₹)	Profit of Josh (₹)
Sharekhan Ltd.	43,13,895	10,32,864
IndiaNivesh Securities Private Ltd	25,15,851	51,96,907
Total	68,29,746	62,29,771

16. From the submissions of the Noticees, I observe that the Noticees have vehemently contended that by providing their accounts to Praveen Jain, they have not employed any device, scheme or artifice to defraud in connection with dealing in securities as it was Manish, who used the trading account of Viraj and Josh to indulge in the illegal front-running of the trades of the Sterling Group. The contention of the Noticees in this regard is totally misplaced. Lending of the trading accounts for operation by others and not for their genuine trading activity, which was observed in the instant case, tantamount to 'fraud' for the purpose of the PFUTP Regulations. I find that by indulging in such activity, the Noticees have clearly aided and abetted Manish and facilitated him in the illegal front-running activity employed by him of the trades of the Sterling Group and importantly, significant number of trades of the Sterling group were front-run through the trading accounts of the Noticees i.e Viraj and Josh. Hence, I am of the view that Noticees cannot escape liability for violating the SEBI laws. In this context, it is pertinent to draw reference to an Order dated September 15, 2020 passed by Hon'ble SAT in the matter of **Pragnesh Vishnubhai Patel Vs SEBI (Appeal no. 268 of 2020)**, wherein Hon'ble SAT has held that :- "*We also find that admittedly the appellant allowed the other Noticee Lalit Amritlal Shah to use his trading account and if his trading account was misused, the appellant himself is to be blamed and for this blunder, the appellant cannot escape the liability for violating the SEBI laws*" . In the same Order, Hon'ble SAT has further held that :- "*But we are conscious of the fact that the appellant himself is to be blamed for allowing its trading account to be misused which is violative of the SEBI laws". Further, in* the context of name lending for the purpose of trading, I also take note of the judgment of Hon'ble Securities Appellate Tribunal in **Rahul H. Shah Vs. SEBI (Appeal No. 83 of 2012 decided on May 11, 2012)** wherein it was held by Hon'ble SAT that name lending *"is a fraudulent activity and requires to be curbed for maintaining the sanctity of the securities market*".

17. I have perused the submissions made by the Noticees and it is an admitted fact that Noticees have knowingly lent their name and bank / demat accounts to Praveen Jain to operate the accounts. Praveen Jain in turn has allowed Manish to trade in the accounts of the Noticees. It is evident and established that the dealings of the Noticees in the scrips of Sterling Group were substantial and the Noticees have significantly traded on the scrip days, which were common with the trades of the Sterling group. I find that Noticees, in connivance with other entities

indulged in the fraudulent activities of front-running. I am of the view that the Noticees cannot absolve their responsibility for misuse of their accounts by third parties by merely stating that they do not know the purpose for which their accounts were used. Name lending is a serious offence which enables manipulators to carry out their nefarious activities by masking their identity and the ultimate beneficiary of the manipulative scheme of things. Therefore, I am not inclined to view the acts of voluntary name lending by the Noticees leniently, as such acts have facilitated the market operators to devise and deploy deceptive, fraudulent, and manipulative schemes in the scrips/orders of the Sterling Group. Further, in the instant matter, it would be too naïve to accept the submissions of the Noticees that they were not aware of the fraudulent dealings in their respective trading accounts. I note that the contract notes in respect of these trades were issued by the stock broker in the names of the Noticees and the receipt/payments of money (as a result of pay-in and pay-out) were also made into their bank accounts.

18. Therefore, in view of the above, I hold that the Noticees by lending their name and bank/trading accounts to Praveen Jain /Manish have clearly aided/abetted/facilitated the manipulators and enabled them to indulge in the fraudulent activity of front-running of the trades of the Sterling group, as observed in this case, and the conduct of the Noticees had an adverse impact on the fairness, integrity and transparency in the securities market. Further, from the material available on record and the submissions of the Noticees, it is an admitted fact that Abhinandan was the common director on behalf of the other Noticees viz. Josh and Viraj. It was at the behest of Abhinandan that the trading accounts of both Viraj and Josh were allowed to be operated by Manish for the purpose of trading in securities (with the assistance of Praveen Jain). In their submissions, Noticees have stated that Abhinandan was the authorized person to place the orders on behalf of the two companies' viz. Viraj and Josh. It is well settled in law that a company though a legal entity cannot act by itself and it can act only through its directors. In the context of the proceeding against both Viraj and Josh, Abhinandan (who was the common director) was vitally responsible for the activities of the two companies' viz. Viraj and Josh. In this context, it is relevant to mention the observations of the Hon'ble Supreme Court of India in its Order dated April 26, 2013 in the matter of **Shri N Narayanan Vs SEBI**, details of which are as under:

"…..*Company though a legal entity cannot act by itself, it can act through its Directors. They are expected to exercise their power on behalf of the company with utmost care, skill and diligence…..*

A word of caution:

SEBI, the market regulator, has to deal sternly with companies and their Directors indulging in manipulative and deceptive devices, insider trading etc or else they will be failing in their duty to promote orderly and healthy growth of the Securities market…."

19. Therefore, in view of the above observations, I hold that Noticees have violated the provisions of sections 12A(a), (b) and (c) of the SEBI Act read with regulations 3(a), (b), (c), (d) and 4 (1) of the PFUTP Regulations. Considering the aforesaid facts and circumstances, I am of the opinion that this case deserves imposition of penalty upon the Noticees under section 15HA of the SEBI Act. The provisions of section 15HA of the SEBI Act (as it existed at the relevant time) is mentioned as under:

    Penalty for fraudulent and unfair trade practices.

    15HA. *If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty of twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.*

20. In order to further appreciate the concept of front running, I note that the issue of front running had come for consideration before the Hon'ble Supreme Court of India and I seek reliance on the judgment of Hon'ble Supreme Court, passed in the matter of ***SEBI Vs. Shri Kanaiyalal Baldevbhai Patel and Ors. (MANU/SC/0096/2018),*** relevant extract of which is reproduced hereunder:

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

    Front running -Buying or selling securities ahead of a large order so as to benefit from the subsequent price move.

    This denotes persons dealing in the market, knowing that a large transaction will take place in the near future and that parties are likely to move in their favour.

    The illegal private trading by a broker or market-maker who has prior knowledge of a forthcoming large movement in prices. (Investment)

    The Black's Law Dictionary (Ninth Edition) defines the term 'front running' as under:

    Front running, n. Securities. A broker's or analyst's use of nonpublic information to acquire securities or enter into options or futures contracts for his or her own benefit, knowing that when the information becomes public, the price of the securities will change in a predictable manner. This practice is illegal. Front-running can occur in many ways. For example, a broker or analyst who works for a brokerage firm may buy shares in a company that the firm is about to recommend as a strong buy or in which the firm is planning to buy a large block of shares…

...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 a intermediary with knowledge of an impending customer block order trades ahead of that order

21. Hon'ble Supreme Court, while dealing further with the scope of the prohibitions contained in the PFUTP Regulations, has held in the matter of *SEBI Vs Kanhaiyalal Baldevbhai Patel (CIVIL APPEAL NO. 2595 OF 2013)* decided on September 20, 2017 that – "*… it can be inferred that as a matter of principle, while interpreting this regulation, the court must weigh against an interpretation which will protect unjust claims over just, fraud over legality and expediency over principle. Once this rule is clearly established, individual cases should not pose any problem.*"

22. The prohibitions contained in the charging provisions in this case contemplate deployment of a fraudulent or unfair or manipulative '*device*', '*scheme*', '*artifice*' or '*contrivance*' with a design or purpose or plan or motive to '*defraud*', to '*deceive*', to '*manipulate*', to '*induce*', etc. *'in connection with dealing in securities'* and apply even in cases where the acts or omissions or concealments committed, whether in a deceitful manner or not, by any person while dealing in securities to induce any person to deal in securities would amount to *fraudulent* act. Clearly, in the instant case, the fact that Noticees had knowingly allowed their trading accounts to be operated by a third party and which induced Manish to indulge in the manipulative trades of front running indicates deceitful intent on the part of the Noticees. In this context, Hon'ble Supreme Court of India in the above referred *Kanhaiyalal Baldevbhai Patel* case has also held that – *"The emphasis in the definition in Regulation 2(c) of the 2003 Regulations is not, therefore, of whether the act, expression, omission or concealment has been committed in a deceitful manner but whether such act, expression, omission or concealment has/had the effect of inducing another person to deal in securities."* Hon'ble Supreme Court further held that the definition of "*fraud*" expands beyond what can normally be understood to be a '*fraudulent*' act. The emphasis is on act of inducement. It further held that for scrutinizing the cases under the PFUTP Regulations, mere inference, rather than proof, that the person induced would not have acted in the manner that he did but for the inducement is sufficient. No element of dishonesty or bad faith in the making of the inducement would be required.

23. Further, in the facts and circumstances of the case, the quantum of penalty has to be adjudged taking into account the conduct of the Noticees, as found in this case and the principle of proportionality. The failure, as found in this case, had clearly defeated the purposes of the SEBI

Act and the PFUTP Regulations i.e. investor protection and ensuring regulation of the market. For the purpose of adjudging the quantum of penalty, it is relevant to mention that under section 15I of the SEBI Act, imposition of penalty is linked to the subjective satisfaction of the Adjudicating Officer. The words in the section that "*he may impose such penalty*" are of considerable significance, especially in view of the guidelines provided by the legislature in section 15J of the SEBI Act. Further, 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 of the SEBI Act, which reads as under:-

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

24. Having regard to the factors listed in section 15J and the guidelines issued by Hon'ble Supreme Court of India in *SEBI Vs Bhavesh Pabari Civil Appeal No(S).11311 of 2013* vide judgement dated February 28, 2019, I am of the view that front-running is a fraud against the securities market as a whole and not only against the specific person, whose trades have been front run. The person, who does front-running, makes profit not only at the expense of the person being front -run but also at the expense of other investors in the securities market who incidentally suffer loss because of the transactions of the front runner. As already mentioned in the preceding paragraphs, the trading accounts of the Noticees viz. Viraj and Josh were used for the purpose of front running the trades of the Sterling group. Several transactions had taken place in the trading accounts of Viraj and Josh during the relevant investigation period as a result of the front running of the trades of the Sterling group. This indicates repetitive nature of default on the part of the Noticees. In this context, I note from the findings of the investigation report

that the unlawful profit/gain earned by the Noticees by way of front-running are mentioned as under:

Name of the Noticee	Total Profit in (₹)
Viraj Mercantile Pvt. Ltd.	68,29,746
Josh Trading Pvt. Ltd.	62,29,771
Total	1,30,59,517

25. I note from above table that the Viraj and Josh have made a collective profit of ₹1,30,59,517/. In this connection, the Noticees have submitted that the profits earned in the trading accounts of Viraj and Josh, as mentioned above, were given to Praveen Jain, who in turn had admittedly transferred such profits to Manish. In this context, I note that WTM-SEBI, vide Final Order dated December 18, 2020 passed under sections 11(1), 11(4) and 11 B of the SEBI Act had directed that the disgorgement of the unlawful gains as a result of the trades that have taken place in the accounts of various entities, including the trading accounts of Viraj and Josh, would lie against Manish, as the said two trading accounts were used by Manish to front-run the trades of the Sterling group. In the said Final Order, WTM- SEBI has however debarred the Noticees from accessing the securities market or buying, selling or otherwise dealing in the securities market, either directly or indirectly, for a period of 5 years from the date of the said Final Order. I have considered the above factors while deciding the quantum of penalty in respect of the Noticees. At the same time, I cannot lose sight of the fact that Noticees have clearly aided and abetted Manish/Praveen Jain in carrying out the unlawful activities of front-running in their trading accounts, which is detrimental to the investors and to the securities market at large.

26. Therefore, after taking into consideration the nature and gravity of the violation committed by the Noticees, the facts and circumstances of the case, the material available on record, the submissions made by the Noticees and also the factors mentioned in the preceding paragraphs, I, in exercise of the powers conferred upon me under section 15I of the SEBI Act read with rule 5 of the SEBI Adjudication Rules, hereby impose monetary penalty upon the Noticees under the provisions of section15HA of the SEBI Act for their violations of the provisions of sections 12 A (a), (b) and (c) of the SEBI Act and Regulations 3 (a), (b), (c) , (d) and 4 (1) of the PFUTP Regulations, as per the following table:

Noticee No.	Name of Noticee	Amount of Penalty (₹)
1	Viraj Mercantile Pvt. Ltd.	₹3,00,000/- (Rupees Three Lakh only)
2	Mr. Abhinandan Ranka	₹3,00,000/- (Rupees Three Lakh .only)
3	Josh Trading Pvt. Ltd.	₹3,00,000/- (Rupees Three lakh only)

The above penalty may be paid jointly or severally by the Noticees. In my view the said penalty is commensurate with the violation committed by the Noticees in this case.

27. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order by following the path at SEBI website www.sebi.gov.in, ENFORCEMENT > Orders > Orders of AO > PAY NOW; OR by using the web link https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html. In case of any difficulties in payment of penalties, the Noticees may contact the support at portalhelp@sebi.gov.in

28. The details and confirmation of e-payment made in the format as given in table below shall be sent to *"The Division Chief, EFD-DRA-1, Securities and Exchange Board of India, SEBI Bhavan, Plot No. C- 4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051."* and also to e-mail id:- tad@sebi.gov.in

1	Case Name	
2	Name of the Payee	
3	Date of Payment	
4	Amount Paid	
5	Transaction No.	
6	Bank Details in which payment is made	
7	Payment is made for (like penalties/disgorgement / recovery/ settlement amount and legal charges along with order details)	

29. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act, 1992 for realization of the said amount of penalty along with interest thereon, *inter alia,* by attachment and sale of movable and immovable properties.

30. In terms of rule 6 of the Adjudication Rules, copies of this order are sent to the Noticees viz. Viraj Merchantile Pvt Ltd., Abhinandan Ranka and Josh Trading Pvt Ltd and also to Securities and Exchange Board of India.

Date: September 30, 2021
Place: Mumbai

SURESH B MENON
ADJUDICATING OFFICER