

SO/AA/EFD2/2024-25/7200-7203
SECURITIES AND EXCHANGE BOARD OF INDIA
SETTLEMENT ORDER

In respect of:

Sr. no.	Name of the Entity/ Applicant	Settlement Application No.	PAN
1	Mr. Bhavin Pankaj Doshi	7200/2023	AFQPD4025D
2	Maxgrow Fintrade Pvt Ltd	7201/2023	AAJCM8974D
3	Mr. Nitesh Kumar Jain	7202/2023	AFOPJ2850C
4	Mr. Atish Shah	7203/2023	AAKHV6605C

(The aforesaid entities are hereinafter referred to by their respective names and collectively as the “Applicants”)

In the matter of suspected front running activities by Maxgrow Fintrade Pvt Ltd and Mr. Bhavin Pankaj Doshi

BACKGROUND

1. The Securities and Exchange Board of India (hereinafter referred to as “SEBI”) received an alert concerning the suspected front running of trades of Aditya Birla Mutual Fund (hereinafter referred to as “**Big Client/ ABMF**”) by Applicant no. 1, Mr. Bhavin Pankaj Doshi and Applicant no. 2, Maxgrow Fintrade Pvt. Ltd. An investigation with respect to suspected front running of the trades of ABMF during the period from February 01, 2021 to December 31, 2021 (hereinafter referred to as the “**Investigation Period**” or “**IP**”) was initiated.
2. Based on the findings in the investigation, a Show Cause Notice (hereinafter referred to as ‘**SCN**’) dated April 11, 2023 was served on the Applicants. Based on the examination of Order Logs and Trade Logs, call data records, statements recorded on oath and other evidence, the SCN *inter alia* alleged the following:

- (a) The trades of Applicant no. 1, Mr. Bhavin Pankaj Doshi and Applicant no. 2, Maxgrow Fintrade Pvt. Ltd. executed during the investigation period were alleged to have not been executed in the normal course of trading and were apparently in the nature of trades that were executed for front running the trades of the Big Client.
- (b) Applicant nos. 1 and 2 had front run the trades of the Big Client and thereby violating Section 12A (a), (b), (c) of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”) read with Regulation 3(a), 3(b), 3(c), 3(d), 4 (1) and 4 (2)(q) read with Regulation 2(1)(c) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as the “**PFUTP Regulations**”).
- (c) Applicant no. 3 had acted as a Tipper and Applicant no. 4 had acted as an Information carrier thereby violating Section 12A (a),(b), (c) of SEBI Act, 1992 read with Regulation 3(a), 3(b), 3(c), 3(d), 4 (1) read with Regulation 2(1)(c) of the PFUTP Regulations.
- (d) In view of the above, the Applicants were called upon to show cause as to why suitable directions, under Sections 11B (1) and 11(4) read with Section 11 (1) of SEBI Act, should not be issued against them for the violations alleged hereinabove. The Applicants were also called upon to show cause as to why appropriate directions to levy penalty under Section 11(4A) and 11B (2) read with Section 11 (1) and Section 15HA of the SEBI Act, 1992 and Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 should not be issued against them for the violations alleged hereinabove.

APPLICATIONS FOR SETTLEMENT OF PROCEEDINGS

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

Table 1

Sr. no.	Name of the Entity/ Applicant	Date of Filing	Settlement Application No.
1	Mr. Bhavin Pankaj Doshi	May 18, 2023	7200/2023
2	Maxgrow Fintrade Pvt Ltd	May 18, 2023	7201/2023
3	Mr. Nitesh Kumar Jain	May 18, 2023	7202/2023
4	Mr. Atish Shah	May 18, 2023	7203/2023

4. Pursuant to receipt of the Settlement Applications, the Authorised Representatives of the Applicants had a meeting with the Internal Committee of SEBI (hereinafter referred to as ‘IC’) on July 18, 2023, wherein the terms of settlement were deliberated. The IC considered the factors enumerated under Regulation 10 and Schedule II of the Settlement Regulations and permitted the Applicants to submit revised terms of settlement. Accordingly, the Applicants filed Revised Settlement Terms (hereinafter referred to as “RST”) vide letter dated July 26, 2023. The High Powered Advisory Committee (hereinafter referred to as ‘HPAC’) in its meeting held on September 08, 2023 considered the RST proposed by the Applicants and recommended the case for settlement. The recommendation of the HPAC was placed before the Panel of Whole Time Members of SEBI which suggested re-consideration of the terms of settlement proposed. Accordingly, a meeting of the IC was scheduled on November 10, 2023 wherein it re-considered the factors enumerated under Regulation 10 and Schedule II of the Settlement Regulations and permitted the Applicants to submit the RST. Accordingly, the Applicants filed the RST vide email and letter dated November 24, 2023 wherein the Applicants proposed the following:

A. Monetary Terms:

- (i) Payment of Settlement Amount of INR 62,40,000/- (INR Sixty-Two Lakhs Forty Thousand Only) by Applicant no. 1, Mr. Bhavin Pankaj Doshi,
- (ii) Payment of Settlement Amount of INR 96,08,486/- (INR Ninety-Six Lakhs Eight Thousand Four Hundred Eighty-Six Only) by Applicant no. 2, Maxgrow Fintrade Pvt. Ltd.,
- (iii) Payment of Settlement Amount of INR 68,90,000/- (INR Sixty-Eight Lakhs Ninety Thousand Only) by Applicant no. 3, Mr. Nitesh Kumar Jain,

- (iv) Payment of Settlement Amount of INR 62,40,000/- (INR Sixty-Two Lakhs Forty Thousand Only) by Applicant no. 4, Mr. Atish Shah.

B. Non-Monetary Terms:

- (i) An amount of INR 85,11,774/- (INR Eight-Five Lakhs Eleven Thousand Seven Hundred Seventy-Four Only) towards disgorgement of alleged unlawful gain (which includes with simple interest of 12% per annum) to be paid jointly and severally by the Applicants along from date of default till the date of submission of the RST.
 - (ii) Voluntary debarment for a period of six (6) months from the securities market by each applicant.
5. The HPAC in its meeting held on February 05, 2024 considered the RST proposed by the Applicants and recommended the case for settlement. The recommendation of the HPAC was placed before the Panel of Whole Time Members of SEBI. In terms of Regulation 15 of the Settlement Regulations, the Panel of Whole Time Members of SEBI approved and accepted the recommendation of the HPAC on March 06, 2024 and the same was communicated to the Applicants vide email dated March 27, 2024.
6. Pursuant to the same, Applicants vide e-mails dated April 22, 2024 informed SEBI about the remittance of the settlement amount by the respective Applicants as well as the disgorgement amount, and the same was confirmed by the concerned department of SEBI.

ORDER

7. On the basis of the aforesaid, in exercise of the powers conferred under Section 15JB read with Section 19 of the SEBI Act and in terms of Regulations 23 read with Regulation 28 of the Settlement Regulations, it is hereby ordered that the instant proceedings initiated against the Applicants vide Show Cause Notice dated April 11, 2023 are disposed of as per the following terms:
- (i) SEBI shall not initiate any other enforcement action against the Applicants for the said violation; and

- (ii) Passing of this Order is without prejudice to the right of SEBI under Regulation 28 of the Settlement Regulations to initiate any enforcement action against the Applicants, if SEBI finds that:
- (a) any representations made by the Applicants in the settlement proceedings is subsequently found to be untrue; or
 - (b) the Applicants have breached any of the clauses / conditions of undertakings / waivers filed during the current settlement proceedings; or
 - (c) there was a discrepancy while arriving at the settlement terms.
8. This settlement order is passed on the 26th Day of April, 2024 and shall come into force with immediate effect.
9. In terms of Regulation 25 of the Settlement Regulations, copies of this order are being sent to the Applicants, Mr. Bhavin Pankaj Doshi, Maxgrow Fintrade Pvt Ltd, Mr. Nitesh Kumar Jain, Mr. Atish Shah and also to the SEBI.

Place: Mumbai
Date: April 26, 2024

Sd/-
DR. ANITHA ANOOP
CHIEF GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA