IN THE SECURITIES APPELLATE TRIBUNAL AT MUMBAI

DATED THIS THE 4TH DAY OF MARCH 2026

CORAM : Justice P. S. Dinesh Kumar, Presiding Officer
Ms. Meera Swarup, Technical Member
Dr. Dheeraj Bhatnagar, Technical Member

Appeal No. 60 of 2025
And
Misc. Application No. 552 of 2025

Between

Vikas Sarda
Anand Nagar, Maglana Road,
Makrana Rajasthan – 341 505. …. Appellant

By Mr. Ram Awatar Dhoot, Authorized Representative for the Appellant.

And

Securities & Exchange Board of India
SEBI Bhavan, Plot No. C-4A, G Block,
Bandra Kurla Complex,
Bandra (East),
Mumbai - 400 051. …. Respondent

By Ms. Gulnar Mistry, Advocate with Ms. Khushbu Chhajed, Ms. Khushbu Trivedi, Advocates i/b MDP Legal for the Respondent.

With
Appeal No. 152 of 2025
And
Misc. Application No. 332 of 2025
And
Misc. Application No. 333 of 2025

Between

Preeti Sarda
Anand Nagar, Maglana Road,
Makrana Rajasthan – 341 505. …. Appellant

By Mr. Ram Awatar Dhoot, Authorized Representative for the Appellant.

And

Securities & Exchange Board of India
SEBI Bhavan, Plot No. C-4A, G Block,
Bandra Kurla Complex,
Bandra (East),
Mumbai - 400 051. …. Respondent

By Ms. Gulnar Mistry, Advocate with Ms. Khushbu Chhajed, Ms. Khushbu Trivedi, Advocates i/b MDP Legal for the Respondent.

With

Appeal No. 129 of 2025

Between

Vikas Sarda (HUF)
Anand Nagar, Maglana Road,
Makrana Rajasthan – 341 505. …. Appellant

By Mr. Ram Awatar Dhoot, Authorized Representative for the Appellant.

And

Securities & Exchange Board of India
SEBI Bhavan, Plot No. C-4A, G Block,
Bandra Kurla Complex,
Bandra (East),
Mumbai - 400 051. …. Respondent

By Ms. Gulnar Mistry, Advocate with Ms. Khushbu Chhajed, Ms. Khushbu Trivedi, Advocates i/b MDP Legal for the Respondent.

THESE APPEALS ARE FILED UNDER SECTION 15T OF SEBI ACT, 1992 TO SET ASIDE ORDER DATED NOVEMBER 28, 2024 (EX-A) PASSED BY AO, SEBI.

THESE APPEALS HAVING BEEN HEARD AND RESERVED FOR ORDERS ON FEBRUARY 12, 2026, COMING ON FOR PRONOUCEMENT OF ORDER THIS 4TH DAY OF MARCH 2026, THE TRIBUNAL MADE THE FOLLOWING :

O R D E R

[Per: Dr. Dheeraj Bhatnagar, Technical Member]

These three appeals are directed against the order dated November 28, 2024 passed by the QJA[1], SEBI[2] issuing directions for disgorgement of Rs. 1.43 Crore on joint and several basis, debarment from accessing the securities market and imposing penalty of 5 lakhs against each of the appellants under Section 15HA of the SEBI Act, 1992[3] ("SEBI Act" for short).

a) **Appeal No. 60/2025** is filed by one Vikas Sarda (Noticee No. 3).

b) **Appeal No. 129/2025** is filed by Vikas Sarda HUF whose *karta* is Vikas Sarda (Noticee No 4).

c) **Appeal No. 152/2025** is filed by Preeti Sarda, wife of Vikas Sarda (Noticee No. 5).

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[1] Quasi-Judicial Authority
[2] Securities and Exchange Board of India
[3] Securities and Exchange Board of India Act, 1992

2. As these appeals arise out of a common impugned order, these were heard together and are being disposed of way by this common order. For convenience, appellant in all the three appeals are collectively referred to as "appellants".

3. Brief facts of the case are:

a) On surveillance, SEBI suspected front-running activity, based on which it conducted investigation into trades of the appellants and three others.

b) Investigation period was January 1, 2022 to June 30, 2023 ("IP" for short).

c) A SCN[4] was issued on June 28, 2024, *inter alia,* alleging that the trades of certain Big Clients[5] were front-run by the appellants and two others and one Ashish Sarda (Noticee No. 6 in impugned order), who is cousin brother of Vikas Sarda. Allegedly, Ashish Sarda used to place orders of Big Clients through Thar Share Brokers Pvt. Ltd. He was found to be the information carrier based on which appellants front-run the impugned transactions.

d) The Big Clients were found to be connected to each other through common registered address and common directors namely Ajay Gangwal and Rakhi Gangwal, who were husband and wife.

e) Instructions of punching orders in the system for all the three Big Clients were given by Ajay Gangwal to Ashish Sarda. Accordingly, it was alleged that Ashish Sarda is

[4] Show Cause Notice
[5] Parshvanath Finvest Pvt Ltd, Thar Share Brokers Pvt Ltd and Gangwal Commodities Pvt Ltd

the link between the Big Clients and the appellants and was aware of the orders being placed on behalf of the Big Client. Hence he is alleged to be the Information carrier.

f) CDR[6] also revealed that Vikas Sarda spoke to Ashish Sarda prior to placing orders on various instances. Also, call recording revealed more evidence.

g) Trade instances also revealed that many trades undertaken by the appellants were based on the information provided by Ashish Sarda.

h) Bank statements of the appellant revealed that an amount of Rs 13.8 Lakhs was transferred every week to Ashish Sarda during the IP.

i) In view of the above, the appellants were asked to explain as to why directions for disgorgement of wrongful gain to the tune of 1.27 Crore on joint and several basis for the Noticee Nos. 4 and 5, may not be issued.

j) Appellants replied to the SCN and were heard on October 16, 2024. Thereafter, they submitted their written submissions

4. We have heard Mr. Ram Awatar Dhoot, learned Authorised Representative for the appellants and Ms. Gulnar Mistry, learned advocate with Ms. Khushbu Chhajed, Ms. Khushbu Trivedi, learned Advocate for the SEBI, in all the appeals.

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[6] Call Data Record

5. Mr. Ram Awatar Dhoot, learned Authorized Representative submitted that families of Ashish Sarda and of the appellants are different; they reside in different cities and that merely having family connections is not enough to attribute the allegation of fraud. He submitted that the trades executed by Preeti Sarda were independent trades and she had no connections with the Big Clients. He submitted that violations are technical in nature.

6. He further submitted that the statements against the appellant cannot be used adversely without giving an opportunity of cross-examination. He relied on ***Andman Timber Industries vs. CCE***[7] and ***ITO vs. Asok Kumar Bansal***[8] along with other judgments. The call recording between Ashish Sarda and one Murari Lal Sarda (Noticee No. 1 in the impugned order) has no evidentiary value as same was not substantiated by the appellants. He further submitted that no person who is accused of an offence shall be compelled to be a witness against himself.

7. Mr. Dhoot submitted that serious charges of fraud cannot be leveled by SEBI in casual manner and suspicion of SEBI cannot replace evidentiary documents. To support this, he relied on ***KSL & Industries v. SEBI***[9] **and *CIT v. Daulatram Rawatmull***[10]**.** Further, he submitted that there is no evidence to prove that Murari Lal Sarda made any calls to the appellants. A notice on a tippee is bad in law, because no penal provision exists to punish a tippee. He relied on ***State of Punjab v. Davinder Pal Singh Bhullar***[11]**.**

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[7] [2015] 62 taxmann com 3 (Sc)
[8] ITA No. 289/Agra/2009 (Agra ITAT)
[9] 2005 (59) SCL 1 SAT
[10] 87 ITR 349 (SC)
[11] Order in Criminal Appeal Nos. 753-755 of 2009 dated December 7, 2011

8. He submitted that '*intention*' is pre-requisite to prove '*fraud*' for violation of PFUTP Regulation[12], in the present case, offences alleged are serious which require evidence of 'fraud or deceit' and are not just ordinary civil defaults. He submitted that huge penalty of 5 Lakh is imposed in the aftermath of COVID-19 which puts monetary burden on the appellants.

9. He submitted that impugned order failed to consider principles laid down in ***P.G Electroplast ltd. v. SEBI[13] ; AO, SEBI v. Bhavesh Pabari[14]*** *and* ***Piramal Enterprises ltd v. SEBI[15]****.* He submitted that SEBI has failed to consider that there was no impact analysis of the effects of the trades of the appellants and the allegations are general in nature. The penalty imposed on the appellants is disproportionate compared to other similar cases.

10. Ms. Gulnar Mistry and Ms. Khushbu Chhajed, learned Advocates for the SEBI, submitted that all 3 appellants are admittedly connected and Vikas Sarda was authorized to place orders for his wife and as Karta for his HUF account. He has placed orders on their behalf, while no trading activity was observed in his own account.

11. They further submitted that Vikas Sarda, in his statement on oath before SEBI, has admitted that Ashish Sarda used to give tips to him on the basis of which he used to carry out trades on behalf of HUF and his wife. Bank account statements revealed that there was a financial

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[12] SEBI Prevention of Fraud and Unfair Trade Practices Regulations
[13] Order in appeal No. 281 of 2017 dated February 2, 2019
[14] (2019) 5 SCC 90
[15] Order in appeal No. 466 of 2016 dated May 15, 2019

arrangement between Ashish Sarda and Vikas Sarda, under which during the IP, Vikas Sarda used to transfer Rs. 13.8 Lakhs to Ashish Sarda on weekly basis as a consideration for sharing the information.

12. The Learned advocates for the SEBI submitted that there is sufficient evidence on record to prove that appellants were involved in front running, which is supported by the CDR, statements on oath of Ashish and Vikas Sarda, bank account statements and trading pattern of appellants and their family relations with Asish Sarda. Appellants have made profits of Rs. 1.27 Crore on the basis of prior information of upcoming trades of Big Clients. The penalty imposed on the appellants under Section 15HA is minimum and cannot be held as excessive. Further, the facts of this case are distinct and distinguishable from various case laws relied upon by the appellants. They prayed that the appeal may be dismissed.

13. We have heard both the parties and perused the records made available to us and carefully considered facts.

14. Undisputed facts of the case are:

i. All 3 Appellants are related to Ashish Sarda through Vikas Sarda, who is his cousin brother.

ii. Ashish Sarda is privy to trades of Big clients and has carried the information to Vikas Sarda.

iii. The trades of the appellants are in sync with Big clients.

iv. There was fund transfer of around Rs. 13.86 Lakhs on weekly basis to Ashish Sarda by the appellant, statedly as commission.

v. Appellants have earned profits to the tune of Rs. 1.27 Crore through these trades.

15. Ashish Sarda was examined by the Investigating Authority and his statement was recorded on oath on October 25, 2023. In his reply to the following questions, he has furnished specific details of modus operandi as under:

> *"2. What is your main source of income? What is your job profile. Who is you reporting boss?*
>
> *Answer: I am working as an employee (dealer) with Thar Share brokers earning monthly gross salary of Rs. 22,600/. I execute all trades on behalf of Sh Ajay Gangwal, director of Thar Share Brokers. All instructions regarding the trades are given by him.*
>
> *5. Do you give tips to your family members for trading in the securities market?*
>
> *Answer: I do give tips to my immediate relatives and friends for trading.*
>
> *6. Are you privy to the trades of Thar Share Brokers and do you share information about those trades with your father/ mother or any of the family members?*
>
> *Answer: I have the ID for cash market trades. I sit across Sh Gangwal and most of the stock trades in cash and equity segment are executed by me. The CTCL terminal used by me for placing trades of behalf of entities controlled by Ajay Gangwal for cash is in the name of Navratan Parikh and F & O is in the name of Jaideep Parikh. I give tips to my father through SMS or calls. My father operates my mother's trading account as well. His broker is in Barkat Nagar. He gives orders at the broker's office.*
>
> *7. Who is Vikas Sarda? Do you give tips to him as well?*

Answer: Vikas Sarda is the son of my elder paternal uncle. He lives in Makrana. I have good relations with him. I do give him tips through SMS and phone calls. I used knowledge of Sh Ajay Gangwal and informed my relatives of somewhat guaranteed profits in the scrips. I have seen that all such traces of Ajay Gangwal were profitable. I have been giving him tips since about a year. I have made a commission of about cash 27-28 lakhs, A/c 10 lakhs.

8. There are banking transactions from Vikas Sarda's wife, Preeti Sarda's account marked as commission to you? What are those transactions referring to?

Answer: The transactions are the commission arrangement I had with Vikas Sarda for giving him tips in 60:40 ratio post taxes and other mandatory outgo. Infact, I had such arrangement with Ashok Jajoo as well. I would receive commission in cash as well. I have used part of that amount in buying current house which is in my father's name and for alimony (jewellery) to my ex-wife.

9. Did you give tips to Vikas Sarda to close his trades intra-day by trading ahead of the trades of entities related to Ajay Gangwal?

Answer: I did inform him of the scrips in which Gangwal ji would continuously invest so he would also take similar position. For eg. If Gangwal ji was buying 10,000 of BHEL and continued buying it then I would accordingly inform my brother, Vikas since I trusted the decision of Gangwal ji. If he was continuously buying, it would mean that it would be a profitable position."

[Emphasis supplied]

16. Further, Vikas Sarda was also examined on oath by the Investigating Authority on December 8, 2023 where he has made the following critical admissions in his statement, which corroborate the contentions of Ashish Sarda:

"6. Did you get tips from Ashish Sarda for trading in the securities market? How and when did this start?

Answer: Yes. Ashish is my cousin. He knew I was interested in share market. He offered to give me tips on the basis of which I could trade. This started in around mid of 2022.

7. How was the information about trades communicated to you?

Answer: Ashish would share the information either through phone calls or SMS or whatsapp.

8. Did you give any commission to Ashish Sarda for sharing the information? What was the mode of transfer of money? Give details regarding the same.

Answer: Yes. initially I had deposited some cash and mostly it was through online transfer either from the account of my HUF or my wife.

There was no specific percentage. He had asked me to give him commission on whatever I felt appropriate and settle them on Saturdays. Accordingly, I would transfer some money to his account. If there was loss, he had refunded my money also on one or two occasions."

[Emphasis supplied]

17. We note that the appellants have not disputed the above statement. Vikas Sarda's statement corroborate with the statements of Ashish Sarda. It is admitted by both the tipper and tipee that the trades carried out by the appellants were based on the tips given by Ashish Sarda, who has confirmed that these were based on stock trades for big clients conducted by him in cash and equity segments, while he was working at Thar share Brokers. He has stated that he

used to pass on information to Vikas Sarda through Phone, whatsapp or text SMS, and the appellants used to pay commission to him on weekly basis. Thus, the evidences on record, establish admission by both tipper and the tippee of being engaged in unethical front-running practice.

18. The Learned Authorised representative of the appellants has argued that the statements against the appellant cannot be used adversely without giving an opportunity of cross-examination of Ashish Sarda and relied on ***Andman Timber Industries vs. CCE***[16] and ***ITO vs. Asok Kumar Bansal***[17].

19. We note that, appellants have not taken this stand before the AO. Secondly, before the AO appellants had sought cross-examination of only 4 entities namely; NSE, *Parshvanath Finvest Pvt. Ltd., Thar Share Brokers Pvt. Ltd.* and *Gangwal Commodities Pvt. Ltd* and not of Ashish Sarda. It is only at the appellate stage that the appellants have taken this stand.

We also note that the appellants have not disputed the connections with Ashish Sarda and the contents of CDRs. Appellants have failed to explain as to why an amount of Rs. 13.86 Lakhs was transferred to Ashish Sarda on weekly basis during the investigation period. We have extracted relevant portion of Vikas Sarda's statement made on oath in para No. 16 above. He has admitted to have received tips from Ashish and paid commission to him. Therefore, there is no need for cross-examination of Ashish.

[16] [2015] 62 taxmann com 3 (Sc)
[17] ITA No. 289/Agra/2009 (Agra ITAT)

20. Mr. Dhoot also submitted that the impugned order passed by the SEBI is based on SEBI's suspicion and cannot take the place of proof. The said argument is untenable because, appellant Vikas Sarda has admitted the modus operandi in his statement on oath. The next plea of excessive penalty is also untenable since minimum penalty has been levied against the appellants under Section 15HA. Appellants have not urged any ground with regard to computation of disgorgement amount on joint and several basis.

21. In view of above discussion, we find no merit in the appeal. Hence, the following:-

ORDER

i. Appeal Nos. 60 of 2025, 152 of 2025 and 129 of 2025 are dismissed.
ii. Pending interlocutory application(s), if any, stands disposed of.
iii. No costs.

Justice P. S. Dinesh Kumar
Presiding Officer

Ms. Meera Swarup
Technical Member

Dr. Dheeraj Bhatnagar
Technical Member

04.03.2026
PTM

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