BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

(ADJUDICATION ORDER NO: Order/AK/VP/2022-23/21846)

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) RULES, 1995, IN RESPECT OF

URMILA DEBI

(PAN – AYGPD9258H)

IN THE MATTER OF KRISHANA FABRICS LIMITED

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as **"SEBI"**) had received complaints on SCORES alleging that SMSs were being circulated recommending to buy shares in the scrip of Krishana Fabrics Ltd (hereinafter referred to as **"Krishana/ Company"**). Pursuant to receipt of the said complaints SEBI conducted an investigation in the scrip of Krishana for the period November 06, 2015 to April 28, 2017 (hereinafter referred to as **'Investigation Period' or 'IP'**), to ascertain whether there was any violation of provisions of Securities And Exchange Board of India Act, 1992 (hereinafter referred to as **"SEBI Act"**), SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations"**) and SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 by certain entities in the scrip of Krishana.

2. SEBI, on examination of the purchase and sale transactions of Ms. Urmila Debi (hereinafter referred to as **"the Noticee"**) in the scrip of Krishana, found that Noticee had indulged in order book manipulation through false volumes and demand in contravention of PFUTP Regulations, and thereby allegedly violated

provisions of Section 12A(a), (b), (c) of the SEBI Act, Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a) and 4(2)(e) of PFUTP Regulations. Further during investigation, Summons u/s 11C(2) r/w 11C(3) of SEBI Act, dated February 02, 2022, were issued to Noticee to, inter-alia, seek details regarding the rationale for dealing in the shares of Krishna and the reason for repeatedly placing and deleting large number of buy orders (deleted buy order quantity was 96.71%**)** and sell orders (deleted sell order quantity was 39.84%) on October 05, 2016 and October 06, 2016. However, no reply was received from her, and hence it was alleged that the Noticee has violated Section 11(C)(2) r/w 11(C)(3) of SEBI Act.

APPOINTMENT OF ADJUDICATING OFFICER

3. Upon being satisfied that there were sufficient grounds to inquire and adjudicate upon the violation of provisions of the SEBI Act and the PFUTP Regulations by the Noticee, SEBI initiated adjudication proceedings against the Noticee, in exercise of powers u/s 19 r/w Section 15-I of SEBI Act and rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as the **"Adjudication Rules"**). SEBI appointed Ms. Geetha G, as Adjudicating Officer (**AO**), vide order dated April 04, 2022 to inquire into and adjudge the alleged violations. Pursuant to the transfer of Ms. Geetha G, SEBI appointed the undersigned as AO, vide order dated 29.08.2022.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. Show Cause Notice ref. no. EAD-6/AK/VP/504951/1/2022 dated September 29, 2022 (hereafter referred to as **SCN**) was issued to the Noticee in terms of the provisions of rule 4(1) of the SEBI Adjudication Rules r/w Section 15-I of SEBI Act, requiring the Noticee to show cause as to why an inquiry should not be held against her and why penalty, if any, should not be imposed on her under the provision of Section 15A(a) and 15 HA of SEBI Act for the alleged violations. I note that SCN was sent to the Noticee, vide Speed Post Acknowledgement Due.

The said SCN returned undelivered with a remark 'No Such person in the address'. The scanned copy of the said SCN was also sent to the Noticee by e-mail at email IDs: urmiladebi9@gmail.com and urmidebi@religious.com, as obtained from MIIs. I note from the records that the SCN sent at urmiladebi9@gmail.com was delivered and SCN sent at email urmidebi@religious.com was bounced. Thereafter, the digitally signed SCN was sent to the Noticee on 18.10.2022 at the same email IDs, which constitutes valid service as per Rule 7(1)(b) of the Adjudication Rules. I note that the SCN was duly delivered to the Noticee on her email ID urmiladebi9@gmail.com.

5. An opportunity of personal hearing was granted to the Noticee on 14.11.2022 vide Hearing Notice dated 31.10.2022. The digitally signed Hearing Notice was sent by email on 31.12.2022 and it was duly delivered to the Noticee on her email ID urmiladebi9@gmail.com which, constitutes valid service as per Rule 7(1)(b) of the Adjudication Rules. However, the Noticee did not respond and neither requested for adjournment nor availed the opportunity of hearing.

6. In view of the above, I proceed to conclude the proceedings ex-parte.

7. The allegations levelled against Noticee in the SCN are summarised as under:

7.1 Noticee had indulged in order book manipulation through false volumes and demand in contravention of PFUTP Regulations and thereby violated provisions of Section 12A(a), (b), (c) of the SEBI Act, Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a) and 4(2)(e) of PFUTP Regulations.

7.2 Noticee, by not providing information sought by the Investigating Authority (hereinafter referred to as **"IA"**) through Summons, issued u/s 11(C)(2) r/w 11(C)(3) of SEBI Act, violated the said provisions.

CONSIDERATION OF ISSUES AND FINDINGS

8. I have taken into consideration the facts and material available on record. The issues that arise for consideration in the present case are as follows:

    I. Whether the Noticee has violated Section 12A(a), (b), (c) of the SEBI Act, Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a) and 4(2)(e) of PFUTP Regulations and Section 11(C)(2) r/w 11(C)(3) of SEBI Act?

    II. Does the violations, if any, attract monetary penalty u/s 15 HA and 15A(b) of the SEBI Act?

    III. If so, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act r/w Rule 5(2) of the Adjudication Rules?

Issue I. Whether the Noticee has violated Section 12A(a), (b), (c) of the SEBI Act, Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a) and 4(2)(e) of PFUTP Regulations and Section 11(C)(2) r/w 11(C)(3) of SEBI Act?

9. Before moving forward, it is pertinent to refer to the relevant provision which is alleged to have been violated. The said provisions are reproduced hereunder:

SEBI Act

11C. (1) Where the Board has reasonable ground to believe that—

2) Without prejudice to the provisions of sections 235 to 241 of the Companies Act, 1956 (1 of 1956), it shall be the duty of every manager, managing director, officer and other employee of the company and every intermediary referred to in section 12 or every person associated with the securities market to preserve and to produce to the

Investigating Authority or any person authorised by it in this behalf, all the books, registers, other documents and record of, or relating to, the company or, as the case may be, of or relating to, the intermediary or such person, which are in their custody or power.
(3) The Investigating Authority may require any intermediary or any person associated with securities market in any manner to furnish such information to, or produce such books, or registers, or other documents, or record before him or any person authorised by it in this behalf as it may consider necessary if the furnishing of such information or the production of such books, or registers, or other documents, or record is relevant or necessary for the purposes of its investigation

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

Prohibition of certain dealings in securities

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 there under;

(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 there under.

4.Prohibition of manipulative, fraudulent and unfair trade practices

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

(2) Dealing in securities shall be deemed to be fraudulent or an unfair trade practice if it involves: —

(a) indulging in an act which creates false or misleading appearance of trading in the securities market;

(e) any act or omission amounting to manipulation of the price of a security;

10. I have perused the available records in respect of the allegations made in the SCN and find as under;

10.1. On October 05, 2016 and October 06, 2016 when SMSs were circulated, a total of 4,711 buy orders for 1,21,50,625 shares and 2,458 sell orders for 25,56,219 shares were placed in the system. Noticee was the top buyer and seller and contributed 9.57% each to market buy and sell volume. I note that Noticee accounted for 84.00% & 21.86% of total buy and sell orders respectively that were placed in the system majority of which were deleted later.

10.2. Noticee was the top client who had contributed significantly to the market volume on buy and sell side. Buy order quantity of 32,78,944 shares (constituting 97.08% of the total buy order quantity) and Sell order quantity of 58,763 shares (constituting 47.63% of the total sell order quantity) placed on October 05, 2016 were deleted by the Noticee. Further, Noticee deleted Buy order quantity of 74,84,242 shares (constituting 96.52% of the total buy order quantity) and Sell order quantity of 1,32,957 shares (constituting 35.88% of the total sell order quantity) on October 06, 2016.

10.3. Summary of orders placed by Noticee on October 05, 2016 from 2:50 PM to 3:30 PM and on October 06, 2016 are as under:

Date	Buy Order Qty Placed	Buy Order Qty deleted	Buy Trades Executed	Buy quantity deleted (%)	Sell Order Qty Placed	Sell Order Qty deleted	Sell Trades Executed	Sell quantity deleted (%)
05.10.2016	33,77,500 (13 orders)	32,78,944 (13 orders)	98,556	97.08%	1,88,176 (18 orders)	89,620 (6 orders)	98,556	47.63%
06.10.2016	77,21,842 (35 orders)	74,84,242 (32 orders)	2,37,600	96.52%	3,70,557 (54 orders)	1,32,957 (15 orders)	2,37,600	35.88%
Total	**1,02,07,000**	**98,70,844**	**3,36,156**	**96.71**	**5,58,733**	**2,22,577**	**3,36,156**	**39.84**

10.4. I note that some of the orders were deleted after they were partially executed. Details of deleted buy and sell order quantity are as under:

<u>Buy Orders/Trades on October 05, 2016</u>:

Buy Order No	Buy Order Time	Buy Order Limit Price	Buy LTP prior to Order Entry	Buy Order Orig Vol	Buy Order Discl. Vol	Total Traded Qty	Order Deleted Time	(Un-executed) Order Qty deleted
1475638200001737956	14:51:37	83.75	83.85	52500	52500	0	15:30:00	52500
1475638200001737959	14:51:44	83.70	83.85	25000	25000	0	15:30:00	25000
1475638200001737961	14:51:52	83.65	83.85	100000	100000	0	15:30:00	100000
1475638200001737963	14:51:59	83.60	83.85	150000	150000	0	15:30:00	150000
1475638200001737969	14:52:06	83.55	83.85	50000	50000	0	15:30:00	50000
1475638200001737974	14:52:13	83.90	84.00	500000	500000	0	15:30:00	500000
1475638200001737986	14:52:31	84.00	84.00	500000	500000	90901	15:30:00	409099
1475638200001737998	14:52:44	83.80	84.10	200000	200000	0	15:30:00	200000
1475638200001738102	14:52:51	83.75	84.10	200000	200000	0	15:30:00	200000
1475638200001738107	14:52:58	83.70	84.10	500000	500000	0	15:30:00	500000
1475638200001739937	15:17:54	85.35	85.75	500000	500000	0	15:16:38	500000
1475638200001739945	15:18:01	85.70	85.75	100000	100000	0	15:04:00	100000
1475638200001739955	15:18:14	85.70	85.70	500000	500000	7655	15:06:51	492345
Total				**3377500**		**98556**		**3278944**

From the above, I note that the Noticee had placed buy orders for huge quantity and deleted them after execution of the miniscule quantity (2.92% of the total buy order quantity placed by her) without the intention of executing the quantity placed.

10.5. I note that out of 18 sell orders placed, there were six orders which were either fully deleted (2 orders) or partially executed (4 orders).

<u>Sell Orders/Trades on October 05, 2016</u>:

Sell Order No	Sell Order Time	Sell Order Limit Price	Sell LTP prior to Order Entry	Sell Order Orig Vol	Sell Order Discl. Vol	Total Traded Qty	Order Deleted Time	(Unexecuted) Order Qty deleted
1475638200001738659	15:03:17	85.25	85.05	5000	5000	0	15:04:00	5000
1475638200001738770	15:06:32	85.15	85.20	4500	4500	3480	15:06:51	1020

1475638200001738825	15:08:44	85.20	85.25	2500	2500	1225	15:09:00	1275
1475638200001738856	15:09:41	85.20	85.15	5000	5000	1727	15:11:48	3273
1475638200001738577	15:01:26	85.40	85.40	70857	70857	0	15:16:38	70857
1475638200001739600	15:14:46	85.25	85.20	9000	9000	805	15:16:38	8195
Total				**96857**		**7237**		**89620**

10.6. I note that the Noticee placed buy orders for huge quantity however barring a small quantity that got executed (3.48% of the total buy order quantity), the remaining orders/quantity were deleted from the system, without executing the desired/intended quantity.

Buy Orders/Trades on October 06, 2016:

Buy Order No	Buy Order Time	Buy Order Limit Price	Buy LTP prior to Order Entry	Buy Order Orig Vol	Buy Order Discl. Vol	Total Traded Qty	Order Deleted Time	(Unexecuted) Order Qty deleted
1475724600001466322	09:22:15	83.95	84.05	50000	50000	0	10:50:54	50000
1475724600001716594	11:49:38	84.85	84.80	500000	500000	0	12:37:58	500000
1475724600001716596	11:49:45	84.80	84.95	200000	200000	0	12:37:58	200000
1475724600001714129	11:14:13	84.30	84.60	200000	200000	0	12:38:13	200000
1475724600001714127	11:14:08	84.35	84.60	200000	200000	0	12:38:13	200000
1475724600001714125	11:14:01	84.40	84.55	200000	200000	0	12:38:13	200000
1475724600001714121	11:13:57	84.45	84.50	200000	200000	0	12:38:13	200000
1475724600001714119	11:13:49	84.50	84.45	200000	200000	11556	12:38:13	188444
1475724600001707292	10:50:08	84.10	84.05	102000	102000	5746	12:38:13	96254
1475724600001466868	10:04:28	84.05	84.10	10000	10000	7624	12:38:13	2376
1475724600001466419	09:25:31	84.00	84.05	50000	50000	0	12:38:18	50000
1475724600001466417	09:25:28	83.85	84.05	25000	25000	0	12:38:18	25000
1475724600001466308	09:22:05	83.80	84.05	50000	50000	0	12:38:18	50000
1475724600001466306	09:22:02	83.80	84.05	50000	50000	0	12:38:18	50000
1475724600001466304	09:21:58	83.90	84.05	50000	50000	0	12:38:18	50000
1475724600001466298	09:21:50	84.00	83.50	50000	50000	43918	12:38:18	6082
1475724600001466285	09:21:34	83.50	81.10	50000	50000	7488	12:38:18	42512
1475724600001728553	13:38:11	85.25	85.15	50000	50000	6351	13:38:44	43649
1475724600001716593	11:49:33	84.90	84.80	200000	200000	0	13:39:33	200000
1475724600001716592	11:49:18	84.90	84.80	500000	500000	0	13:39:33	500000
1475724600001716590	11:49:13	84.95	84.80	50000	50000	18374	13:39:33	31626
1475724600001728562	13:38:34	85.25	85.25	200000	200000	0	13:50:04	200000
1475724600001728567	13:38:58	85.20	85.25	500000	500000	20230	14:30:32	479770
1475724600001729769	14:02:41	85.25	85.25	200000	200000	1941	14:31:22	198059

Buy Order No	Buy Order Time	Buy Order Limit Price	Buy LTP prior to Order Entry	Buy Order Orig Vol	Buy Order Discl. Vol	Total Traded Qty	Order Deleted Time	(Unexecuted) Order Qty deleted
1475724600001730086	14:31:20	85.25	85.25	500000	500000	1089	14:44:01	498911
1475724600001735063	15:20:21	85.25	85.25	1000000	1000000	0	15:20:26	1000000
1475724600001466517	09:34:12	76.75	84.05	100000	100000	0	15:30:00	100000
1475724600001719922	12:11:49	85.00	85.00	200000	200000	15364	15:30:00	184636
1475724600001725107	12:37:36	85.15	85.05	200000	200000	29583	15:30:00	170417
1475724600001725110	12:37:41	85.10	85.15	200000	200000	0	15:30:00	200000
1475724600001725111	12:37:49	85.05	85.15	200000	200000	0	15:30:00	200000
1475724600001731626	14:41:09	85.25	85.25	500000	500000	25836	15:30:00	474164
Totsl				**6787000**		**195100**		**6591900**

10.7. I note that out of the sell order quantity of 3,70,557 shares placed through 54 orders, the Noticee had deleted 8 orders fully and partially executing 7 orders. In all, the Noticee had deleted 1,32,957 shares (constituting 35.88% of the total sell order quantity on October 06, 2016).

Sell Orders/Trades on October 06, 2016:

Sell Order No	Sell Order Time	Sell Order Limit Price	Sell LTP prior to Order Entry	Sell Order Orig Vol	Sell Order Disc Vol	Total Traded Qty	Order Deleted Time	(Unexecuted) Order Qty deleted
1475724600001466437	09:27:16	84.10	84.05	18132	18132	17647	10:07:04	485
1475724600001466918	10:09:13	84.45	84.50	10000	10000	1700	10:47:13	8300
1475724600001466917	10:09:08	84.50	84.50	10000	10000	0	10:47:13	10000
1475724600001710369	11:05:03	84.25	84.30	15000	15000	12015	11:12:32	2985
1475724600001707285	10:47:39	85.10	84.10	20000	20000	0	11:12:33	20000
1475724600001707284	10:47:31	85.05	84.10	20000	20000	0	11:12:34	20000
1475724600001718714	11:51:40	85.00	85.00	20000	20000	18740	11:56:16	1260
1475724600001714115	11:13:34	85.20	84.40	15000	15000	0	11:56:21	15000
1475724600001714114	11:13:30	85.15	84.40	15000	15000	0	11:56:21	15000
1475724600001714112	11:13:21	85.10	84.40	15000	15000	0	11:56:21	15000
1475724600001714111	11:13:17	85.05	84.40	15000	15000	0	11:56:21	15000
1475724600001719998	12:18:13	85.10	85.10	3000	3000	1780	12:35:13	1220
1475724600001719942	12:12:44	85.15	85.15	5000	5000	2075	12:35:14	2925
1475724600001719943	12:12:47	85.20	85.00	9689	9689	8907	13:04:11	782
1475724600001719940	12:12:38	85.15	85.15	5000	5000	0	13:04:24	5000

Sell Order No	Sell Order Time	Sell Order Limit Price	Sell LTP prior to Order Entry	Sell Order Orig Vol	Sell Order Disc Vol	Total Traded Qty	Order Deleted Time	(Unexecuted) Order Qty deleted
Total				**195821**		**62864**		**132957**

10.8. I note that during investigation, Summons u/s 11C(2) r/w 11C(3) of SEBI Act, dated February 02, 2022, were issued to Noticee to, inter-alia, seek details regarding the rationale for dealing in the shares of Krishna and the reason for repeatedly placing and deleting large number of buy orders. However, no reply was received from the Noticee.

11. Although sufficient opportunities were given to the Noticee, she failed to make any submission. In this regard, I would like to rely upon the findings of the Hon'ble SAT in the matter of Sanjay Kumar Tayal Vs. SEBI (Appeal No. 68 of 2013 order dated February 11, 2014, regarding the significance of filing the reply to the SCN, in which it stated that *"appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges levelled against them in the show cause notices."*

12. I note, from the orders placed by the Noticee, that the pattern of order placement and deletion on both buy and sell sides was done with a view to display false volumes to attract investors. Further, buy orders were being placed for large quantity disclosing the complete order volume to the market which were then deleted hence it is clear that the Noticee had no intention to execute the trades but to give the impression of the false demand.

13. From the foregoing paragraphs, it is conclusively established that Noticee has violated Section 12A(a), (b), (c) of the SEBI Act and Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a) and 4(2)(e) of PFUTP Regulations.

14. I note from the SCN that Summons u/s 11C(2) r/w 11C(3) of SEBI Act, dated February 02, 2022 was issued to the Noticee, vide email dated February 05, 2022, wherein it was, inter alia, stated that there was reasonable ground to believe that transaction in securities were being dealt with in a manner detrimental to the investor or the securities market. The Noticee was called upon to furnish information, produce such books, registers, other documents, records with respect to dealing in the shares of Krishana during the period from November 06, 2015 to April 28, 2017, etc. It was also stated that if the Noticee file false or incorrect or incomplete information, return, report, books or other documents, SEBI may initiate Adjudication proceedings against it in terms of Section 15- I of SEBI Act under which Noticee would be liable for penalty u/s 15A(a) of SEBI Act. It was also stated that criminal proceedings may also be initiated against the Noticee u/s 11C(6) of SEBI Act, which provides for a punishment with imprisonment for a term which may extend to one year, or fine, which may extend to one crore rupees or both and also with a further fine which may extend to five lakh rupees for ever day during which the failure or refusal continues. I note that the said summon was delivered to the Noticee on February 05, 2022. However, Noticee did not provide the information/ documents sought by the IA, vide summons dated February 02, 2022.

15. In this regard, it is pertinent to note that Section 11C (3) of SEBI Act empowers the IA of SEBI to require any intermediary or any person associated with the securities market in any manner to furnish such information to, or produce such books or registers or other documents or record before him or any person authorized by him in this behalf as it may consider necessary if the furnishing of such records/ information/ documents are necessary. In this regard, I note that it was obligatory on the Noticee to provide any information sought by the IA, if the IA deemed such information relevant or necessary for purpose of investigation.

16. In this context, I note that Hon'ble SAT, in its order dated October 22, 2013 in the matter of **Rich Capital & Financial Services Limited & Ans vs SEBI**, observed that:

> *"10. We may pertinently note that the SEBI is basically constituted to promote orderly and healthy growth of securities market apart from protecting investors' interest. For discharging this onerous job, and with a view to achieve the underlined object, SEBI as a regulator is required to conduct investigation and enquiries in the affairs of various parties from time to time. For this purpose, first and the foremost thing is co-operation from the concerned officers of the companies not only to produce the relevant records as and when required by an investigating officer or enquiring authority or by any person authorised by the SEBI in this behalf but to appear in person as and when called upon. Section 11C (2) mandates every manager, managing director, officer or other employees of the company to preserve and produce such documents which are in their custody or power. Similar is the tone and texture of Section 11C (3).*
>
> *11. In case of failure on the part of the concerned person to furnish such records/information, heavy monetary penalty is prescribed in Section 15A(a) of the SEBI Act, 1992. In fact such an act on the part of a company or its concerned officers is not only contemptuous but also a hindrance in the way of conducting smooth investigation and enquiry by the regulator to arrive at a just and fair conclusion as per the provisions of SEBI Act, 1992. Such an increasing tendency on the part of the companies needs to be curbed at the threshold."*

17. Thus, I hold that Noticee had not co-operated in the investigation and by not producing / furnishing the documents/ information sought by IA, hampered the process of investigation.

18. From the foregoing paragraphs, it is conclusively established that Noticee has violated Section 11(C)(2) r/w 11(C)(3) of SEBI Act.

Issue II. Does the violations, if any, attract monetary penalty u/s 15 HA and 15A(a) of the SEBI Act?

19. In the light of findings and observations made against the Noticee brought out in the foregoing paragraphs, it is evident that the Noticee had violated the provisions of Section 12A(a), (b), (c) of the SEBI Act, Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a) and 4(2)(e) of PFUTP Regulations and is liable for monetary penalty under the provisions of section 15 HA of the SEBI Act.

20. As regards the imposition of monetary penalty for non-compliance of summons, I note that the Hon'ble SAT had the occasion to deal with this issue in the matter of DKG Buildcon Pvt. Ltd.(supra), wherein it observed:

> *"The power to require a person to furnish any information or record or documents includes the power to require such person to make a statement and give clarifications with regard to the information and documents produced by him. In the absence of such a power the purpose of the legislature in introducing section 11C would be frustrated and the Board will not be able to investigate properly the market irregularities and offences. In order to advance the object of Parliament the language used in sub-section (3) of section 11C has to be given a wider meaning. We are, therefore, of the considered opinion that section 11C (3) gives the power to the investigating authority to call upon any person to make a statement while furnishing any information, document or record."*

21. Thus, it is clear that the information sought vide summons, issued u/s 11(C)(2) r/w 11(C)(3) of the SEBI Act, is crucial and the person from whom the information is sought is obligated to provide the same.

22. Failure to comply with the summons of IA, attracts penalty u/s 15A(a) of SEBI Act. As the violation of provisions of section 11(C)(2) r/w 11(C)(3) of SEBI Act by the Noticee is established and is serious in nature, I find that Noticee is liable for monetary penalty u/s 15A(a) of SEBI Act.

23. The contents of the said provisions of law are reproduced hereunder:

<u>SEBI Act</u>

Penalty for failure to furnish information, return, etc.

15A *If any person, who is required under this Act or any rules or regulations made thereunder,—*
(a) to furnish any document, return or report to the Board, fails to furnish the same, he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees;

15HA*.If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.*

Issue III. If so, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act r/w Rule 5(2) of the Adjudication Rules?

24. While determining the quantum of penalty, it is important to consider the factors stipulated in Section 15J of the SEBI Act which reads as under:-

15J – Factors to be taken into account by the adjudicating officer

While adjudging quantum of penalty under [15-I or section 11 or section 11B, the Board or 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.

25. From the records, I note that Noticee earned a profit of ₹1,71,071.65 through her trades executed on October 05, 2016 and October 06, 2016, summary of the same is tabulated below:

Client Name	Trade Date	Buy Qty.	Buy Value (A)	Sell Qty	Sell Value (B)	Profit earned (B-A)
Urmila Debi	05-Oct-2016	98556	8345442.50	98556	8436183.05	90740.55
	06-Oct-2016	237600	20095395.00	237600	20175726.10	80331.10
Total		**336156**	**28440837.50**	**336156**	**28611909.15**	**1,71,071.65**

26. However, the available records do not reveal specific loss suffered by the investors due to such violations. The trading behavior of the Noticee resulted in unusual and artificial rise in the volumes in the scrip of Krishana. This is not a desirable behavior as the same induces other investors into investing in the scrip, without there being any merit in it. It is also necessary to insulate the market and its investors from the fraudulent actions of any of the participants in the securities market by ensuring that the persons connected with securities market do not resort to dealing in securities in a fraudulent manner and conform to standards of transparency and ethical behaviour prescribed in securities laws. People who indulge in manipulative, fraudulent and deceptive transaction or abet the carrying-out of such transactions which are fraudulent and deceptive should be suitably penalized for such acts of omissions and commissions so that the interests of investors is protected and integrity of the securities market is safeguarded. Therefore, taking into consideration the facts and circumstance of the case and above factors, I am of the view that a justifiable penalty needs to be imposed upon the Noticee to meet the ends of justice. I also note that no action has been taken by SEBI against the Noticee in the past which can prove that the violations by the Noticee are repetitive in nature.

27. I note that the provisions invoked for imposing penalty against the Noticee herein are section 15A(a) and section 5HA of the SEBI Act. U/s 15A(a) of the SEBI Act, the minimum penalty prescribed is rupees one lakh which may extend to rupees one lakh for each day during which such failure continues subject to a maximum of one crore rupees. U/s 15HA of SEBI Act, the minimum penalty prescribed is rupees five lakh and maximum is twenty-five crore rupees or three times the amount of profits made out of fraudulent and unfair trade practices, whichever is higher.

ORDER

28. Considering all the facts and circumstances of the case, the time elapsed since the violation, the profit made by the Noticee and exercising the powers conferred upon me u/s 15-I of the SEBI Act r/w rule 5 of the SEBI Adjudication Rules, I hereby impose the following penalty on the Noticee u/s 15A(a) and u/s 15HA of the SEBI Act:

Name of the Noticee	**Provisions Violated**	**Penalty in India Rupees**	**Total Penalty in India Rupees**
URMILA DEBI (PAN: AYGPD9258H)	Section 12A(a), (b), (c) of the SEBI Act, Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a) and 4(2)(e) of PFUTP Regulations	Rs. 8,00,000/- (Rupees Eight Lakhs only)	Rs. 13,00,000/- (Rupees Thirteen Lakhs only)
	Section 11(C)(2) r/w 11(C)(3) of SEBI Act	Rs. 5,00,000/- (Rupees Five Lakhs only)	

I find that the said penalty is commensurate with the violations committed by the Noticee in this case.

29. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT → ORDERS → ORDERS OF AO → PAY NOW

30. The Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid to "The Division Chief (Enforcement Department-1 DRA-II), Securities and Exchange Board of India, SEBI Bhavan II, Plot No. C – 7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051." The Noticee shall also provide the following details while forwarding DD / payment information:

Case Name :	
Name of Payee :	
Date of Payment:	
Amount Paid :	
Transaction No. :	
Bank Details in which payment is made :	
Payment is made for: (like penalties/ disgorgement/ recovery/ settlement amount etc.)	Penalty

31. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings u/s 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

32. In terms of Rule 6 of the Adjudication Rules, a copy of this order is sent to the Noticee and also to the Securities and Exchange Board of India.

Place: Mumbai	**AMIT KAPOOR**
Date: December 06, 2022	**ADJUDICATING OFFICER**