BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO.: Order/EB/BS/2022-23/15800]

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:

NAVNEET JAIN HUF

(PAN: AACHN2250F)

In the matter of dealings in Illiquid Stock Options at the Bombay Stock Exchange

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A. BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") conducted an investigation into the trading activity in illiquid stock options on Bombay Stock Exchange Limited (hereinafter referred to as "**BSE**") for the period from April 01, 2014 to September 30, 2015 (hereinafter referred to as the "**Investigation Period**") after observing large scale reversal of trades in the stock options segment of the BSE.

2. Pursuant to a preliminary examination conducted in the Illiquid Stock Options matter, an Interim order was passed by SEBI on August 20, 2015 against 59 entities which were confirmed vide Orders dated July 30, 2016 and August 22, 2016. Meanwhile, SEBI initiated a detailed investigation relating to trading in stock options segment of BSE which was completed in the year 2018. The investigation findings revealed that of all trades executed in the stock options segment of BSE during the Investigation

Period, 81.41% of the trades, that is 2,91,744 trades, were trades which involved a reversal of buy and sell positions by the clients and counterparties in a contract. The investigation revealed that 14,720 entities were involved in executing non-genuine trades in BSE's stock options segment during the investigation period.

3. The proceedings initiated against the first set of 59 entities, vide the aforementioned Interim Order were disposed of vide final Order dated April 05, 2018, without any further directions, observing that the Adjudicating Officer shall continue the proceedings in accordance with the SEBI Act, 1992 and SEBI (Procedure for Holding and Imposing Penalties) Rules, 1995 and pass appropriate order on merits. It was also recorded therein that SEBI has decided to take appropriate action against all 14720 entities in phases. The captioned proceedings initiated against the Noticee is part of the aforesaid mass action initiated by SEBI against the large number of entities.

4. In the meantime, the Hon'ble Securities Appellate Tribunal (hereinafter referred to as "**SAT**"), vide its Order dated October 14, 2019, in the case of R. S. Ispat Ltd Vs SEBI, *inter alia* observed that "*SEBI may consider holding a Lok Adalat or adopting any other alternative dispute resolution process with regard to the Illiquid Stock Options*".

5. Thereafter, a Settlement Scheme was framed under the SEBI (Settlement Proceedings) Regulations, 2018, which provided a one-time opportunity for settlement of proceedings in the Illiquid Stock Options matter. The said scheme was kept open from August 01, 2020 till December 31, 2020. Finally, adjudication proceedings were initiated against those entities who had not availed of the opportunity of settlement.

6. It was observed that 13,186 entities had not availed of the opportunity of settlement and therefore, Adjudication proceedings were initiated against the entities in a

phased manner. In order to duly expedite the Adjudication proceedings against the entities, SEBI had appointed additional Adjudicating officers to adjudicate against the said entities. However, owing to the huge number of entities, the adjudication proceedings are being conducted in a phased manner that would require adequate time to complete the proceedings against all entities.

7. It was observed that, **Navneet Jain HUF** (PAN- AACHN2250F) (hereinafter referred to as the "**Noticee**") was one of the entities, whose reversal trades allegedly involved squaring-off of open positions with a significant price difference without any basis. The aforesaid reversal trades allegedly contributed to the generation of artificial volumes, leading to allegations that the Noticee had violated the provisions of Regulations 3(a), (b), (c), (d) and Regulation 4(1) and 4(2) (a) of the SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (hereinafter referred to as the "**PFUTP Regulations**").

B. APPOINTMENT OF ADJUDICATING OFFICER

8. SEBI initiated adjudication proceedings and appointed the undersigned as the Adjudicating Officer in the matter, conveyed vide communique dated June 28 , 2021, under section 19 read with section 15 I(1) of the SEBI Act, 1992 (hereinafter referred to as "**SEBI Act, 1992**") and rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as "**Adjudication Rules**") to enquire into and conduct adjudication proceedings in the manner specified under rule 4 of Adjudication Rules read with section 15 I(1) and (2) of SEBI Act, 1992, and if satisfied that penalty is leviable, impose such penalty as deemed fit in terms of rule 5 of Adjudication Rules and section 15HA of SEBI Act, 1992.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

9. A Show Cause Notice bearing reference no. **SEBI/HO/ESTB2/P/OW/2021/18456/1 dated August 09, 2021** (hereinafter referred to as '**SCN**') was served on the Noticee, vide Speed post with acknowledgement due (hereinafter referred to as "**SPAD**") and by email, under Rule 4(1) of the SEBI Adjudication Rules to show cause as to why an inquiry should not be initiated against the Noticee and penalty should not be imposed under Section 15HA of the SEBI Act for the alleged violation of the provisions of Regulations 3((a),(b),(c),(d)), 4(1) and 4(2)(a) of the PFUTP Regulations.

10. It was, *inter-alia,* alleged in the SCN that the Noticee had executed two non-genuine trades in one Stock Option contract which resulted in artificial volume of total 1,84,000 units. The summary of dealings of the Noticee in the Stock Option contract, in which the Noticee allegedly executed trades that were not genuine during the IP is as follows:

Contract Name	ANBK14OCT70.00PE
Average Buy rate (in Rs.)	1.15
Total Buy Volume (in no. of units)	92,000
Buy Value (in Rs.)	1,05,800
Average Sell rate (in Rs.)	3.35
Total Sell Volume (in no. of units)	92,000
Sell Value (in Rs.)	3,08,200
% of non-genuine trades of Noticee in the contract to Noticee's Total number of trades in the Contract	100.00%
% of non-genuine trades of Noticee in the contract to Total number of trades in the Contract	25.00%
% of Artificial Volume generated by Noticee in the contract to Noticee's Total Volume in the Contract	100.00%
% of Artificial Volume generated by Noticee in the contract to Total Volume in the Contract	10.27%

11. From the above table, the following is noted as regard to the dealings of the Noticee:

   a. The Noticee had executed non-genuine trades in one unique contract, wherein all the trades of Noticee in the said contract were non-genuine trades.

b. Contribution of Noticee's non-genuine trades is 25% of total trades that were executed in this contract. Further, the entire volume generated by the Noticee in the above contract was artificial volume.
c. The trades executed by the Noticee in the above contract had significant difference in the buy and sell rates. Considering that the trades were reversed on same day, without any significant change in the price of the underlying, indicates that these trades were non-genuine in nature.

12. The SCN vide reference no. SEBI/HO/ESTB2/P/OW/2021/18456/1 dated August 09, 2021 was served on the Noticee's address (3-A Gangwal Park, Moti Dungri Road, Jaipur, Rajasthan - 302004) via Speed Post Acknowledgement Due (SPAD). Vide emails dated August 23, 2021 and September 29, 2021 through the email id – navneetjain19@yahoo.com, the Noticee inter-alia, submitted the following:

- *My submission regarding the notice is that I am totally innocent in this matter, I read out all points mentioned in notice. I am very shocked for this unfair pratice made in my account and it should be noted that I am a investor not a trader.*
- *I agreed that I have a account in Guiness securities Pvt Ltd (member of BSE) and make a payment of Rs 100000 (one lakh) for goodwill gesture of relationship manager with the hope of 15- 20 percent annual return, they promised me for giving me a better return than fixed deposit that's why I make a payment and they takes trades accordingly.*
- *I don't know for any unfair trade practices in my account. I don't have any involvement in this matter, broker was doing all work on goodwill gesture.*
- *So I request you to please make enquiry against guiness securities Pvt Ltd.*
- *I am a genuine investor and it's a lesson for me to be careful from these type of greedy dreams which targets innocent people like me.*
- *I am a innocent investor and pray you to relieve me from these charges.*

13. In the interest of natural justice and in terms of the Adjudication Rules, the Noticee was provided with an opportunity of personal hearing in the matter on October 01, 2021, through the online webex platform. Noticee appeared for the hearing and

reiterated submissions made vide emails dated August 23, 2021 and September 29, 2021.

14. Further, vide email dated October 12, 2021, the Noticee has *inter-alia* submitted the following additional information:

    a. that he had received a letter dated July 27, 2020 from SEBI relating to Settlement Scheme 2020 in the matter of trade reversals in stock options of BSE during the period April 2014 to September 2015.
    b. that vide his accountant's email dated September 03, 2020, he had asked SEBI to explain about the matter but he didn't receive any reply from SEBI.
    c. that SEBI haven't replied to email dated September 03, 2020 where he asked SEBI to clarify the matter and settlement policy, due to which he can't understand the matter and SEBI started adjudication proceedings against me.

15. In reference to aforementioned email dated October 12, 2021 of the Noticee, the following is noted from the information received from Settlement Division of SEBI:

    a. The Noticee, vide email dated September 03, 2020 had asked "*Please tell me this matter*".
    b. The letter dated July 27, 2020 that was sent by Settlement Division to the Noticee informing him about the Settlement Scheme already contained the brief about the matter.
    c. Based on the numerous queries received by SEBI at that time, a detailed FAQ relating to Settlement Scheme was uploaded on SEBI website.

16. In view of information received from Settlement Division, another email dated February 17, 2022 was sent to Noticee informing him that SEBI letter dated July 27, 2020 was in reference to the SEBI Settlement Scheme, 2020 that was operational till December 2020 and the period of this scheme is now expired. Further, vide the same email dated February 17, 2022, the Noticee was again advised to submit additional

reply, if any, substantiated with documents / records, latest by February 25, 2022. However, no reply was received from the Noticee till the date of passing this order.

D. CONSIDERATION OF ISSUES AND FINDINGS

17. I have carefully perused the charges levelled against the Noticee, replies of the Noticee and the documents / material available on record. The issues that arise for consideration in the present case are:

    a. *Whether the Noticee has violated provisions of regulations 3(a), (b), (c), (d), 4 (1) and 4(2) (a) of PFUTP Regulations, 2003?*
    b. *Does the violation, if any, attract monetary penalty under section 15HA of the SEBI Act, 1992?*
    c. *If so, what would be the quantum of monetary penalty that can be imposed on the Noticee after taking into consideration the factors mentioned in section 15J of the SEBI Act, 1992?*

18. Before proceeding further, I would like to refer to the relevant provisions of the PFUTP Regulations, 2003 as below:

"PFUTP Regulations,2003

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 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 manipulative, fraudulent or an unfair trade practice in securities markets.*

[Explanation.– For the removal of doubts, it is clarified that any act of diversion, misutilisation or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company shall be and shall always be deemed to have been considered as manipulative, fraudulent and an unfair trade practice in the securities market.]

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

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

19. The allegation against the Noticee is that, while dealing in the stock option contracts at BSE during the IP, the Noticee had executed reversal trades on the same day which were allegedly non-genuine trades and the same had resulted in generation of artificial volume in stock option contracts at BSE. Reversal trades are those trades in which an entity places its buy or sell positions in a contract with subsequent sell or buy positions with the same counterparty during the same day. These reversal trades are alleged to be non-genuine trades as they are not executed in the normal course of trading, lack basic trading rationale, lead to false or misleading appearance of trading in terms of generation of artificial volumes and hence are deceptive and manipulative.

20. I note from the trade log of the Noticee that it had traded in one unique contract in the stock options segment of BSE during the IP. The Noticee had executed two non-genuine trades in this one contract. I further note that the above mentioned trades of the Noticee had resulted in the creation of artificial volume of a total of 1,84,000 units in the said contract. Details of these two non-genuine trades of the Noticee is as follows:

Date	Buyer Name	Seller Name	Buy Order Time	Sell Order Time	Trade Time	Buy Order Quantity	Buy Order Quantity	Trade Quantity	Buy Order Rate (in Rs.)	Sell Order Rate (in Rs.)	Trade Rate (in Rs.)
14/10/2014	Navneet Jain HUF	Radient Construction Pvt Ltd	11:13:57.81	11:18:45.34	11:18:45.34	92,000	92,000	92,000	1.15	1.15	1.15
14/10/2014	Radient Construction Pvt Ltd	Navneet Jain HUF	12:22:24.82	12:22:24.79	12:22:24.82	92,000	92,000	92,000	3.35	3.35	3.35

a. While dealing in the aforementioned contract on October 14, 2014, Noticee placed a buy order for 92,000 units @ Rs.1.15 per unit at 11:13:57.81 hrs. This buy order of the Noticee got executed with a sell order placed by one 'Radient Construction Pvt. Ltd.' at 11:18:45.34 hrs at the same rate for the same quantity.

b. After about an hour, Noticee placed a sell order for 92,000 units @ Rs. 3.35 at 12:22:24.79 hrs, which got executed with buy order placed by 'Radient Construction Pvt. Ltd.' at 12:22:24.82 hrs at the same rate for the same quantity.

c. Considering that the aforementioned two trades of the Noticee were the only trades that were executed in this contract on October 14, 2014 across all entities, the identical nature of order rates and the order quantities of the Noticee and counterparty orders shows the synchronization in placing the orders.

d. The Noticee by reversing the buy and sell trades, with a price difference of Rs. 2.20 for 92,000 units had made profit to the extent of Rs. 2,02,400.

e. The reverse trades executed between the Noticee and counterparty show that it did not involve intention to have a genuine change of rights of 92,000 units, as the Noticee bought and then sold the same quantum of units to the same counterparty viz. Radient Construction Pvt Ltd.

f. The non-genuine trades executed by the Noticee had led to the generation of artificial volume of 1,84,000 units that makes 100% of market volume of that contract during that day (i.e. on October 14, 2014) and 10.27% of market volume of that contract during the investigation period.

21. The above aspects of the Noticee's trades in the referred contracts such as, the exactness of the quantity that got reversed between the two parties; the proximity in the time of the reversal of trades; no change of rights of the units traded and above all the absence of rationale to justify the variation in the sell and buy price placed within few minutes, certainly indicate that these are non-genuine artificial trades.

22. Noticee has agreed that he has an account in Guiness securities Pvt Ltd (member of BSE) and made a payment of Rs. 1,00,000 for goodwill gesture of relationship manager with the hope of 15- 20 percent annual return. In his reply email, he has inter-alia mentioned that *"I am a genuine investor and it's a lesson for me to be careful from these type of greedy dreams which targets innocent people like me".* However, the Noticee has also contended that he doesn't know about any unfair trade practices in his account and he has no involvement in this matter as broker was doing all work on goodwill gesture. I note that vide said contentions, Noticee has not disputed the allegations levelled against him. Notwithstanding the circumstances mentioned by Noticee, the obligation to ensure genuineness of trades lay with Noticee himself.

23. Therefore, on analysing the facts of the case and the pattern of trading by the Noticee, I am convinced that the trades were a consequence of pre-meditated decision of both parties and hence are unfair trades for the purpose of PFUTP Regulations. The trades of the Noticee, fall in the category of non-genuine trades, as the trades cannot result in change of rights in a contract as the reversal of trades were with the same counterparty. The non-genuine trades executed by the Noticee, therefore is a manipulative act contributing to generation of artificial volume in the stock options segment of BSE and leading to violation of provisions of PFUTP Regulations.

24. In this context, it is relevant to quote the judgment of the Hon'ble Supreme Court in the matter of Rakhi Trading (SEBI Vs. Rakhi Trading- CA No.1969/2011, Order dated February 8, 2018)

"1. Fairness, integrity and transparency are the hallmarks of the stock market in India".

"35. … Nobody intentionally trades for loss. An intentional trading for loss per se, is not a genuine dealing in securities. The platform of the stock exchange has been used for a non-genuine trade. Trading is always with the aim to make profits. But if one party consistently make loss and that too in pre-planned and rapid reverse trades, it is not genuine; it is an unfair trade practice."

"37. ... even in the derivative segment there is a change of rights in a contract. In the instant case, through reverse trades, there was no genuine change of rights in the contract...."

Their Lordships have considered similar transactions in the same segment,

"38. …. The repeated reversals and predetermined arrangement to book profits and losses respectively, made it clear that the parties were not trading in the normal sense and ordinary course. Resultantly, there has clearly been a restriction on the free and fair operation of market forces in the instant case."

"41 …. The stock market is not a platform for any fraudulent or unfair trade practice. The field is open to all the investors. By synchronization and rapid reverse trade, as has been carried out by the traders in the instant case, the price discovery system itself is affected. Except the parties who have pre-fixed the price, nobody is in the position to participate in the trade. It also has an adverse impact on the fairness, integrity and transparency of the stock market." (Paragraph Nos. 1,35,37,38 and 41 of the part of the judgement authored by His Lordship Mr. Justice Kurian Joseph).

"38.The smooth operation of the securities market and its healthy growth and development depends upon large extent on the quality and integrity of the market. Unfair trade practices affect the integrity and efficiency of the securities market and the confidence of the investors. Prevention of market abuse and preservation of market integrity are the hallmark of securities law…" (Paragraph No.38 of the part of the judgment authored by Her Ladyship Ms. Justice R. Bhanumathi). For this, the Hon'ble Judge also relied on the apex court observations in N.Narayanan Vs. Adjudicating Officer, Securities and Exchange Board of India(2013) 12 SCC 152 wherein it was inter alia observed: "Market abuse" impairs economic growth and erodes investor's confidence."

"42. Where certain unscrupulous elements are trying to manipulate the market to serve their own interest, it becomes imperative on the part of SEBI to intervene and to curb further mischief and to take necessary action to maintain public confidence in the integrity of the securities market…" (Paragraph No.42 of the part of the judgment authored by Her Ladyship Ms. Justice R. Bhanumathi).

25. Finally, to answer the question as to whether these trades fall within the ambit of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of the PFUTP Regulations, I would like to rely on the following extract of the judgment of the Hon'ble Supreme Court in the matter of Rakhi Trading vs SEBI (supra):

"39. Regulation 2(1)(c) defines fraud. Under Regulation 2(1)(c)(2) a suggestion as to a fact which is not true while he does not believe it to be true is fraud. Under Regulation 2(1)(c)(7), a deceptive behavior of one depriving another of informed consent or full participation is fraud. And under Regulation 2(1)(c)(8), a false statement without any reasonable ground for believing it to be true is also fraud. In synchronized and reverse dealing in securities, with predetermined arrangement to book loss or gain between pre-arranged parties, all these vices are attracted.

40. Regulation 3(a)expressly prohibits buying, selling or otherwise dealing in securities in a fraudulent manner. Under Regulation 4(2) dealing in securities shall be deemed to be fraudulent if the trader indulges in an act which creates a false or misleading appearance of trading in the securities market. It is a deeming provision. Such trading also involves an act amounting to manipulation of the price of the security in the sense that the price has been artificially and apparently prefixed. The price does not at all reflect the value of the underlying asset. It is also a transaction in securities entered into without any intention of performing it and without any intention of effecting a change of ownership of such securities, ownership being understood in the limited sense of the rights of the contract." (per His Lordship Mr. Justice Kurian Joseph's findings in paragraph Nos. 39&40).

26. Further, the Hon'ble SAT in its judgement dated September 14, 2020 in the matter of Global Earth Properties and Developers Pvt Ltd vs SEBI has *inter-alia* summarized

the circumstances identified by the Apex court in the matter of Rakhi Trading vs SEBI (supra) and held that:

> *"14 e. In synchronised and reverse trades, there is no genuine change of rights in the contract."*
>
> *………...*
>
> *"20. From the aforesaid cumulative analysis of the reversed transactions with the counter party, quantity, time and significant variation of the price clearly indicates that the trades were non-genuine and had only misleading appearance of trading in the securities market without intending to transfer the beneficial ownership. One finds it to be naïve to presume that the perception of the two counter parties to a trade changed within few seconds/minutes and positions were interchanged and the contracts were changed where one party made profit and the other party ended up making losses every time without prior meeting of mind. It is not a mere coincidence that the Appellants could match the trades with the counter party with whom he had undertaken the first leg of respective trade. In our opinion, the trades were non-genuine trades and even though direct evidence is not available in the instant case but in the peculiar facts and circumstances of the present case there is an irresistible inference that can be drawn that there was meeting of minds between the Appellants and the counter parties, and collusion with a view to trade at a predetermined price."*

27. From the above position in law and facts, it follows that the Noticee's transactions in question falls within the mischief of unfair and fraudulent or manipulative trade practice, as contemplated in the PFUTP Regulations. In view of the same, I am convinced that it is a fit case for imposition of monetary penalty on the Noticee under the provisions of section 15HA of the SEBI Act, 1992 which read 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 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.

28. While determining the quantum of penalty under Section 15HA of the SEBI Act, it is important to consider the factors relevantly as stipulated 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.

29. I observe, the Noticee was instrumental in the creation of artificial volume in the illiquid stock option contracts at BSE during the investigation period by executing reversal /non-genuine transactions in the illiquid stock options segment at BSE. Further, it is not possible from the material available on record to quantify the amount of loss caused to genuine investors as a result of the reversal trades/non-genuine trades executed by the Noticee with her counterparties. However, from the manner in which Noticee executed the above mentioned transactions, the Noticee has violated the statutory provisions of law.

30. By considering all the facts, I note that Noticee indulged in execution of reversal trades in stock options contracts during the IP which were non-genuine and created false and

misleading appearance of trading in terms of artificial volumes in stock options, leading to violation of Regulation 3(a), (b), (c), (d), 4(1) and 4(2) (a) of the PFUTP Regulations, 2003. Therefore, I have no hesitation to impose the minimum penalty prescribed under the relevant provision of SEBI Act.

E. ORDER

31. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in section 15J of the SEBI Act, 1992 and in exercise of power conferred upon me under section 15-I of the SEBI Act, 1992 read with rule 5 of the Adjudication Rules, 1995, I hereby impose following penalty under section 15HA of the SEBI Act, 1992 on the Noticee:

Name of the Noticee	Violation provisions	Penalty
NAVNEET JAIN HUF (PAN: AACHN2250F)	Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003	Rs. 5,00,000/- (Rupees Five Lakh only)

32. I am of the view that a penalty of Rs. 5,00,000/- (Rupees Five Lakh only), being the statutory minimum penalty prescribed for PFUTP under Section 15A, is appropriate in the instant case.

33. 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

34. The aforesaid Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid to “The Division Chief (Enforcement Department -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”. 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 :	
Purpose of Payment: (like penalties/ disgorgement/ recovery/ settlement amount	

35. 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 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.

36. In terms of the provisions of rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticee and also to Securities and Exchange Board of India.

Date: April 01, 2022 **E BALASUBRAMANIAN**

Place: Mumbai **ADJUDICATING OFFICER**