BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

ADJUDICATION ORDER NO. Order/AK/VV/2023-24/26518

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:

WELKIN INVESTMENT CONSULTANTS PVT.LTD

PAN: AAACW8385R

in the matter of dealings in Illiquid Stock Options at BSE

A. BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") observed large scale reversal of trades in stock options segment of Bombay Stock Exchange (hereinafter referred to as "**BSE**"). SEBI observed that such large scale reversal of trades in stock options lead to creation of artificial volume at BSE. In view of the same, SEBI conducted an investigation into the trading activities of certain entities in illiquid stock options at BSE for the period April 1, 2014 to September 30, 2015 (hereinafter referred to as "**Investigation Period**").

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, 81.38% of the trades, that is 2,91,643 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. 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 (hereinafter referred to as the "**SEBI Act**") and SEBI (Procedure for Holding and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as the "**Adjudication Rules**") and pass appropriate order on merits. It was also recorded therein that SEBI has decided to take appropriate action against all 14,720 entities in phases.

3. In the meantime, the Hon'ble Securities Appellate Tribunal (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".*

4. Accordingly, 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 did not avail the opportunity of settlement. It was observed that **Welkin Investment Consultants Private Limited** (hereinafter referred to as the "**Noticee**") was one of the various entities which indulged in execution of reversal trades in stock options segment of BSE during the

Investigation Period. In view of the same, SEBI initiated adjudication proceedings against the Noticee for violation of the provisions of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**").

5. It was observed that 13,186 entities did not avail 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 alleged entities, the adjudication proceedings were being conducted in a phased manner that required adequate time to complete the proceedings against all entities. The Adjudicating officers had passed Orders with respect to certain Noticees in a phased manner.

6. It was observed, that some of the entities against whom Orders were passed in the adjudication proceedings appealed before the SAT. During the course of the hearing in a group of appeals, SAT, vide its Order dated May 13, 2022, inter alia observed that "*SEBI should reconsider and seriously give a thought in coming out with a fresh Scheme under Clause 26 of the Settlement Regulations, 2018. Such scheme can be a onetime scheme for this class of person. The terms of settlement should be attractive so that it could attract the noticees/entities to come forward and settle the matter which will ameliorate the harassment of penalty proceedings to the noticees and at the same time would help to clear the backlog of these pending matters before various AOs*".

7. Accordingly, SEBI introduced a Settlement Scheme i.e. SEBI Settlement Scheme, 2022 (hereinafter referred to as "**Scheme 2022**") in terms of Regulation 26 of the SEBI (Settlement Proceedings) Regulations,2018 (hereinafter referred to as

"Settlement Regulations"). The Scheme provided a onetime opportunity to the entities against whom proceedings had been initiated and appeals against the said proceedings are pending before any forum or authority.

8. I note that SEBI framed the Scheme in accordance with the provisions of the Settlement Regulations and issued a Public Notice dated August 19, 2022 about the Scheme and the modalities for availing the benefit of the Scheme. The Notice was also made available on the website of the BSE. The Scheme was initially kept open for a period of three months commencing from August 22, 2022 to November 21, 2022 (both days inclusive). Considering the interest of a large number of entities to avail the Scheme, SEBI extended the period of the Scheme till January 21, 2023 vide public notice dated November 22, 2022.8. A total of 10,980 Noticees availed the benefit of the Scheme and remitted the specified settlement amount respectively. Accordingly, a settlement order was passed on March 08, 2023, settling the matter with respect to 10,980 Noticees.

9. I note that Noticee did not avail settlement under the Settlement Scheme in 2020 or 2022 and therefore Adjudication proceedings have been revived against the Noticee.

B. APPOINTMENT OF ADJUDICATING OFFICER

10. SEBI initiated adjudication proceedings and appointed Ms. Geetha G as the Adjudicating Officer (AO) under section 15-I of the SEBI Act read with Rule 3 of the Adjudication Rules, vide communication dated November 12, 2021. Pursuant to transfer of Ms. Geetha G, undersigned was appointed as the AO, vide communique dated September 19, 2022, to conduct adjudication proceedings in the manner specified under Rule 4 of Adjudication Rules read with section 15I of SEBI Act, and

if satisfied that Noticee is liable for penalty, impose such penalty as deemed fit in terms of Rule 5 of Adjudication Rules and Section 15HA of SEBI Act.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

11. A Show Cause Notice dated August 08, 2022 (hereinafter referred to as "**SCN**") was issued to the Noticee under Rule 4(1) of the Adjudication Rules to show cause as to why an inquiry should not be initiated against it and thereafter penalty imposed on it u/s 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. I note that, vide the said SCN, the Noticee was informed of the option of Settlement Scheme 2022. The digitally signed SCN was sent to the email of the Noticee. I see that the email was delivered to the email id of the Noticee viz. *incometaxfilling.ofc@gmail.com.*

12. I see that the Noticee did not submit his reply to the SCN, despite grant of sufficient time. However, in the interest of natural justice, vide Hearing Notice dated March 13, 2023, the Noticee was granted an opportunity of personal hearing on March 28, 2023. The digitally signed hearing notice was sent on March 14, 2023 to the email of the Noticee, which constitutes valid service under the Rule 7 of the Adjudication Rules. The Hearing Notice was delivered to the email id of the Noticee, as per the proof available on record. In the said Hearing Notice, an option was given to the Noticee to avail the hearing opportunity through video conferencing and a zoom link was sent to the Noticee by email dated March 21, 2023. However, the Noticee neither appeared personally nor through video conferencing and did not avail the opportunity of hearing.

13. I note that the SCN and the Hearing Notice were delivered to the Noticee. I observe that the delivery acknowledgment or confirmation of delivery of the SCN and the Hearing Notice are available on record.

14. From the above, I note that despite proper service of SCN and Hearing Notice, the Noticee has not responded. Hence, I am compelled to proceed ex-parte in the matter. As laid down by SAT in its order dated May 12, 2017 in the matter of **Shri. B.Ramalinga Raju vs. SEBI (Appeal no. 286 of 2014)**, " *even though the Noticees remained ex-parte, I find it relevant that I should be guided by the documents available on record*". I hereby proceed with the matter, based on the material available on record.

D. CONSIDERATION OF ISSUES

15. I have taken into consideration the facts of the case and the material on record and I now proceed to consider the issues that arise in this case.

16. The core issue that arises for consideration in the instant matter is whether the trading in illiquid stock options done by the Noticee during the Investigation Period was in violation of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of the PFUTP Regulations? If yes, whether the Noticee is liable for a levy of Monetary penalty under section 15HA of the SEBI Act and if yes, how much should be the penalty?

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

PFUTP Regulations

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 fraudulent or an unfair trade practice in securities.

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely: —

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

SEBI Act

"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."*

18. I note that the Noticee is alleged to have entered into 86 non-genuine trades on 6 days, through 39 contracts with 37 counterparties, as given in the table below:

TRADE_DATE	clnt_name	cp_name	TRADE_TIME	ORDER_LMTIME	CP_ORDER_LMTIME	TRADE_RATE	SCRIPNAME
13/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	HITESH S DAFTARY HUF	14:47:14.052851	14:47:14.052608	14:47:14.052851	3.1	JAIA15MAY16.00CEW2
13/05/2015	HITESH S DAFTARY HUF	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	14:47:09.459188	14:47:09.459188	14:47:09.459108	1.9	JAIA15MAY16.00CEW2
13/05/2015	MITESH S DAFTARY HUF	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	14:53:38.867572	14:53:38.867546	14:53:38.867572	5	LNTF15MAY55.00CEW2
13/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	MITESH S DAFTARY HUF	14:53:48.258139	14:53:48.258082	14:53:48.258139	7.8	LNTF15MAY55.00CEW2
13/05/2015	RAKHI OMAR	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	15:04:20.621157	15:04:20.573961	15:04:20.621157	4.6	NHPC15MAY26.00PEW2
13/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	RAKHI OMAR	15:04:27.011759	15:04:27.011759	15:04:26.980489	6.9	NHPC15MAY26.00PEW2
13/05/2015	SOHIT DOSHI (HUF)	WELKIN INVESTMENT	14:42:26.004262	14:42:26.004215	14:42:26.004262	3.4	NHPC15MAY24.00PEW2

		CONSULTANT S PRIVATE LIMITED					
13/05/2015	WELKIN INVESTMENT CONSULTANT S PRIVATE LIMITED	SOHIT DOSHI (HUF)	14:42:29.801 503	14:42:29.801 231	14:42:29.80150 3	4.9	NHPC15MAY24.00P EW2
13/05/2015	WELKIN INVESTMENT CONSULTANT S PRIVATE LIMITED	POOJA A DOSHI	14:43:07.895 210	14:43:07.801 372	14:43:07.89521 0	4.9	NHPC15MAY24.00P EW2
13/05/2015	POOJA A DOSHI	WELKIN INVESTMENT CONSULTANT S PRIVATE LIMITED	14:43:03.895 301	14:43:03.895 301	14:43:03.89523 3	3.4	NHPC15MAY24.00P EW2
13/05/2015	RAKHI OMAR	WELKIN INVESTMENT CONSULTANT S PRIVATE LIMITED	15:24:36.080 958	15:24:36.049 873	15:24:36.08095 8	3.9	JAIA15MAY24.00PE W2
13/05/2015	WELKIN INVESTMENT CONSULTANT S PRIVATE LIMITED	RAKHI OMAR	15:24:41.377 857	15:24:41.377 857	15:24:41.36235 7	4.9	JAIA15MAY24.00PE W2
13/05/2015	WELKIN INVESTMENT CONSULTANT S PRIVATE LIMITED	SURESH CHANDRA DAFTARY HUF	14:44:31.801 604	14:44:31.801 604	14:44:31.70810 2	2.9	JAIA15MAY22.00PE W2
13/05/2015	SURESH CHANDRA DAFTARY HUF	WELKIN INVESTMENT CONSULTANT S PRIVATE LIMITED	14:44:27.802 080	14:44:27.802 080	14:44:27.80196 8	2	JAIA15MAY22.00PE W2

13/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	MINAKSHI AGARWAL	14:55:28.868292	14:55:28.868009	14:55:28.868292	7	KARB15MAY115.00CEW2
13/05/2015	MINAKSHI AGARWAL	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	14:55:25.367868	14:55:25.367868	14:55:25.367836	4	KARB15MAY115.00CEW2
13/05/2015	vinny bindra	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	15:22:48.814735	15:22:48.814735	15:22:48.783403	2.5	JPPW15MAY12.00PEW2
13/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	vinny bindra	15:22:53.314773	15:22:53.283731	15:22:53.314773	3.7	JPPW15MAY12.00PEW2
14/05/2015	SHYAM SUNDER RATHI HUF	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	13:52:53.149518	13:52:53.071304	13:52:53.149518	2	GMRI15MAY12.00CEW2
14/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	SHYAM SUNDER RATHI HUF	13:52:59.261344	13:52:59.261344	13:52:59.181093	3.1	GMRI15MAY12.00CEW2
14/05/2015	HARISH KUMAR ASOPA HUF	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	14:39:37.586203	14:39:37.539597	14:39:37.586203	6	IDBI15MAY60.00CEW2
14/05/2015	WELKIN INVESTMENT CONSULTANT	HARISH KUMAR ASOPA HUF	14:39:41.789472	14:39:41.789472	14:39:41.633066	9.7	IDBI15MAY60.00CEW2

	S PRIVATE LIMITED						
14/05/2015	SAILESH B RATHI HUF	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	13:41:42.661589	13:41:42.661589	13:41:42.599093	6	FEDB15MAY125.00CEW2
14/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	SAILESH B RATHI HUF	13:41:47.726057	13:41:47.726057	13:41:47.661867	9	FEDB15MAY125.00CEW2
14/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	AARTI SPONGE AND POWER LIMITED	13:58:39.307531	13:58:39.307531	13:58:39.198456	10	FEDB15MAY140.00PEW2
14/05/2015	AARTI SPONGE AND POWER LIMITED	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	13:58:44.175265	13:58:44.104794	13:58:44.175265	6	FEDB15MAY140.00PEW2
14/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	RUPESH KUMAR SINGH	15:15:37.457092	15:15:37.457092	15:15:37.457063	4.9	NHPC15MAY24.00PEW2
14/05/2015	RUPESH KUMAR SINGH	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	15:15:30.253852	15:15:30.253768	15:15:30.253852	3.2	NHPC15MAY24.00PEW2
14/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	NABEL KHAN	15:24:58.102039	15:24:58.102039	15:24:58.038153	7.3	SAIL15MAY60.00CEW2
14/05/2015	NABEL KHAN	WELKIN INVESTMENT	15:24:54.241082	15:24:54.241082	15:24:54.178560	4.8	SAIL15MAY60.00CEW2

		CONSULTANTS PRIVATE LIMITED					
14/05/2015	AARTI SPONGE AND POWER LIMITED	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	15:11:15.986929	15:11:15.924692	15:11:15.986929	2.7	UNIT15MAY10.00CEW2
14/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	AARTI SPONGE AND POWER LIMITED	15:11:22.127537	15:11:22.080661	15:11:22.127537	4.4	UNIT15MAY10.00CEW2
15/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	KUSUM DEVI AGARWAL	12:46:50.176432	12:46:50.176401	12:46:50.176432	5.25	DISH15MAY85.00PEW3
15/05/2015	KUSUM DEVI AGARWAL	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	12:46:45.770187	12:46:45.770187	12:46:45.660718	3.25	DISH15MAY85.00PEW3
19/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	Supreet Bindra	15:16:31.046378	15:16:30.999530	15:16:31.046378	8.5	RCOM15MAY60.00CEW3
19/05/2015	Supreet Bindra	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	15:16:26.046414	15:16:26.046414	15:16:25.999701	5	RCOM15MAY60.00CEW3
19/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	kavita tanwani	15:13:23.639245	15:13:23.561073	15:13:23.639245	10.9	PTCI15MAY75.00PEW3

19/05/2015	kavita tanwani	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	15:13:28.342324	15:13:28.342324	15:13:28.263997	7	PTCI15MAY75.00PEW3
19/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	ABHISHEK MAHESHWARI	15:21:15.282439	15:21:15.282439	15:21:15.282253	9.5	SYND15MAY100.00CEW3
19/05/2015	ABHISHEK MAHESHWARI	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	15:21:10.985309	15:21:10.969869	15:21:10.985309	6	SYND15MAY100.00CEW3
19/05/2015	RAM NATH DAGA HUF	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	14:59:54.931366	14:59:54.915920	14:59:54.931366	2.1	IOBL15MAY46.00PEW3
19/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	RAM NATH DAGA HUF	14:59:59.025275	14:59:58.931751	14:59:59.025275	3.1	IOBL15MAY46.00PEW3
19/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	om prakash tanwani	15:04:54.636225	15:04:54.636225	15:04:54.558148	7.9	NMDC15MAY125.00CEW3
19/05/2015	om prakash tanwani	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	15:04:48.433083	15:04:48.354747	15:04:48.433083	5.3	NMDC15MAY125.00CEW3
19/05/2015	WELKIN INVESTMENT CONSULTANT	om prakash tanwani huf	15:05:29.855390	15:05:29.839865	15:05:29.855390	8.1	NMDC15MAY125.00CEW3

	S PRIVATE LIMITED						
19/05/2015	om prakash tanwani huf	WELKIN INVESTMENT CONSULTANT S PRIVATE LIMITED	15:05:21.964 577	15:05:21.964 577	15:05:21.83936 9	5.5	NMDC15MAY125.00 CEW3
19/05/2015	gaurank agarwal	WELKIN INVESTMENT CONSULTANT S PRIVATE LIMITED	14:49:20.256 217	14:49:20.240 547	14:49:20.25621 7	3.8	LNTF15MAY60.00CE W3
19/05/2015	WELKIN INVESTMENT CONSULTANT S PRIVATE LIMITED	gaurank agarwal	14:49:24.349 731	14:49:24.349 731	14:49:24.33431 3	6	LNTF15MAY60.00CE W3
19/05/2015	WELKIN INVESTMENT CONSULTANT S PRIVATE LIMITED	vinny bindra	15:18:36.906 527	15:18:36.906 527	15:18:36.87542 1	6.4	RCOM15MAY75.00P EW3
19/05/2015	vinny bindra	WELKIN INVESTMENT CONSULTANT S PRIVATE LIMITED	15:18:33.093 970	15:18:33.078 297	15:18:33.09397 0	4.6	RCOM15MAY75.00P EW3
19/05/2015	GOVIND LAL DAGA	WELKIN INVESTMENT CONSULTANT S PRIVATE LIMITED	14:57:01.196 214	14:57:01.102 262	14:57:01.19621 4	2.85	IOBL15MAY38.00CE W3
19/05/2015	WELKIN INVESTMENT CONSULTANT S PRIVATE LIMITED	GOVIND LAL DAGA	14:57:06.696 328	14:57:06.602 253	14:57:06.69632 8	4.85	IOBL15MAY38.00CE W3
19/05/2015	RAKHI KARAR	WELKIN INVESTMENT	15:09:51.372 634	15:09:51.372 634	15:09:51.37260 5	4.9	NTPC15MAY130.00C EW3

		CONSULTANTS PRIVATE LIMITED					
19/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	RAKHI KARAR	15:09:58.075754	15:09:58.075754	15:09:58.075527	6.1	NTPC15MAY130.00CEW3
20/05/2015	MOOL CHAND BEGANI HUF	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	14:50:40.677990	14:50:40.677990	14:50:40.677961	3.3	NHPC15MAY14.00CEW3
20/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	MOOL CHAND BEGANI HUF	14:50:44.677838	14:50:44.677616	14:50:44.677838	5.3	NHPC15MAY14.00CEW3
20/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	KUSUM DEVI BHARTIYA	14:33:48.218165	14:33:48.124287	14:33:48.218165	8.2	INCM15MAY85.00CEW3
20/05/2015	KUSUM DEVI BHARTIYA	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	14:33:42.327788	14:33:42.311626	14:33:42.327788	4.5	INCM15MAY85.00CEW3
20/05/2015	NIHARIKA KHEMKA	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	14:41:07.346227	14:41:07.346047	14:41:07.346227	1.5	JAIA15MAY16.00CEW3
20/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	NIHARIKA KHEMKA	14:41:13.252198	14:41:13.252125	14:41:13.252198	2.5	JAIA15MAY16.00CEW3

20/05/2015	ROCKLAND MEDIA COMMUNICATION PRIVATE LIMITED	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	13:30:37.522376	13:30:37.522376	13:30:37.443956	2.6	ADPW15MAY46.00PEW3
20/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	ROCKLAND MEDIA COMMUNICATION PRIVATE LIMITED	13:30:49.022343	13:30:48.975302	13:30:49.022343	4	ADPW15MAY46.00PEW3
20/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	KUSUM DEVI BHARTIYA	14:32:16.592562	14:32:16.592562	14:32:16.514273	3.2	IFCI15MAY28.00CEW3
20/05/2015	KUSUM DEVI BHARTIYA	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	14:32:12.592353	14:32:12.514586	14:32:12.592353	2	IFCI15MAY28.00CEW3
20/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	AAYUSH KHEMKA	14:48:33.552064	14:48:33.442462	14:48:33.552064	4.6	JPPW15MAY12.00PEW3
20/05/2015	AAYUSH KHEMKA	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	14:48:29.161162	14:48:29.161162	14:48:29.145676	3	JPPW15MAY12.00PEW3
20/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	UMA MEHRA	13:37:26.696444	13:37:26.696444	13:37:26.633962	6.1	ANBK15MAY85.00PEW3
20/05/2015	UMA MEHRA	WELKIN INVESTMENT CONSULTANT	13:37:21.931080	13:37:21.931080	13:37:21.899835	4	ANBK15MAY85.00PEW3

		S PRIVATE LIMITED					
20/05/2015	SONIA MEHRA	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	13:38:18.978076	13:38:18.978076	13:38:18.900215	5	ALBK15MAY95.00CEW3
20/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	SONIA MEHRA	13:38:24.103258	13:38:24.103258	13:38:24.072114	7.8	ALBK15MAY95.00CEW3
20/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	PIYUSH KHEMKA	14:39:20.329656	14:39:20.329626	14:39:20.329656	7.4	IOBL15MAY50.00PEW3
20/05/2015	PIYUSH KHEMKA	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	14:39:14.235880	14:39:14.126580	14:39:14.235880	4.8	IOBL15MAY50.00PEW3
20/05/2015	KUSUM DEVI BHARTIYA	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	14:31:26.529558	14:31:26.529558	14:31:26.513871	5.8	IDEA15MAY170.00CEW3
20/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	KUSUM DEVI BHARTIYA	14:31:22.435796	14:31:22.404960	14:31:22.435796	10	IDEA15MAY170.00CEW3
20/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	SUNIL KUMAR KHEMKA HUF	14:37:56.876361	14:37:56.876113	14:37:56.876361	6.6	IOBL15MAY36.00CEW3
20/05/2015	SUNIL KUMAR KHEMKA HUF	WELKIN INVESTMENT	14:37:51.875778	14:37:51.875749	14:37:51.875778	4.2	IOBL15MAY36.00CEW3

		CONSULTANTS PRIVATE LIMITED					
20/05/2015	ROCKLAND MEDIA COMMUNICATION PRIVATE LIMITED	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	13:31:38.475775	13:31:38.428872	13:31:38.475775	5	ADPW15MAY34.00CEW3
20/05/2015	RAJESH KUMAR BUBNA	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	13:32:32.304181	13:32:32.304181	13:32:32.288830	6	ADPW15MAY34.00CEW3
20/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	ROCKLAND MEDIA COMMUNICATION PRIVATE LIMITED	13:31:45.631847	13:31:45.585112	13:31:45.631847	8	ADPW15MAY34.00CEW3
20/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	RAJESH KUMAR BUBNA	13:32:38.710515	13:32:38.288735	13:32:38.710515	8	ADPW15MAY34.00CEW3
25/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	PRASHANT GOENKA HUF	14:23:56.602412	14:23:56.602412	14:23:56.571423	5.4	GMRI15MAY20.00PE
25/05/2015	PRASHANT GOENKA HUF	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	14:23:46.899395	14:23:46.883755	14:23:46.899395	3.4	GMRI15MAY20.00PE
25/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	JIGNESH SHAH	14:22:13.805063	14:22:13.789232	14:22:13.805063	3.4	GMRI15MAY18.00PE

25/05/2015	JIGNESH SHAH	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	14:22:03.008047	14:22:03.008047	14:22:02.992542	2.2	GMRI15MAY18.00PE
25/05/2015	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	NAVIN JHUNJHUNWALA HUF	14:16:08.600040	14:16:08.600040	14:16:08.584263	7.8	HDIL15MAY100.00CE
25/05/2015	NAVIN JHUNJHUNWALA HUF	WELKIN INVESTMENT CONSULTANTS PRIVATE LIMITED	14:16:02.193478	14:16:02.193478	14:16:02.099893	4.3	HDIL15MAY100.00CE

19. I note from the table above, that the Noticee has traded substantially in several contracts, of which I note that in 2 contracts the Noticee has traded in high quantities, the details of which are enumerated below.

20. I note that the Noticee while trading in the contract of DISH15MAY85.00PEW3 on 15/05/2015, sold 1,00,000 units at 12:46:45 hrs at the rate of Rs. 3.25/- per unit to counterparty, viz. Kusum Devi Agarwal for Rs. 3,25,000/. Thereafter, at 12:46:50 hrs, the Noticee bought 1,00,000 units, at Rs.5.25 per unit from the same counterparty for a value of Rs. 5,25,000/-. The Noticee bought the units at a higher value and sold the units for a lesser value, reversing the trade within a time difference of 5 seconds, to book losses to the extent of Rs. 2,00,000/-. Further, I also note that the Noticee's transactions i.e.– one buy trade and one sell trade took place on the same day and the order for the trades were placed by the Noticee and the counterparty in split second's difference.

21. Likewise, I note that the Noticee while trading in the contract of NHPC15MAY26.00PEW2 on 13/05/2015, sold 90,000 units at 15:04:20 hrs at the rate of Rs. 4.6/- per unit to counterparty, viz. Rakhi Omar for Rs. 4,14,000/. Thereafter, at 15:04:27 hrs, the Noticee bought 90,000 units, at Rs.6.9 per unit from the same counterparty for a value of Rs. 6,21,000/-. The Noticee bought the units at a higher value and sold the units for a lesser value, reversing the trade within a time difference of 7 seconds, to book losses to the extent of Rs. 2,07,000/-. Further, I also note that the Noticee's transactions i.e.– one buy trade and one sell trade took place on the same day and the order for the trades were placed by the Noticee and the counterparty in difference of seconds.

22. Similarly, I see a pattern of reversing trades in all the 39 contracts, creating substantial artificial volumes in all contracts. Furthermore, the exactness of the quantity that got reversed between the counter parties on a single day, the proximity in the time of the reversal of trades and above all the absence of rationale to justify the variation in the sell and buy price, certainly shows that these are non- genuine trades.

23. I note that the quantity of the units bought and sold, with the counterparty, are the same and there is hardly any difference in the time of placement of order for the reversal trades which clearly shows that the Noticee did not intend to transfer beneficial ownership of units in the contract and the trades were non-genuine, which created artificial volume in the said contracts.

24. I note that in 39 contracts, the Noticee along with the counterparties contributed to the market volume of the day as given below:

Contract	%age of volume generated by the Noticee in the contract vs total volume of the Noticee	% age of artificial volume generated vs total volume in the contract
ADPW15MAY34.00CEW3	100	34
ADPW15MAY46.00PEW3	100	63.77
ALBK15MAY95.00CEW3	100	29.03
ANBK15MAY85.00PEW3	100	24.73
DISH15MAY85.00PEW3	100	100
FEDB15MAY125.00CEW2	100	100
FEDB15MAY140.00PEW2	100	64.91
GMRI15MAY12.00CEW2	100	100
GMRI15MAY18.00PE	100	27.06
GMRI15MAY20.00PE	100	100
HDIL15MAY100.00CE	100	33.33
IDBI15MAY60.00CEW2	100	50
IDEA15MAY170.00CEW3	100	46.75
IFCI15MAY28.00CEW3	100	46.43
INCM15MAY85.00CEW3	100	34.86
IOBL15MAY36.00CEW3	100	10.82
IOBL15MAY38.00CEW3	100	46.3
IOBL15MAY46.00PEW3	100	33.33
IOBL15MAY50.00PEW3	100	23.17
JAIA15MAY16.00CEW2	100	57.5
JAIA15MAY16.00CEW3	100	17.12
JAIA15MAY22.00PEW2	100	45.16
JAIA15MAY24.00PEW2	100	15.86
JPPW15MAY12.00PEW2	100	18.03
JPPW15MAY12.00PEW3	100	19.05
KARB15MAY115.00CEW2	100	100
LNTF15MAY55.00CEW2	100	100
LNTF15MAY60.00CEW3	100	27.18
NHPC15MAY14.00CEW3	100	24.07
NHPC15MAY24.00PEW2	100	50
NHPC15MAY26.00PEW2	100	100
NMDC15MAY125.00CEW3	100	59.63

NTPC15MAY130.00CEW3	100	38.27
PTCI15MAY75.00PEW3	100	21.05
RCOM15MAY60.00CEW3	100	44.44
RCOM15MAY75.00PEW3	100	45.76
SAIL15MAY60.00CEW2	100	50
SYND15MAY100.00CEW3	100	32.33
UNIT15MAY10.00CEW2	100	12.4

25. In the 39 contracts, I note that the Noticee had contributed substantially i.e 100% in 6 contacts viz. DISH15MAY85.00PEW3; FEDB15MAY125.00CEW2; GMRI15MAY20.00PE; KARB15MAY115.00CEW2; LNTF15MAY55.00CEW2 and NHPC15MAY26.00PEW2; 64.91% in the contract viz. FEDB15MAY140.00PEW2 and 63.7% in the contract viz. ADPW15MAY46.00PEW3 of the artificial volume vis a vis the total market volume. Further, I note that in all contracts the Noticee has contributed to more than 10% of the artificial volume vis a vis the total market volume. I find that the Noticee by executing non genuine trades, had contributed to the creation of artificial volumes in all of the 39 contracts.

26. From the facts brought out in the matter, 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. It cannot be a matter of coincidence or lack of awareness, or without knowledge of the counterparty. Hence, the trades placed are non-genuine trades entered by two parties on the stock exchange platform by mutual understanding, which is prohibited under PFUTP Regulations.

27. In this context, it is relavant to quote the judgment of the Hon'ble Supreme Court in the matter of **Rakhi Trading (SEBI Vs. Rakhi Trading- CANo.1969/2011, Order dated February 8, 2018)**

"Fairness, integrity and transparency are the hallmarks of the stock market in India". (**Paragraph No. 1** of the part of the judgement authored by His Lordship Mr. Justice Kurian Joseph).

"… *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."* (**Paragraph No. 35** of the part of the judgement authored by His Lordship Mr. Justice Kurian Joseph).

Their Lordships have considered similar transactions in the same segment, *"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."* (**Paragraph No. 38** authored by His Lordship Mr. Justice Kurian Joseph)

"….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 No. 41** of the part of the judgement authored by His Lordship Mr.Justice Kurian Joseph*).*

"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.

"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).

28. 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:**

"**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).*

29. The Hon'ble Appellate Tribunal has summarised the circumstances identified by the Apex court in **Rakhi Trading Judgment** in the case of **Global Earth Properties and Developers Pvt. Ltd. Vs Securities and Exchange Board of India (Appeal No.212 of 2020 decided on September 14, 2020).** In para 14 of the said order, the Hon'ble SAT enlisted the following circumstances:

*"**14 d.** An intentional trading for loss per se, is not a genuine dealing in securities. Trading is always with the aim to make profits. But if one party consistently makes loss and that too in preplanned and rapid reverse trades, it is not genuine and the same is an unfair trade practice.*

e. *In synchronised and reverse trades, there is no genuine change of rights in the contract."*

30. Further in paragraph No. 20 of the said order in **Global Earth (supra),** the Hon'ble Tribunal held as below:

*"**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."

31. From the above position in law and facts, it is clear that the Noticee's transactions, as mentioned above, were fraudulent/ manipulative, as contemplated in the PFUTP Regulations. Hence, I am inclined to impose monetary penalty on the Noticee.

32. As regards the quantum of penalty leviable, I take into regard the manipulative nature of the trades placed by the Noticee that has led to creation of artificial volume in the contracts. I am inclined to levy a penalty that is proportionate to the artificial volumes created by the Noticee.

33. I now proceed to determine the quantum of penalty to be imposed, bearing in mind the parameters laid down in section 15J of the SEBI Act. I observe that in this matter, the amount of disproportionate gain or unfair advantage is not quantifiable. Therefore, considering all the facts and circumstances in this matter, I am inclined to impose a minimum penalty against the Noticee, as provided under section 15HA of the SEBI Act.

34. I note that, as per the provisions of the Amendment of Section 15HA vide the Securities Laws (Amendment) Act, 2014 that came into force on September 08, 2014, the penalty shall not be less than five lakh rupees. In the instant case, it is observed that the violation of the PFUTP Regulations, took place from May 13, 2015 to May 25, 2015, therefore, the penalty shall not be less than five lakh rupees.

E. ORDER

35. Therefore, in exercise of powers conferred upon me under section 15-I (2) of the SEBI Act read with rule 5 of the Adjudication Rules, I hereby impose a penalty of Rs.5,00,000/- (Rupees five lakhs only) upon the Noticee *i.e.,* Welkin Investment Consultants Pvt.Ltd. (PAN No: AAACW8385R) under section 15HA of the SEBI Act for violation of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of the PFUTP Regulations.

36. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order 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

37. 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 for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

38. In terms of rule 6 of the Adjudication Rules, copies of this order are sent to the Noticee and also to SEBI.

Date: May 18, 2023 **AMIT KAPOOR**

Place: Mumbai **ADJUDICATING OFFICER**