BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER Ref No.: Order/ VV/AS/2021-22/14592]

UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995.

In respect of:

Mr. BADAL MOHANTY
(PAN: AAMPM0303J)
Flat No. 020, Tower No. Manhattan – 10,
Mahgun Moderne, Sector – 78,
Gautam Buddha Nagar - 201 301 (Uttar Pradesh)

In the matter of dealing in Illiquid Stock Options at BSE

1. Securities and Exchange Board of India ('**SEBI'**) observed large scale reversal of trades in the Stock Options Segment of the BSE Limited (hereinafter be referred to as '**BSE'**) and, pursuant to this, it conducted investigation into the trading activities of certain entities in illiquid Stock Options at the BSE for the period April 01, 2014 to September 30, 2015 (hereinafter be referred to as '**Investigation Period**'). Investigation revealed that during the Investigation Period, a total of 2,91,643 trades (comprising 81.38% of all the trades executed in the Stock Options Segment of BSE) involved reversal of buy and sell positions by the clients and counterparties in a contract.

2. The reversal trades are considered as non-genuine trades if it involves an entity reversing its buy or sell positions in a contract with subsequent sell or buy positions with the same counterparty during the same day. In this regard, artificial volume is considered as the volume (no. of units) reversed in non-genuine trades, comprising both original volume and reversed volume while keeping out the volume which is not reversed. These alleged non genuine trades resulted into creation of artificial volume to the tune of 826.21 crore units or 54.68% of the total market volume in Stock Options segment of BSE during the Investigation Period. It was further noted that said alleged non genuine trades were not restricted to any specific contract or between any specific set of entities. Mr. Badal Mohanty (hereinafter referred to as '**Noticee'**) was one of the several entities which were indulged in execution of such alleged non-genuine trades.

3. It was observed from the trade log that the Noticee had executed a total of 5 such trades in 1 unique contract which allegedly led to creation of artificial volume of total 4,56,000 units. It is further observed that the Noticee, by executing non genuine trades during the relevant period, registered a negative close out difference of ₹9,64,200/- approx. The trades entered by the Noticee were reversed on the same day within a very short span of time with same counterparty at a substantial price difference without any basis for significant change in the contract price which indicates that these trades are artificial and are non-genuine in nature. The summary of dealings of Noticee in such Stock Options contract is as follows:

Table 1 – Summary of dealings of the Noticee in contracts wherein he executed non-genuine trades

S. No.	Contract Name	Avg. Buy Rate (₹)	Total Buy Volume (no. of units)	Avg. Sell Rate (₹)	Total Sell Volume (no. of units)	% of Non Genuine trades of Noticee in the contract to Noticee's Total trades in the Contract	% of Non Genuine trades of Noticee in the contract to Total trades in the Contract	% of Artificial Volume generated by Noticee in the contract to Noticee's Total Volume in the Contract	% of Artificial Volume generated by Noticee in the contract to Total Volume in the Contract
1	HDIL15MAR90.00CE	10.48	228000	6.25	228000	100%	100%	100%	100%

4. From the above table it was observed that: -
   a. The alleged non-genuine trades have contributed significantly when compared with the total number of trades from the market in the above contracts. The non-genuine trades of the Noticee: -

      i. were 100% of the total trades that had happened in the aforementioned contract; and
      ii. were 100% of the total trades of the Noticee that had happened in the aforementioned contract.

   b. The whole volume of 4,56,000 generated by the Noticee in the above contract due to his non-genuine trades were artificial volume, and further this artificial volume, generated by the Noticee, also contributed significantly to the extent of 100% of the total volume in said contract in the market.

c. These alleged non genuine trades, executed by Noticee in above contract, had significant differential in buy rates and sell rates considering that the trades were reversed on same day.

d. The Noticee has allegedly engaged in the non-genuine transactions in the option segment of BSE for the purpose creating false appearance of trading.

5. Based on above findings of the investigation, the competent authority in SEBI *prima facie* felt satisfied that there are sufficient grounds to inquire and adjudicate the alleged violations of the provision of Regulation 3(a), (b), (c), (d), 4(1) and 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices related to Securities Markets) Regulations, 2003 (hereinafter be referred to as, the "PFUTP Regulations") by the Noticee and appointed Shri Amit Pradhan, Chief General Manager as Adjudicating Officer ('erstwhile AO') vide *communication order* dated April 26, 2021 to inquire and adjudge under Rule 5 of SEBI (Procedure for Holding Inquiry and imposing penalties) Rules, 1995 (hereinafter be referred to as "Adjudication Rules") and under section 15HA of the SEBI Act, the alleged violations by the Noticee. Thereafter, vide *communication order* dated June 21, 2021, this case has been transferred to undersigned with advise that except for the change of the Adjudicating Officer the other terms and conditions of the original orders *'shall remain unchanged and shall be in full force and effect'* and that the "*Adjudicating Officer shall proceed in accordance with the terms of reference made in the original orders".* The text of these provisions of PFUTP Regulations are as under:

<u>PFUTP Regulations</u>

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.

6. After receipt of records of these proceedings, the notice to show cause no. EAD – 9/ADJ/SCN/VKV/AKS/22369/2021 dated September 03, 2021 (hereinafter be referred to as 'SCN') issued to the Noticee in terms of Rule 4(1) of the Adjudication Rules read with section 15I of the SEBI Act calling upon it to show cause as to why an inquiry should not be held against it in terms of Rule 4 of the Adjudication Rules and penalty be not imposed under Section 15HA of the SEBI Act for the aforesaid alleged violations. The SCN was duly served upon the Noticee *via* Speed Post Acknowledgement Due ("SPAD") on September 09, 2021 and through digitally signed e-mail dated September 21, 2021. Thereafter, vide letter dated September 29, 2021, the Noticee requested for all the relevant documents in the possession of SEBI in connection with the matter, especially, investigation report, alerts generated and steps by the regulators on the same, documents on the basis of which large-scale reversal of trades in the stock option segment of BSE was observed, Action taken/ proposed against BSE Ltd., Action taken by the relevant committee/ department of the BSE to annul the impugned trades, complete trade log and order log for the single stock option contract HDIL15MAR90.00CE, statement recorded by SEBI, all other information, details, documents, etc. The Noticee also requested for cross-examination of the alleged counterparties to the impugned trades and relevant of officials of BSE and stated that without reviewing the aforesaid document(s)/ cross examination, he would not be in a position to file holistic reply in the matter. Accordingly, after considering the above request of the Noticee, I noted that the relied upon documents in the instant proceedings i.e. a) Annexure -3 to SCN - details of all the alleged non-genuine trades of the Noticee in Stock Option Segment of BSE during relevant period; and b) Annexure - 4 to SCN - summary of the Noticee dealings in contract at BSE, wherein, he executed non genuine trades; were provided to the Noticee. Therefore, on the basis of principle pronounced through judgements of apex court and Hon'ble Securities Appellate Tribunal (SAT) the request of the Noticee was declined and he was duly informed *via* letter dated October 21, 2021

7. Further, on considering request for personal hearing in the matter and the material available on record, an opportunity of hearing was granted to the Noticee on November 12, 2021 in terms of Rule 4(3) of the Adjudicating Rules. Thereafter, vide letter dated November 06, 2021, the Noticee filed its written reply to the SCN and authorized Advocate Mr. Bharat Redij, Bodhi Legal as its legal representative for the instant proceedings. On schedule date of hearing, Advocate Mr. Bharat Redij appeared before me and made submissions and advanced arguments on the basis of Noticee's reply dated November 06, 2021 and accordingly hearing concluded w.r.t. the Noticee.

8. The replies/submissions of the Noticee made vide letter dated November 06, 2021 and during hearing *inter alia* are as follows:

   a. The Noticee has been denied an access to the investigation report along with entire set of documents relied upon in the matter and sought by him vide letter dated September 29, 2021 and therefore, non-consideration by Adjudicating Officer (communicated vide letter dated October 21, 2021) is against the principles of natural justice and on this ground alone the proceedings ought to be withdrawn *in limine*. In this regard, reliance has been placed on order of Hon'ble SAT in the matter of *PWC* case (SAT Appeal 8 of 2010) and on order of Hon'ble Supreme Court in the matter *Trilok Nath vs. Union of India* [1967 SLR 759].

   b. The Noticee has not been allowed cross examination of the counterparty i.e. Siddhartha Commodities Pvt. Ltd / Kamalesh Betala Trading Pvt. Ltd - its associates/ KMP/ authorized persons/ directors and BSE officials in-charge. This would have enabled the Noticee to demonstrate that there was nothing amiss in his trade as trades were settled in the normal course by the BSE and contract notes issued to him. The Noticee has placed reliance upon the judgements of *Ramalinga Raju case* [SAT Appeal 286 of 2014] and *Andaman Timber Industries vs. Commissioner of Central Excise, Kolkata* [(2015) 62 taxmann.com 3 (SC)].

   c. The conduct of proceedings after a long and inordinate delay of around six years is arbitrary. The Rule 14 and 15 of SCRR, mandates every member of the exchange to maintain records for period ranging from 2 to 5 years. Similarly, Regulation 18 of Stock Broker Regulations mandates a broker to preserve books of accounts/records for five years. In the present case, the Noticee has been called upon to defend himself in respect of transaction executed in February – 2015. Such an approach is against the settled principles of law as laid down by various Courts of our country. In this regard, the Noticee has placed reliance upon the judgement of Hon'ble Bombay High Court in the matter of *Sambhaji Shripati Bankar case,* Hon'ble Supreme Court in the matter of *Bhatinda District Co-op Milk P. Union Ltd. case* and Hon'ble SAT *Ashlesh Shah case*.

d. The underlying scrip in which the Noticee have traded consists of companies which make up index of BSE or have some fundamental attributes are allowed to be traded in derivative segment by the regulators and therefore, it can be established that said scrip was quiet liquid in nature. Thus, to allege that the Noticee deliberately traded in only those options which were illiquid in nature is unfair.

e. BSE and SEBI have themselves allowed and permitted trading in options for *'far months'* with a strike price which are at large variance to current market price. The fact that such parameters are laid down is clearly indicative of fact that options will always be *'in the money'* and *'out of money'* and since regulators have themselves permitted trading in same, no adverse inference be drawn against him in this regard.

f. Stock exchanges regularly come out with list of illiquid scrip(s) in cash segment. However, no such list is issued by exchanges or regulator for dealing in stock options contracts. Thus, to fasten the responsibility or allege a single individual investor that it traded in illiquid option is unwarranted and unfair.

g. BSE wanted to increase trading volume in F&O segment, to sustain competitive pressures and therefore paid incentives in cash to its brokers to do trading in F&O Segment. Brokers marketed this product (trading in options) to the lay investors like him. From the public domain, the Noticee understand that the said product, designed by SEBI has design and structural flaws and was eventually discontinued with effect from March 3, 2016. Merely because on-line preventive measure and check & balance did not exist at relevant point of time to avoid inadvertent reversal trades no adverse inference be drawn against the Noticee in this regard. Further, the onus of such structural flaw cannot be saddled upon a lay investor, like him, and he may not be subject *quasi-judicial* proceedings for no fault of ours.

h. The impugned trade(s) constituted around 0.001% of the total alleged artificial trades during investigation period thereby constituting only a miniscule percentage of overall trades in the stock market. Thus, to allege that the same created misleading appearance is erroneous. Further, during the relevant time i.e. around March 24, 2015, when the Noticee traded there was no major movement in price of underlying scrip (HDIL) and the price/volume in underlying cash segment was fairly in range prescribed by the regulators. This proves that his trades had no impact on market and it has neither distorted the equilibrium in market nor caused any loss or prejudice to the investors at large. Also, any kind of alleged fictitious/ manipulative trade in cash segment may create distorted impression in minds of investors that price of scrip is rising/falling who may invest/divest from said scrip. However, in case of option segment there is no such effect since each contract expires at end of contract period and for every party who makes profit there is counter party who makes a loss. *There is no question of transfer of beneficial ownership in option segment since at end of settlement cycle only net loss/profit is adjusted. Therefore, in my humble opinion, allegation of creation of 'artificial' or 'reversal' trade is of no consequence in option segment of exchange.*

i. The Noticee did not act in concert or in collusion with anyone and nor was he part of any group or connected with anyone for the purpose of influencing price or for any manipulative activity as alleged or otherwise. The Noticee have no *'connection'* or *'relation'* with its counterparty(ies) or their promoters/directors. His trading in stock option segment was independent of any other entities dealing in the same and based on his limited understanding of securities market. The Noticee has placed reliance upon the Hon'ble SAT judgements in the matters of *Sanjay Agrawal case* (decided on May 18, 2011), *Smitaben N. Shah case* (decided on July 30, 2010), *Amaresh Pathak case* (decided on February 16, 2021), *Jagruti Securities case* (2008 SCC online SAT 184) and *S.P.J Stockbroker Pvt. Ltd case* (2013 SCC Online SAT 67).

j. All transactions have been carried out on the floor of stock exchange. Undisputedly, in case of screen-based trading, the automated system itself matches orders on a price-time priority basis and hence it is not possible for anybody to have access over identity of counter party. Since counter party identity is not displayed; one can never have any choice with whom it wants to deal or not to deal.

k. From analysis of orders of the Noticee and its counterparties, it can be seen that there is difference in order quantity and hence the allegations of deliberate *'reversal'* must fail:

Trade ID	My Order Quantity	Counterparty Order Quantity
25298	228000	60000
26387	228000	164000
27154	228000	4000

l. The Noticee trades were accepted by BSE for settlement and they were settled between brokers and stock exchange on one hand and between brokers and their clients on the other. All of his trades in option segment were within prudential norms of exchange and as per procedures and guidelines as prescribed by regulator (BSE). There was no infirmity nor was there any *lacuna*. No alert was issued by BSE at the relevant time as there was no irregularity in the trading. Had there been any wrongdoing, BSE would have cancelled the trades at that point in time only. Further, no cautionary warning, advisory, communication or alarm was raised by BSE at any point of time.

m. Derivative market is *'zero-sum game'* and thus in each and every case one party will inevitably make profit and counterparty will make loss. Thus, profit and loss is concomitant to trading in derivative segment.

n. The transaction to be termed as fraudulent, there has to be an element of '*inducement*' and SEBI has not even explicated any inducement in the entire Show Cause Notice. None of the impugned trades were deceptive in nature or had any impact on the investors or their investment decision which is a *sine qua non* to establish *'fraud'*.

o. SEBI has held that I transacted in *'illiquid options'* on the basis that my trades were in far-off strike prices and therefore very few entities might be trading in such strike rates. However, in that case, it may also be concluded that said trades could have had no effect on other investors or market at large and that such illiquidity would be reason for alleged *'reversal'* transactions since the chosen strike price is thinly traded.

p. It is a settled position that SEBI ought to demonstrate that there was indeed some synchronization between parties. Merely by stating that buy / sell constituted *'reversal'* or *'non-genuine'* trade is not enough. In the *Almonds Entertainment case*, the Hon'ble SAT ruled that merely executing a miniscule trade cannot tantamount to synchronization/reversal of trades.

q. Besides recording common generic allegations against the Noticee, not a single instance or observation on his specific role in alleged reversal is delineated in the SCN. The Noticee placed reliance upon the Hon'ble Supreme Court judgement in the matter of *Commissioner of Central Excise, Bangalore vs M/s Brindavan Beverages (P) Ltd. and Ors* [Civil Appeal 3417 of 2002] decided on June 15, 2007.

r. The Noticee acted as *bona fide* trader and have transacted in stock option segment in normal course of his business activity and his trading in the same was very much within his own financial and risk bearing capacity. There has been no grievance by any investor, broker, stock exchange or any other agency concerned with respect to the Noticee dealing in the option segment of BSE Ltd.

s. In view of aforesaid submissions, the Noticee requested for a pragmatic view and to drop the present proceedings against the Noticee and without imposing any penalty.

9. I have considered the allegation levelled in the SCN, reply / submission of the Noticee and the relevant material brought on record. The Noticee have raised several technical objections w.r.t. instant proceedings on the question of principle of natural justice and delay. Accordingly, before dealing the case on merit, it will be appropriate to deal the technical objections raised by the Noticee before me.

A. **Violation of principles of natural justice:**

i. The Noticee has contended that he has not been provided with the investigation report along with the entire set of documents in the instant proceedings and inspections thereof and rejection of such request is the violation of the principle of natural justice. I note that the reason for declining request of the Noticee for inspection and entire set of documents along with investigation report is duly communicated to him vide letter dated October 21, 2021 along with proper reasoning. As noted in para 6 of this order, the relied upon documents i.e. Annexure 3 and 4 to the SCN were duly provided to the Noticee along with the SCN. Further, the relevant portion of the investigation report pertaining to the Noticee has been brought out in the SCN. In this regard, it is pertinent to mention that Hon'ble Supreme Court in the matter of *Kanwar Natwar Singh v. Directorate of Enforcement [(2010) 2 SCC 497],* held that –"…*Even the principles of natural justice do not require supply of documents upon which no reliance has been placed by the Authority to set the law into motion. Supply of relied on documents based on* *which the law has been set into motion would meet the requirements of principles of natural justice…".* Also, in the matter of *ChandramaTewari Vs. Union of India, Through General Manager, Eastern Railways, (1988) 1 SCR 1102,* Hon'ble Supreme Court held that - it is not necessary that each and every document must be supplied to the Noticee facing charges. Only material and relevant documents are necessary to be supplied to it.

ii. It is also relevant to mention that in the case of *M/s Haryana Financial Corporation vs. Kailashchand Ahuja* [2008(9)SCC31] the Hon'ble Supreme Court had observed that - "*the theory of reasonable opportunity and principle of natural justice have been evolved to uphold the rule of law and to assist the individual to indicate his just rights. Whether, in fact, prejudice has been caused to an employee or not on account of denial to him of the report has to be considered on the facts and circumstances of each case. Even in cases where procedural requirements have been complied with, action cannot be ipso facto illegal or void, unless it is shown that non-observance has prejudicially affected the delinquent."* In this case, the basis of the allegations as made in the investigation report has been mentioned in the SCN and it is the findings of the investigation that are basis of charge against the Noticee and are relied upon in these proceedings. Since principle of natural justice has been complied with in this case, the grievance of the Noticee, in my view, is without any foundation. This view also finds support from the following judgment of Hon'ble SAT on the similar issue in the case of *Manoj Gaur Vs. Securities and Exchange Board of India, in Appeal Number* 64 of 2012 decided on October 03,2012: -

> *"The investigation report is not the evidence on which reliance was placed by the adjudicating officer. Since the adjudicating officer has complied with the statutory requirements, there is no legal obligation on the Board to furnish the entire investigation report to the appellants. Learned counsel for the parties have relied on certain case law relating to principles of natural justice. We do not consider it necessary to refer to all those details in view of the fact that regulation 9 of the Regulations makes it obligatory to communicate the findings in the investigation report and not the whole report. It is nobody's case that such findings were not made available. If the procedure laid down in the regulations has been followed by the adjudicating officer, the grievance of violation of principles of natural justice is without any foundation."*

iii. Further, Hon'ble Delhi High Court in its order dated 30.08.18 in the matter of *RRPR Holding Private Limited Vs. SEBI* held that - *"….only material of investigation "pertaining to* *the show cause notice" should be subject matter of inspection. It further says that any related to third party or other confidential material which the SEBI feels would be prejudicial that may also be segregated or de-tagged."*

iv. In the recent ruling of Hon'ble SAT in the case of *Shruti Vora Vs. Securities and Exchange Board of India,* in Appeal Number 28 of 2020 decided on February 12, 2020 held that *"…The contention that the appellant is entitled for copies of all the documents in possession of the AO which has not been relied upon at the preliminary stage when the AO has not formed any opinion as to whether any inquiry at all is required to he held cannot be accepted. A bare reading of the provisions of the Act and the Rules as referred to above do not provide supply of documents upon which no reliance has been placed by the AO, nor even the principles of natural justice require supply of such documents which has not been relied upon by the AO. We are of the opinion that we cannot compel the AO to deviate from the prescribed procedure and supply of such documents which is not warranted in law. In our view, on a reading of the Act and the Rules we find that there is no duty cast upon the AO to disclose or provide all the documents in his possession especially when such documents are not being relied upon…"*

v. Also, Hon'ble SAT in its aforesaid order dated February 12, 2020 held that "….*In the instant case, the show cause notice relies upon certain documents which have been made available. Thus the investigation report is not required to be supplied."* I am, therefore, of the view that since the copies of the relevant and relied upon material which is the trade log containing the trades of the Noticee were given to him along with the SCN, no prejudice is caused to the Noticee on this account. Further, in the facts and circumstances of this case, the judgements of Hon'ble SAT in the matter of *PWC* (*Supra*) and Hon'ble Supreme Court in the matter *Trilok Nath* (*Supra*) relied upon by the Noticee, is of no help to the Noticee due to the distinguishable facts. I, therefore, do not find any merit in the contentions of the Noticee.

vi. The Noticee has also contended that it has not been allowed cross examination of the counterparties and BSE officials during the proceedings. In this regard, I note that no statements have been recorded in the instant matter and neither relied upon. Further, the judgements relied upon by the Noticees for the same i.e. *Ramalinga Raju case* (*Supra*) itself talks about the "*cross-examination of the persons whose statements are relied upon…",* however, in this case no statement has been recorded or relied upon and same was duly informed to the Noticee vide letter dated October 21, 2021. Similarly, judgement of *Andaman Timber Industries (Supra)* discuss about the statements given by the two witnesses and cross-examination pertaining to them. Therefore, the arguments placed by the Noticee is flawed in itself and thus, his contention is not tenable.

B. **<u>Proceedings initiated after a long and inordinate delay:</u>**

i. The Noticee has contended that initiation of proceedings after a long and inordinate delay of around six years is arbitrary and same is against the settled principles of law as laid down by various Courts of our country. In this regard, I note that the impugned transactions belong to March 24, 2015, wherein the investigation period is April 01, 2014 to September 30, 2015. I further note that an extensive investigation in this case had been initiated by SEBI upon observing large scale reversal of trades in stock options segment of BSE leading to creation of artificial volume during investigation period. Due to elaborate and extensive investigation process such as - co-ordination with concerned stock exchange in respect of a large number of entities (involving more than 14,000 entities), complexity and extensive analysis of the data/ information, etc., in this case, the final investigation report submission has taken time. Thereafter, SEBI came out with a Settlement Scheme (hereinafter referred to as "Scheme") in terms of Regulation 26 of SEBI (Settlement Proceedings) Regulations 2018 in the concerned matter, wherein one-time opportunities were provided to the the entities including the Noticee against whom adjudication proceedings were approved for involvement in generation of artificial volumes. SEBI issued a public notice dated July 27, 2020 about the launching of the aforesaid Scheme and the modalities for availing the benefit of the Scheme. The public notice was also made available on the website of the BSE. In addition to the same, all the entities including the Noticee were intimated through email and letters. In terms of the scheme, any entity desirous of availing the benefit of the scheme could avail the same by filling up the respective requisite details and paying the applicable settlement amount through the online platform made available on SEBI's website. However, the Noticee has not availed the aforesaid scheme of SEBI. Thereafter, vide communique dated April 26, 2021 the erstwhile AO was appointed as the Adjudicating Officer in the instant proceedings, however, pursuant to his deputation, this case has been transferred to me and thereafter, on receipt of records, the SCN to the Noticee has been issued on

September 03, 2021, informing the Noticee about the detailed charges/allegations against it. In this regard, I note that, initiating a proceeding under the appropriate provisions of SEBI Act is a regulatory prerogative of SEBI depending upon the outcome of the fact finding exercise, which is the investigation done in this case, and just because the alleged violation was committed in a distant past cannot be a ground to vitiate initiation of these proceedings.

ii. The Noticee has placed reliance upon judgements of Hon'ble Supreme Court, Hon'ble Bombay High Court and Hon'ble SAT on the question of delay. In this regard, I note that there is no provision in the SEBI Act which lays down any limitation period for initiating any proceedings/ action under the SEBI Act. For establishing the delay, if any, in the matter, the date when the violation came to the notice of the SEBI would be the relevant point and not the date of violation. Whether a delay in a particular case is justified or not depends on the facts and circumstances of each case. I have perused the judgement of *Sambhaji Shripati Bankar (Supra), Bhatinda District Co-op Milk P. Union Ltd. (Supra) and Ashlesh Shah (Supra),* and I note that the facts of these cases can be easily distinguished from the instant matter, as charge in this case relates to a fraudulent act of non-genuine trades executed by the Noticee in illiquid stock options. I further observe that, the Hon'ble SAT in the matter of *Ashlesh Shah (Supra*) made the following pertinent remarks:

> *"It is no doubt true that no period of limitation is prescribed in the Act or the Regulations for issuance of a show cause notice or for completion of the adjudication proceedings. The Supreme Court in Government of India vs, Citedal Fine Pharmaceuticals, Madras and Others, [AIR (1989) SC 1771] held that in the absence of any period of limitation, the authority is required to exercise its powers within a reasonable period. What would be the reasonable period would depend on the facts of each case and that no hard and fast rule can be laid down in this regard as the determination of this question would depend on the facts of each case. This proposition of law has been consistently reiterated by the Supreme Court [..].*

iii. I also note that, the Supreme Court recently in the case of Adjudicating Officer, *SEBI vs. Bhavesh Pabari (2019) SCC Online SC 294* held:

> *"There are judgments which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. What would be reasonable time, would depend upon*

the facts and circumstances of the case, nature of the default/statute, prejudice caused, whether the third-party rights had been created etc."

iv. I am of a view that, Hon'ble SAT has qualified the aforesaid ruling by saying that the reasonable period would depend on the facts and circumstances of each case and that no hard and fast rule can be laid down in this regard. In my view the present proceedings do not suffer from any infirmity on the ground of delay. I, therefore, hold that there is no protracted delay as contended and hence, the contention of the Noticees in this regard is rejected.

10. Coming to the merit of allegation, it is worth mentioning that reversal trades are considered non-genuine if they involve an entity reversing its buy or sell positions in a contract with subsequent sell or buy positions with the same counterparty during the same day. In this regard, artificial volume is considered as the volume (no. of units) reversed in non-genuine trades, comprising both original volume and reversed volume while keeping out the volume which is not reversed. From the reply of the Noticee, I note that the Noticee has not disputed the execution and subsequent reversal of trades as alleged in the SCN. Admittedly, the Noticee had indulged in 5 such reversal trades in a unique contract during the Investigation Period involving reversal of trades with same entity with whom it had done buy/ sell transaction, in short span of time, respectively, in a synchronized manner. It is noted from the trade log relied upon in the matter that the Noticee and counterparty (ies) both had placed their respective sell-buy and buy–sell orders in same time i.e. within few seconds. Further, each trade involved matching of time, price and quantity of units. For example, in respect of the following 2 trades in contract "HDIL15MAR90.00CE" dated March 24, 2015 observations are provided in following paras:

<u>Table 2: Trades of the Noticee in the contract of "HDIL15MAR90.00CE"</u>

Sl.	Date	Buyer	Seller	Buy Order Time	Sell Order Time	Trade Time	Trade Rate (₹)	Trade Quantity
1	24/03/15	Siddhartha Commodities Pvt Ltd	Badal Mohanty	12:33:25	12:35:46	12:35:46	6.25	164000
2	24/03/15	Badal Mohanty	Siddhartha Commodities Pvt Ltd	12:44:18	12:44:18	12:44:18	10.55	164000
Total								**3,28,000**

11. It is observed from the above table that –

    a. The Noticee, at 12:35:46 hrs placed a sell order for 2,28,000 units of call option of contract "HDIL15MAR90.00CE" at a price of Rs. 6.25 and 1,64,000 units of this sell order of the Noticee got matched with the buy order of another entity namely, Siddhartha Commodities Pvt Ltd, which itself had placed a buy order for 1,64,000 units in the same contract at 12:33:25 hrs i.e. few seconds earlier of the sell order placed by the Noticee.

    b. Thereafter, the Noticee, at 12:44:18 hrs placed a buy order for 1,64,000 units of call option of contract "HDIL15MAR90.00CE" at a price of Rs. 10.55. This buy order of the Noticee got matched with the sell order of Siddhartha Commodities Pvt Ltd, which itself had placed a sell order for 1,64,000 units in the same contract at 12:44:18 hrs i.e. few milliseconds earlier of the buy order placed by the Noticee.

    Observation: Thus the sell order placed by the Noticee at Rs. 6.25 was reversed with the same counterparty at Rs. 10.55, within 10 minutes in the same contract on the same day and artificial volume generated through such 2 non genuine trades was for 3,28,000 units of the said contract.

12. Similar pattern on trading was observed in respect of other 3 trades executed by the Noticee in aforementioned illiquid Stock Options contracts, wherein trades were reversed in short span of time and buy-sell or sell-buy orders were placed within a time gap of few seconds. The buy orders placed by the Noticee were matched with sell orders of counterparties and sell orders placed by the Noticee were matched with buy orders of counterparties in terms of number of units and price and time. Thus, the total volume generated through such non genuine trades was 4,56,000 units of the Stock Options contracts. Such reversal of trades in quick succession with substantial price difference indicate towards employing of a manipulative device in connection with its dealing in said illiquid Stock Options contracts.

13. The Noticee has submitted that, he had placed order for 2,28,000 units in impugned sell order, while, the buy orders placed by its two counterparties were for 1,64,000 units and 60,000 and 4,000 units in said option contract. On the basis of the said difference in order, the allegations of deliberate 'reversal' of trade cannot be fastened upon him. In this regard, I note that, it is correct that the sell orders of the Noticee matched with two counterparty in 3 trades, however, the Noticee's buy order matched with same counterparties after 9 – 10 minutes, through two trades of 1,64,000 units and 64,000 units in said contract. Further, there is

substantial price difference at which the sell trade and buy trade have been reversed by the Noticee with same counterparties. Considering such facts and circumstances of the case, the allegations of deliberate '*reversal*' of trade cannot be overlooked and thus, I found the Noticee contention untenable.

14. The Noticee has further submitted that during the relevant time i.e. around March 24, 2015, when the Noticee traded there was no major movement in price of underlying scrip (HDIL) and the price/volume in underlying cash segment was fairly in range prescribed by the regulators. This proves that his trades had no impact on market and it has neither distorted the equilibrium in market nor caused any loss or prejudice to the investors at large. I note that the violation by the Noticee is creation of artificial trading volumes by trading between two counterparties and wider market is not involved in the trades, hence, it would be appropriate to consider the impact of these transactions between the counterparties in totality. I found that all the 5 trades of the Noticees in said contract were 100% of the total trades that had taken place in the impugned contracts and these impugned trades has contributed significantly to the extent of 100% of the total volume in said contracts in the market. I further note that these trades were part of the 81% (approx..) non-genuine trades executed on Stock Options Segment of BSE during the investigation period and when seen in totality these non-genuine trades have the ingredient to distort the equilibrium in market. I also note that, law does not allow any allowance for such fraudulent act of creation of misleading appearance of trading due to impugned reversal trades. In view of the same, I find no merit in such contentions of the Noticee.

15. The Noticee has stated that his impugned trade constituted around 0.001% of the total alleged artificial trades during investigation period thereby constituting only a miniscule percentage of overall trades in the stock market. Further, merely by stating that buy / sell constituted *'reversal'* or *'non-genuine'* trade is not enough. In this regard, he placed reliance upon the Hon'ble SAT judgement in the matter of *Almonds Entertainment (Supra).* I have perused the aforesaid judgement of the Hon'ble SAT and I note that the instant case can be differentiated on the basis of facts and circumstances. Firstly, in this case there are 5 trades of the Noticee three sell trades and two buy trades, which resulted into reversal of trades in illiquid stock options, while the aforesaid judgement talks about solitary trade. Secondly, in that case charge of fraudulent trading was fastened on a closed group of 60 entities. Thirdly, there were contradictory findings in the orders of two different Adjudicating Officers. Fourthly, through

analysis of the Noticee trades, the fact of reversal of trade within short span of time has been brought out in paras 10 – 12 of this order. I am of a view that when seen in totality, the impact of Noticee's impugned trades cannot be ignored, especially when his impugned trades in said contracts were 100% of his total trades in the said contract. Also, the '*non-genuine*' and '*reversal*' nature of the Noticee's has been clearly demonstrated in abovementioned paras of this order. Therefore, I find no merit in such contentions of the Noticee.

16. The Noticee has contended that it had traded in stock options of that underlying scrip which make up index of BSE or have some fundamental attributes are allowed to be traded in derivative segment by the regulators. I note that, it is matter of common knowledge that the fraudulent trading in illiquid Stock Options cannot be justified merely because the impugned trading by the Noticee in illiquid Stock Option was in respect of well-known companies, which make up index of BSE. An option contract that cannot be easily sold or converted to cash quickly at the prevailing market price will always be treated as illiquid option that has very low or no open interest. I, therefore, do not agree with such contentions of the Noticee.

17. The Noticee has further contended that it had traded in stock options on the floor of stock exchange. Undisputedly, in case of screen-based trading, the automated system itself matches orders on a price-time priority basis and hence it is not possible for anybody to have access over identity of counter party. I am of the view that the transactions in a particular contract were reversed with the same counterparties indicates a prior meeting of mind with a view to execute the reversal trades at a pre-determined price. Since these trades were done in illiquid option contracts, there was no trading in the said contract and hence, there was no price discovery in the strictest terms. The wide variation in prices of the said contracts, within a short span of time, is a clear indication that there was pre-determination in the prices by the counterparties while executing the trades. Thus, it is observed that Noticee had indulged in reversal trades with it counter parties in the stock options segment of BSE and the same were non-genuine trades. Therefore, the Noticee's contentions are not tenable.

18. I further note that the impugned reversal trades were carried out by the Noticee in an illiquid Stock Options Contracts where there was no participation of public. Reversal trades were undertaken by the Noticee with its counterparty with a predetermined arrangement to book profit or losses respectively, and, therefore, the parties to the trades were not trading in the normal sense and ordinary course of business. Such transactions in illiquid Stock Options

cannot be taken as genuine one. Such trading was apparently without any economic rationale. Thus, the Noticee claim of a *bona fide* or genuine trader without having any specific role in creating artificial volume through alleged trades is not acceptable. I also note that, the SCN is very specific in terms of charges against the Noticee, wherein, it is *inter alia* alleged that "*it has allegedly entered into non genuine trades in 1 contract wherein it executed a total of 5 trades all of which were allegedly non genuine trades and which resulted into creation of artificial volume of total 4,56,000 units in the given contract…. the Noticee, by executing non genuine trades during the relevant period, registered a negative close out difference of Rs. 9,64,200…it is alleged that the Noticee, by indulging in execution of reversal trades in Stock Options with same entities on the same day, which were non-genuine in nature, has created false or misleading appearance of trading in the aforementioned contracts traded in the option segment of BSE*." Therefore, reliance upon the judgement of *Commissioner of Central Excise, Bangalore vs M/s Brindavan Beverages (P) Ltd. and Ors (Supra)* is out of place.

19. Further, with regard to the reversal trades carried out by the Noticee, I note that the Hon'ble Supreme Court in the matter of *SEBI vs. Rakhi Trading Private Ltd.*, in Civil appeals no., 1969 of 2011 with Civil Appeal Nos., 31743177 of 2011 and Civil Appeal No., 3180 of 2011 decided on February 8, 2018 had observed that *"the price discovery system itself was affected by synchronization and rapid reverse trade, which also had the impact of excluding other investors from participating in the market. The Supreme Court, therefore found that the traders having engaged in a fraudulent and unfair trade practice while dealing in securities, are hence liable to be proceeded against for violation of Regulations 3(a), 4(1) and 4(2)(a) of PFUTP Regulations".*

20. With regard to reversal transactions, Hon'ble Supreme Court in the matter of *SEBI v Rakhi Trading Private Limited (Supra)*, further held that - "*Considering the reversal transactions, quantity, price and time and sale, parties being persistent in number of such trade transactions with huge price variations, it will be too naive to hold that the transactions are through screen-based trading and hence anonymous. Such conclusion would be over-looking the prior meeting of minds involving synchronization of buy and sell order and not negotiated deals as per the board's circular. The impugned transactions are manipulative/deceptive device to create a desired loss and/or profit. Such synchronized trading is violative of transparent norms of trading in securities…..*" In the same matter, Hon'ble Supreme Court further held that- *"….quantity, time and significant variation of prices, without major variation in the underlying price of the securities clearly indicate that Respondent's trades are not genuine and had only misleading appearance of trading in the securities market*". In view of said Hon'ble Supreme Court judgment, I see no reason to take a different view in the present case. In view of the foregoing, I hold that the

Noticee had indulged in execution of reversal trades in Stock Options with same counterparty (ies) on the same day, which are non-genuine in nature and have created false or misleading appearance of trading in terms of artificial volumes.

21. The Noticee has contended that it has no knowledge about who were the counterparty (ies) to its trades as it was trading in anonymous platform of BSE at price ranges that were permitted by BSE and SEBI and the obligations arising out of it have been settled through the clearing mechanism of the BSE. Further, the Noticee have no *'connection'* or *'relation'* with its counterparty(ies) or their promoters/directors. His trading in stock option segment was independent of any other entities dealing in the same and based on his limited understanding of securities market. I note that, it is not mere coincidence that the Noticee could match its trades with the same counterparty with whom it had undertaken first leg of the respective trades. I note that though direct evidence is not available in the present matter as regards to meeting of minds or collusion of the Noticee with other entities. The genuineness of trading has to be determined based upon circumstantial evidence involving multiple factors such as trading pattern, liquidity and volatility in the scrip /contract, etc. In this context, the Hon'ble SAT vide its order dated July 14, 2006, in the case of Ketan Parekh vs. SEBI (Appeal no. 2/2004) observed that- *"The nature of transactions executed, the frequency with which such transactions are undertaken, the value of the transactions, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn."*

22. Further, in *SEBI v Kishore R Ajmera (AIR 2016 SC 1079)*, Hon'ble Supreme Court held that - *"…in the absence of direct proof of meeting of minds elsewhere in synchronized transactions, the test should be one of preponderance of probabilities as far as adjudication of civil liability arising out of the violation of the Act or provision of the Regulations is concerned. The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors. The illustrations are not exhaustive...".* The Hon'ble Supreme Court further observed that – "*It is a fundamental principle of law that proof of an allegation levelled against a person may be in the form of direct substantive evidence or, as in many cases, such proof may have to be inferred by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof*

the Courts cannot be helpless. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to the Court to be a reasonable conclusion therefrom. The test would always be that what inferential process that a reasonable/prudent man would adopt to arrive at a conclusion."

23. The trading pattern as found in this case in illiquid Stock Options cannot occur just by accident or coincidence. The trading behavior of the Noticee in this case makes it clear that aforesaid trades of the Noticee could not have been possible without prior meeting of minds. The synchronized trading by the Noticee with same counterparty at same time for same quantity at same price and reversal of transaction with wide variation in price of the reversed trades in the same contract in a short time without any basis, all indicate that the trades executed by the Noticee were not genuine trades and being non-genuine, created an appearance of artificial trading volumes in the contracts in question. Considering the aforesaid facts and circumstances, I am of a view that the Noticee's reliance upon judgements of Hon'ble SAT in the matter of *Smitaben N. Shah case* (*Supra*), *Amaresh Pathak case* (*Supra*), *Jagruti Securities case* (*Supra*) and *S.P.J Stockbroker Pvt. Ltd case* (*Supra*) regarding prior meeting of minds and *Sanjay Agrawal vs. SEBI (Supra)* regarding a cogent evidence or connection between the parties, is of no help to it. In view of the fact that these options contracts were illiquid in nature, having very small volume in trading, the Noticee created artificial volumes in Stock Options which was manipulative and deceptive in nature. Once the Noticee has been found to have indulged in such reversal transactions in illiquid Stock Options it is liable for its acts and omissions. Thus, I reject such contentions of the Noticee.

24. The Noticee has contended that the derivative market is '*zero sum game*' and thus in each and every case one party will inevitably make profit and counterparty will make loss. Thus, profit and loss is concomitant to trading in derivative segment. I note that, it is not a case, where any of the parties of the trades executed by the Noticee were for intentionally booking any profit or loss. Further, this case is not dependent on loss or profit made by the entity and rather it deals with the impact of these non-genuine reversal of trades between the counter parties, which creates false or misleading appearance of trading. Further, the charge of artificial volumes created by the two counterparties by entering into non-genuine reversal of trade, is not dependent on making of loss or profit by an entity. Considering the same, I find no merit in such contentions of the Noticee.

25. The Noticee has raised several contentions regarding execution of his impugned trades through approved and regulated mechanism of stock exchange, anonymous BSE platform, placing trades through registered stock broker, permitted trading in options for *'far months'* with a strike price which are at large variance to current market price, non-availability of list by exchanges or regulator for dealing in stock options contracts, absence of any warnings/ cautions, absence of on-line preventive measure and check & balance at relevant point of time etc. In this regard, I note that the Hon'ble Supreme Court in *Rakhi Trading (supra)* case held that such undesirable transactions would certainly include unfair practices in trade and thus, orchestrated trades are a misuse of the market mechanism. The Hon'ble Supreme Court further observed that - "*The non-genuineness of these transactions is evident from the fact that there was no commercial basis to suddenly, within a matter of minutes, reverse a transaction when the value of the underlying had not undergone any significant change*". Thus, the Noticee's contention regarding placing his trades within approved and regulated mechanism and non-receiving of any warning/ caution from BSE is devoid of any merit and rejected hereby. I further note from the foregoing findings, that the trading pattern of the Noticee in terms of volume of reversal trades, proximity of buy/sell and subsequent reversal evidences the indulgence, clearly demonstrates the manipulative practice by the Noticee by using the stock exchange platform to carry out non-genuine trades with the aim to execute such trades for various manipulative purposes. I note that the Hon'ble Supreme Court in the matter of *SEBI vs. Rakhi Trading Private Ltd.* (*supra*), also held that - *"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 makes loss and that too in pre-planned and rapid reverse trades, it is not genuine; it is an unfair trade practice". "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."*

26. The Noticee in his submissions has also stated that to term a transaction fraudulent, there has to be an element of '*inducement*'. I note that the Hon'ble Supreme Court in the matter of *SEBI vs. Rakhi Trading Private Ltd.* (*supra*), had recognized that, if the factum of manipulation is established, it will necessarily follow that the investors in the market have been induced to buy or sell and that no further proof in this regard is required. Further, the market is so widespread that it may not be humanly possible for the Board to track the persons who

were actually induced to buy or sell securities as a result of manipulation and the Board cannot be imposed with a burden which is impossible to be discharged. Considering the same, I reject such contention of the Noticee.

27. In totality of the circumstances as observed above it is not acceptable that the Noticee has not employed any manipulative and deceptive device in contravention of the SEBI Act or the rules and the regulations made there under. Further, the non-genuine and deceptive trades as found in this case are covered under the definition of '*fraud*' and dealing of Noticee were '*fraudulent*' as defined under Regulation 2(1)(c) of the PFUTP Regulations.

28. In view of the aforesaid facts and circumstances, it cannot be ignored that synchronization of trades in pre-determined manner as found in this case had an adverse impact on the fairness, integrity and transparency in the securities market. In view of the above, I find that the allegation of violation of regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations by the Noticee stands established. Thus, I hold that the Noticee liable for penalty under Section 15HA of the SEBI Act which reads as under: -

"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."

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

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;*

30. Having regard to the factors listed in section 15J, it is noted that it is not possible to determine the consequent loss caused to investors as a result of the default as found in this case. It is

worth considering that generally, there is NIL or negligible participation of the public in the trading in such illiquid Stock Option contracts. When the impact of artificial volume created by the two counterparties is seen as a whole, it is not possible from the material on record to quantify the amount of disproportionate gain or unfair advantage resulting from the artificial trades between the counter parties or the consequent loss caused to investors as a result of the default. However, considering the fact that the trades of the Noticee in a Stock Option contracts which resulted into artificial volume of 100%, generated out of the 5 non-genuine trades of the Noticee, I am of the view that such trades had created a misleading appearance of trading in the scrip. In these circumstance, I hold a view that for the market abuse and fraudulent practices by the Noticee monetary penalty needs to be imposed under section 15HA of the SEBI Act.

31. Taking into consideration all the facts and circumstances of the case including the aforesaid 15J factors and exercising the powers conferred upon me under section 15I of the SEBI Act read with Rule 5 of the Adjudication Rules, I hereby impose, a monetary penalty of **₹5,00,000/-(Rupees Five Lakh only)** upon **Mr. Badal Mohanty** under section 15HA of the SEBI Act. In my view, the said penalty is commensurate with the violation committed by the Noticee in this case.

32. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order in either of the way of demand draft in favour of "*SEBI - Penalties Remittable to Government of India"*, payable at Mumbai, or by following the path at SEBI website www.sebi.gov.in, ENFORCEMENT > Orders > Orders of AO > PAY NOW; OR by using the web link https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html. In case of any difficulties in payment of penalties, the Noticees may contact the support at portalhelp@sebi.gov.in

33. The Demand Draft or details and confirmation of e-payment made in the format as given in table below shall be sent to *"The Division Chief, EFD-DRA-I, Securities and Exchange Board of India, SEBI Bhavan, Plot No. C- 4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051."* and also to e-mail id:- tad@sebi.gov.in:

1	Case Name	
2	Name of the 'Payer/Noticee'	
3	Date of Payment	

4	Amount Paid	
5	Transaction No.	
6	Bank Details in which payment is made	
7	Payment is made for (like penalties/disgorgement / recovery/ settlement amount and legal charges along with order details)	

34. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated 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.

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

Date: December 28, 2021 **Vijayant Kumar Verma**
Place: Mumbai **Adjudicating Officer**