BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

ADJUDICATION ORDER NO. Order/MR/VB/2021-22/15127

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:

Sudhir Kumar Agarwal HUF

PAN: AAQHS1781J

In the matter of dealings in Illiquid Stock Options at the BSE

A. BACKGROUND

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

2. The investigation revealed that during the investigation period, out of the total trades executed on the BSE stock options segment, around 81% were reversal / non-genuine. It was observed that Sudhir Kumar Agarwal HUF (hereinafter referred to as the **"Noticee"**) was one among the various entities who had indulged in execution of reversal trades in stock options segment of BSE during the investigation period.

3. The aforesaid reversal trades allegedly resulted into generation of artificial volumes, leading to allegations that the Noticee had violated regulations 3(a), (b), (c), (d), 4(1) and 4(2) (a) of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as the "**PFUTP Regulations**").

B. APPOINTMENT OF ADJUDICATING OFFICER

4. SEBI initiated adjudication proceedings and appointed the undersigned as the adjudicating officer under section 15I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the "**SEBI Act**") read with rule 3 of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as the "**Adjudication Rules**") vide order dated April 30, 2021 to inquire into and adjudge under section 15HA of the SEBI Act, against the Noticee for the alleged violation of the aforesaid provisions of the PFUTP Regulations. The said appointment was communicated vide communiqué dated June 28, 2021.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

5. A show cause notice dated August 30, 2021 bearing number "SEBI / HO /LAD1/LAD1_DOP3/P/OW/2021/0000021486/1/2021" (hereinafter referred to as the "**SCN**") was served upon the Noticee under rule 4(1) of the Adjudication Rules to show cause as to why an inquiry should not be held and penalty not be imposed against the Noticee under section 15HA of the SEBI Act for the alleged violation of regulations 3(a),(b),(c),(d), 4(1) and 4(2)(a) of the PFUTP Regulations. The SCN was served to the Noticee vide an e-mail dated September 1, 2021. The SCN was also duly served to the Noticee vide Registered Post AD on September 7, 2021.

6. The SCN issued to the Noticee, *inter alia,* alleged the following:

   a) The Noticee was one of the entities which had indulged in reversal trades which allegedly created false and misleading appearance of trading, generating artificial volumes in stock options segment of the BSE during the investigation period;

   b) The Noticee had engaged in two (2) trades in one (1) unique contract which led to generation of artificial volume in the aforesaid unique contract;

c) In the said contract, the trades entered by the Noticee were reversed with the same counterparty at a substantial price difference without any basis, which indicates that these trades were artificial and non-genuine in nature;

d) The Noticee's two (2) trades in the said contract during the investigation period had allegedly generated artificial volume of 86,000 units, which made up 50% of total market volume in the said contract during the investigation period and 50% of total market volume in the said contract on March 3, 2015, i.e., the day on which the Noticee traded.

7. By indulging in execution of the aforesaid non-genuine reversal trades, the Noticee has allegedly violated regulations 3(a),(b),(c),(d), 4(1) and 4(2)(a) of the PFUTP Regulations.

8. The Noticee submitted its reply dated October 11, 2021 to the aforesaid SCN (hereinafter referred to as the **"reply"**) which was received through speed post on October 18, 2021. In the said reply, the Noticee has, *inter alia*, raised the following contentions:

a) That it acted on the advice of the broker and it was not informed about rules and regulations prohibiting execution of such trades;

b) That the Noticee is not connected with the counterparty in any manner and has also relied upon the decision of Hon'ble Securities Appellate Tribunal in the matter of ***M/s. Jagruti Securities Ltd. Vs. SEBI***[1] in this regard;

c) That the total number of trades executed by the Noticee is two (2), which is a very small number in itself and that there was no major movement in the price of the underlying scrip and thus the trades of the Noticee did not distort the equilibrium of the market or cause any loss to investors at large;

[1] Decided on October 27, 2008.

d) That the two trades executed by the Noticee created an artificial volume of 86,000 units which made up 0.001% of the total artificial volume i.e. 8,262,100,000 in the said contract during the investigation period. Further, the allegation in the SCN about 100% of trades of the Noticee being non-genuine is erroneous and Noticee's share is merely a fraction of the whole volume, if volume generated by all contract traded on that day is considered;

e) That neither the broker, nor the stock exchange cautioned the Noticee with regard to trading in the said contract;

f) That only for reasons of huge price variation, the trades of the Noticee cannot be labelled as non-genuine; and

g) That the derivative market is "Zero-Sum Game" and thus in every case, one party will inevitably make positive close-out difference and other counterparty will make negative close-out difference.

9. After considering the material available on record, it was decided that an inquiry should be held in the matter in accordance with the Adjudication Rules. Accordingly, an opportunity of personal hearing was granted to the Noticee on November 10, 2021 and the same was communicated vide Notice of Hearing dated October 28, 2021. The said hearing notice was served upon the Noticee vide email on November 1, 2021 and vide speed post on November 8, 2021. Vide email dated November 8, 2021, the Noticee requested adjournment of the scheduled hearing which was granted and the hearing was rescheduled to November 18, 2021. The said hearing was not attended by the Noticee and vide email dated November 27, 2021, the Noticee requested another opportunity of hearing in the matter. Thereafter, vide letter dated December 16, 2021, another opportunity of hearing was granted on January 12, 2022 and the hearing was conducted on the said date.

10. On the scheduled date of hearing i.e. January 12, 2022, the Authorized Representative (hereinafter referred to as the **"AR"**) of the Noticee, namely, Mr. Anchit

Agarwal who is the son of the Karta of the Noticee, appeared before me through video conferencing and reiterated the submissions made in the reply.

CONSIDERARTION OF ISSUES AND FINDINGS

11. I have carefully perused the charges levelled against the Noticee in the SCN, the reply dated October 11, 2021 and the documents / material available on record. The issues that arise for consideration in the instant matter are:

a) **Issue No. I**: Whether the Noticee has violated provisions of regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of the PFUTP Regulations;

b) **Issue No. II:** Does the violation, if any, attract monetary penalty under section 15HA of the SEBI Act?; and

c) **Issue No. III:** If so, what would be the quantum of monetary penalty that can be imposed on the Noticee after taking into consideration the factors mentioned in section 15J of the SEBI Act?

12. Before dealing with aforesaid issues, I would like to deal with the contentions raised by the Noticee in the reply dated October 11, 2021.

13. Firstly, the Noticee has stated that it acted on the advice of the broker and the broker did not inform the Noticee about regulations and prohibitions involved in such trades. I find that this contention of the Noticee holds no weight in light of the well-settled principle of law, i.e., "*Ignorantia Juris non excusat",* that is to say, ignorance of law is no excuse. Every individual is bound to know the law, and is presumed so to do. If any individual should infringe the law through ignorance or carelessness, the consequences of the same, as provided in the law, would follow. Such individual cannot claim that he was ignorant of the law of the land and similarly, no authority is at liberty to entertain such a plea.

14. Secondly, the Noticee has argued that the Noticee is not aware of the identity of the counterparty and that the Noticee was in no way connected to the counterparty. Further, the Noticee has also relied upon the decision of Hon'ble Securities Appellate Tribunal in the matter of ***M/s. Jagruti Securities Ltd. Vs. SEBI***[2] and has stated that such alleged trades cannot be treated as illegal *per se* unless there is *"mischievous meeting of minds amongst certain parties"*. I find that counterparty being the same in both legs of the reversal transaction cannot be a mere coincidence. The same can only be done through a pre-planned meeting of minds to deal in such manner. In this light, I consider it important to refer to decision of the Hon'ble Supreme Court in the matter of ***SEBI Vs. Kishore R Ajmera***[3] wherein the Hon'ble Supreme Court, *inter alia,* held:

> *"22. 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.*
>
> *……*
>
> *26…..Direct proof of such meeting of minds elsewhere would rarely be forthcoming. The test, in our considered view, is 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 framed thereunder 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."*

[2] Decided on October 27, 2008.
[3] Decided on February 23, 2016.

15. Thus, I note that although there might not be any direct evidence connecting the parties with each other but the trading behavior of the Noticee makes it amply clear that the reversal trades in the present case could not have been executed without prior meeting of minds at some level.

16. Thirdly, the Noticee has argued that the Noticee merely entered into two (2) non-genuine trades which is a very small number in itself. Further, the Noticee has also stated that the trades of the Noticee did not distort the equilibrium in market or cause any loss to investors. Here, I am of the view that number of trades entered into by the Noticee or loss to investors is not of much relevance, as long as the trades result into violation of the PFUTP Regulations. At this juncture, I would like to refer to the decision of the Hon'ble Supreme Court in the matter of ***SEBI Vs. Rakhi Trading***[4] wherein the Hon'ble Supreme Court, *inter alia,* held that:

> *"37. …………..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."*

17. I would also like to refer to the decision of the Hon'ble Securities Appellate Tribunal in the matter of ***Shivam Investments Vs. SEBI***[5] wherein the Hon'ble Tribunal, *inter alia,* held that:

> *"We are of the view that in the facts and circumstances of this case, the volume of trades, as contended by the appellant, is not relevant since the wrong doing stands established."*

18. In view of the above judgments, it is amply clear that the Noticee merely executing two trades is not of much relevance as long as the factum of violation of

[4] Decided on February 8, 2018
[5] Decided on April 12, 2012.

PFUTP Regulations stands established. Further, as held in the above judgments, such trades affect the price discovery system, fairness, integrity and transparency of the market, which in turn, impacts the investors at large.

19. Fourthly, the Noticee has argued that the allegation in the SCN about 100% of trades of the Noticee being non-genuine is erroneous and Noticee's share is merely a fraction of the whole volume, if volume generated by all contracts traded on that day is considered. Here, I would like to refer to Para 8(d) on the Page 4 of the SCN wherein it is clearly stated that the Noticee's two trades made up 50% of the total market volume in the particular contract, in which the Noticee traded, during the investigation period and 50% of the total volume generated on March 3, 2015, i.e., the day on which the Noticee traded the contract in the contract "VOLT15MAR260.00PEW3".

20. Further, the suggestion of the Noticee to compare the volume generated by it in its particular contract with the entire volume generated across all the contracts is without any legal or logical basis. The Noticee has not provided any logical explanation to substantiate its argument. Even I cannot think of any reason / explanation whatsoever so as to why the volume generated in one contract shall be compared with the volume generated in other contracts. Since volume generated in one contract, i.e. contract in which the Noticee traded, could not have impacted the volume generated in other contracts, it would be illogical to compare one contract in light of the other.

21. Fifthly, the Noticee has argued that neither the broker, nor the exchange alerted the Noticee or issued any warning about execution of the said trades. In this regard, I am of the view that execution of trades on BSE's F&O segment is not, *per se,* illegal or prohibited. Therefore, neither the brokers nor the BSE can be said to be have been under any obligation whatsoever to issue warnings etc.

22. Sixthly, the Noticee has stated that only for reason of huge price difference, the trades of the Noticee cannot be classified as non-genuine. Here, I would like to state that the non-genuineness of the trades in the present matter is not stemming merely from the price difference and that there are other factors such as, reversal of trades

within a few minutes on the same day, matching of counterparties in both the legs of the transaction etc., which go on to establish the non-genuineness of these transactions.

23. Lastly, the Noticee has stated that the derivative market is a "Zero-Sum Game" and that parties involved inevitably make positive close-out and negative close-out difference. I find that the contention of the Noticee stands true in only those trades which are executed in the normal course of trading in free and fair manner without any manipulation. In the present case, it is very clear from the trades of the Noticee that the trades were executed in a fraudulent and manipulative manner as has been explained in the order and therefore, the contention of the Noticee is liable to be rejected.

24. In order to decide the Issue No. I, I would like to refer to the relevant provisions of the PFUTP Regulations as below:

> ***"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;"

25. I note that allegation against the Noticee is that, while dealing in the stock option contracts at BSE during the investigation period, the Noticee had executed reversal trades which were non-genuine and the same had resulted in generation of artificial volume in stock option contracts at BSE. Reversal trades are considered to be those trades in which an entity reverses its buy or sell positions in a contract with subsequent sell or buy positions with the same counterparty during the same day.

26. The said reversal trades are considered to be non-genuine trades as they are not executed in the normal course of trading, lack basic trading rationale, lead to false or misleading appearance of trading in terms of generation of artificial volumes and hence are deceptive and manipulative. In this regard, I would like to place my reliance on the decision of the Hon'ble Supreme Court in the matter of ***SEBI Vs. Rakhi Trading Pvt Limited***[6] wherein the Hon'ble Supreme Court, *inter alia,* held that:

"31…. 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.

………

………

………

73. Applying the test laid down in Kishore R. Ajmera case to the present case, I find that by cumulative analysis of the reversal transactions between Respondent and Kasam Holding, quantity, time and significant variation of prices, without major

[6] Decided on February 8, 2018

variation in the underlying price of the securities clearly indicate that the Respondent's trades are not genuine and had only misleading appearance of trading in the securities market, without intending to transfer beneficial ownership."

27. I note from the trades of the Noticee that the Noticee had traded in one contract in the stock options segment of BSE during the investigation period and executed two trades in the said contract. The aforesaid trades of the Noticee generated an artificial volume of 86,000 units in the said contract. Summary of the trades executed by the Noticee is produced below for the sake of convenience:

Particulars	Buy	Sell
CONTRACT NAME	VOLT15MAR260.00PEW3	VOLT15MAR260.00PEW3
TRADE Date	03/03/2015	03/03/2015
CLIENT NAME WITH PAN	KUNDAN RICE MILLS LIMITED AAACK7098P	SUDHIR KUMAR AGARWAL (HUF) - AAQHS1781J
CP CLIENT NAME	SUDHIR KUMAR AGARWAL (HUF) - AAQHS1781J	KUNDAN RICE MILLS LIMITED AAACK7098P
ORDER NO.	1425354321010006000	1425354321010006004
CP ORDER NO.	1425354321010006001	1425354321010006005
TRADE TIME	14:33:11.718883	14:37:58.070700
ORDER LMTIME	14:33:11.717601	14:37:58.070700
CP ORDER LMTIME	14:33:11.718883	14:37:58.065442
TRADE RATE	0.5	5.1
TRADE VALUE	11201500	11399300
PREMIUM TRADE VALUE	21500	219300
ORDER_LMRATE	0.5	5.1
CP ORDER LMRATE	0.5	5.1
TRADED QTY (no. of units)	43000	43000
ORDER LMQTY	43000	43000

28. I find that that the trades executed by the Noticee were squared up within a short span of time with the same counterparties. The Noticee on March 3, 2015 at 14:33:11.718883 hrs. entered into a buy trade with the counterparty Kundan Rice Mills Limited for 43,000 units at the rate of INR 0.5 per unit in the contract 'VOLT15MAR260.00PEW3'. Thereafter, on the same day, the Noticee entered into a sell trade at 14:37:58.070700 hrs. with the same counterparty for 43,000 units at the rate of INR 5.1 per unit.

29. Thus, while dealing in the said contract during the investigation period, the Noticee executed reversal trades with the same counterparty viz. Kundan Rice Mills Limited on the same day, within a span of few minutes. Such matching of trades cannot be said to be a mere coincidence. Therefore, the Noticee generated an artificial volume of 86,000 units in the said contract which was 50% of the volume traded in the said contract in the investigation period and 50% of the volume traded in the particular contract on March 3, 2015. The said trades of the Noticee have also contributed in creation of large artificial volume in the said contract, which might have attracted other gullible investors in the said contract.

30. I find that the non-genuineness of these transactions executed by the Noticee is evident from the fact that there was no commercial basis as to why, within a short span of time, the Noticee reversed the position with his counterparties with significant price difference. The fact that the transactions in a particular contract were reversed with the same counterparties on the same day within a short span of time indicates a prior meeting of minds with a view to execute the reversal trades at a pre-determined price. Since these trades were done in illiquid option contract, there was negligible trading in the said contract and hence, there was no price discovery in the strictest terms.

31. In this context, I deem it appropriate to refer to the decision of the Hon’ble Securities Appellate Tribunal in the case of ***Ketan Parekh Vs. SEBI***[7], wherein the Hon’ble Tribunal has, *inter alia,* held 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."*

[7] Decided on July 14, 2006.

32. I find that the trading behaviour of the Noticee confirms that such trades were not normal indicating that the trades executed by the Noticee were not genuine trades and being non-genuine, created an appearance of artificial trading volumes in respective contracts. In this regard, I place reliance on the decision of the Hon'ble Securities Appellate Tribunal in the matter of ***Global Earth Properties Vs. SEBI***[8] wherein the Hon'ble Tribunal has, *inter alia,* held that:

> *"12. .....The reversal of trades executed by the Appellant cannot be called a normal trading transaction in as much as these trades were reversed within a short span ranging from a few seconds to a few minutes with the same counter parties. By no stretch of imagination it can be held to be a mere coincidence that the Appellants trades matched consistently with the same counter parties unless there was a meeting of minds with a view to trade at a predetermined time. Such kind of transaction, in our opinion, is a manipulative device and is also synchronized trading."*

33. Further, the above stance was also reiterated by the Hon'ble Securities Appellate Tribunal in the matter of ***Shruti Daga Vs. SEBI***[9] wherein the SCN was issued with similar set of facts as that of in the present matter. In the said case, the Hon'ble Securities Appellate Tribunal dismissed the appeal stating that controversy involved in the said case is squarely covered by the decision of the Hon'ble Tribunal in ***Global Earth Properties Vs. SEBI***[10]**.**

34. In view of the above, Issue No. I, i.e., whether the Noticee has violated the provisions of regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of the PFUTP Regulations stands answered in affirmative.

35. Since, it is established that the Noticee is in violation of the aforesaid provisions of the PFUTP Regulations, it becomes pertinent to answer Issue No. II, i.e. whether the violation attracts any monetary penalty under section 15HA of the SEBI Act. In this

---

[8] Decided on September 14, 2020
[9] Decided on February 1, 2022
[10] Decided on September 14, 2020

regard, reference is drawn to the decision of the Hon'ble Supreme Court of India in the matter of ***SEBI Vs. Shri Ram Mutual Fund***[11] wherein it was, *inter alia,* held that –

> *"20. In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant…*"

36. In view of the same, I am convinced that it is a fit case for imposition of monetary penalty on the Noticee under section 15HA of the SEBI Act which reads as under:

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

37. As Issue No. II has been decided in affirmative, the quantum of monetary penalty under section 15HA of the SEBI Act that can be imposed on the Noticee after taking into consideration the factors mentioned in section 15J of the SEBI Act, as framed under Issue No. III, needs to be determined. In this regard, it is important to consider the factors as stipulated in section 15J of the SEBI Act which reads as under:-

> ***"Factors to be taken into account by the adjudicating officer.***
> ***15J.*** *While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-*
> > *(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
> > *(b) the amount of loss caused to an investor or group of investors as a result of the default;*
> > *(c) the repetitive nature of the default.*

[11] Decided on May 23, 2006.

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."

38. In this case, I observe that the material available on record does not quantify any disproportionate gains or unfair advantage, if any, made by the Noticee and the losses, if any, suffered by the investors due to such violations on part of the said Noticee or establish repetitiveness of the violation. However, the act of Noticee in executing the aforesaid two non-genuine trades is in violation of the provisions of regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of the PFUTP Regulations which has been established in the aforesaid paragraphs. Once the factum of violation of legal provisions is established, an appropriate penalty must follow. Having taken into account the facts and circumstances of this case, I am of the view that a penalty of INR 5,00,000/- (Rupees Five Lakh only) is commensurate with the violation on the part of the Noticee.

ORDER

39. After taking into consideration all the facts and circumstances of the case, the material available on record and in exercise of power conferred upon me under section 15I of the SEBI Act read with rule 5 of the Adjudication Rules, I hereby impose following penalty under section 15HA of the SEBI Act on the Noticee:

Name of the Noticee	**Provisions violated**	**Penalty**
Sudhir Kumar Agarwal HUF PAN: AAQHS1781J	Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of the PFUTP Regulations.	INR. 5,00,000/- (Five Lakh Rupees only)

40. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of "SEBI - Penalties

Remittable to Government of India", payable at Mumbai, OR through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT → Orders → Orders of AO → PAY NOW

41. The Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid to "The Division Chief (EFD-1/FDMD-1), Securities and Exchange Board of India, SEBI Bhavan II, Plot No. C – 7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051" and also send an email to tad@sebi.gov.in. The Noticee shall also provide the following details while forwarding Demand Draft / payment information:

- Name and PAN of the Noticee
- Name of the case / matter
- Purpose of Payment – Payment of penalty under AO proceedings
- Bank Name and Account Number
- Transaction Number

42. 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.

43. In terms of the provisions of rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticee viz. Sudhir Kumar Agarwal HUF and also to the Securities and Exchange Board of India.

Date: February 25, 2022 **Mohamed Rahaz P. M.**

Place: Mumbai **Adjudicating Officer**