



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

ADJUDICATING OFFICER

By Speed Post Ack. Due!

EAD-1/SBM/VS/4205/2022

January 27, 2022

AGARWAL SHAIL AGARWAL

(PAN NO.: AETPA3063J)

148 GAGAN DEEP COMPLEX, CIVIL LINES,
BARRELLY, UTTAR PRADESH -208001

**Sub: Notice under rule 4(1) of SEBI (Procedure for Holding Inquiry and imposing penalties)
Rules, 1995 read with Section 15I of SEBI Act, 1992**

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI'), vide communiqué dated July 27, 2021 (**Annexure-A**), appointed the undersigned as Adjudicating Officer (hereinafter referred to as 'AO') under Section 19 read with Section 15-I(1) of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as 'SEBI Act') read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 to inquire into and adjudge under the provisions of Section 15HA of the SEBI Act, the violation of the relevant provisions of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices related to Securities Market) Regulations, 2003 (hereinafter referred to as 'PFUTP Regulations'), alleged to have been committed by Agarwal Shail Agarwal (hereinafter referred to as 'Noticee') by carrying out non-genuine trades in illiquid stock options at Bombay Stock Exchange (BSE).
2. SEBI observed large scale reversal of trades in Stock Options segment of BSE leading to creation of artificial volume. Pursuant to the same, SEBI conducted an investigation into the trading activities of certain entities in illiquid Stock Options at BSE for the period April 01, 2014 to September 30, 2015 (hereinafter referred to as 'Investigation Period'/'relevant period').
3. It may be noted that reversal trades are considered 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.

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बान्द्रा कुर्ला कॉम्प्लेक्स, बान्द्रा (पूर्व), मुंबई - 400 051.
दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर.एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.
Tel.: 2644 9950 / 4045 9950 (IVRS), 2644 9000 / 4045 9000 Fax : 2644 9019 to 2644 9022 Web : www.sebi.gov.in



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4. Pursuant to the investigation, it is alleged that, during the investigation period, a total of 2,91,643 trades comprising substantial 81.38% of all the trades executed in Stock Options Segment of BSE were non-genuine trades. The aforesaid 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.
5. It is further noted that said alleged non-genuine trades were not restricted to any specific contract or between any specific set of entities. It is noted that Noticee was one of the various persons/ entities which were indulged in execution of such alleged non-genuine trades in Stock Options Segment of BSE during the Investigation period. Following points deals with the dealings of Noticee during the Investigation period and allegations against its execution of non-genuine trades.
6. For the purpose of illustration of non-genuine trades and creation of artificial volume by the Noticee, details of trading done by the Noticee in the contract viz. "CIPL15MAY740.00CE" on March 24, 2015 is given below:

Date	Buyer	Seller	Buy Order Time	Sell Order Time	Trade Time	Trade Rate (₹)	Trade Quantity
24/03/2015	Bermaco Energy Systems Limited	Agarwal Shail Agarwal	15:01:06	15:01:06	15:01:06	22	15000
24/03/2015	Agarwal Shail Agarwal	Bermaco Energy Systems Limited	15:00:59	15:00:59	15:00:59	12	15000
24/03/2015	Bermaco Energy Systems Limited	Agarwal Shail Agarwal	15:00:54	15:00:53	15:00:54	23	15000
24/03/2015	Agarwal Shail Agarwal	Bermaco Energy Systems Limited	15:01:12	15:01:12	15:01:12	12	15000

7. It is observed from the table above that the trades entered by the Noticee in the contract of "CIPL15MAY740.00CE" on March 24, 2015, with its counterparty viz. Bermaco Energy Systems Limited were reversed between the Noticee and the same counterparty on the same day resulting in reversal of trades which are, *prima facie*, considered to be as non-genuine. Therefore, in the process artificial volume in the stock option contract at BSE has been generated by the Noticee through such non-genuine trades. From the table above, it is observed that the artificial volume created as no. of units reversed in non-genuine trades is 60,000 units comprising both volume of initial trade and volume



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of reversal trade, while not considering the volume which is not reversed. In the process, it is observed that the Noticee had made a profit of ₹3,15,000/-.

8. It is further observed from the trade data of the Noticee that it has allegedly entered into non-genuine trades in 1 contract wherein it executed a total of 4 trades all of which were, *prima facie*, non-genuine trades. In view of this, it is alleged that such fraudulent trades of the Noticee had resulted into creation of artificial volume of total 60,000 units.
9. In this regard, details of all the alleged non-genuine trades of the Noticee in Stock Option Segment of BSE during relevant period are attached as **Annexure-B**. From the perusal of the trade data of the alleged non-genuine trades of the Noticee, it is observed that Noticee has allegedly executed non-genuine trades in 1 contract. The total volume of 60,000 units generated by the Noticee in this 1 contract due to its alleged non-genuine trades was artificial volume generated by the Noticee in the stock option segment of BSE. 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.
10. Further, summary of dealings of Noticee in 1 Stock Options contract in which it had allegedly executed non genuine trades during the relevant period is enclosed as **Annexure-C**. The details of artificial volume generated by the Noticee through the alleged non-genuine trades are mentioned in the table below:

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	CIPL15MAY740.00CE	12	30000	22.5	30000	100	66.67	100	75

11. In view of the foregoing, 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 contract traded in the option segment of BSE. In view of the fact that these options contract was illiquid in nature, having very small volume in



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trading, the Noticee allegedly created artificial volumes in stock options which was manipulative and deceptive in nature. Therefore, in view of above, it is alleged that the Noticee has violated Regulation 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003. The text of aforementioned provisions of law is being reproduced below:

PFUTP Regulations

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

- (a) buy, sell or otherwise deal in securities in a fraudulent manner;*
- (b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;*
- (c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;*
- (d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.*

4. Prohibition of manipulative, fraudulent and unfair trade practices

- (1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.*
- (2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—*
 - (a) indulging in an act which creates false or misleading appearance of trading in the securities market;*

12. The alleged violation of the aforementioned provisions of the PFUTP Regulations, if proved, makes the Noticee liable for penalty under the provisions of Section 15HA of the SEBI Act. The text of the said provisions is reproduced below:



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Penalty for fraudulent and unfair trade practices.

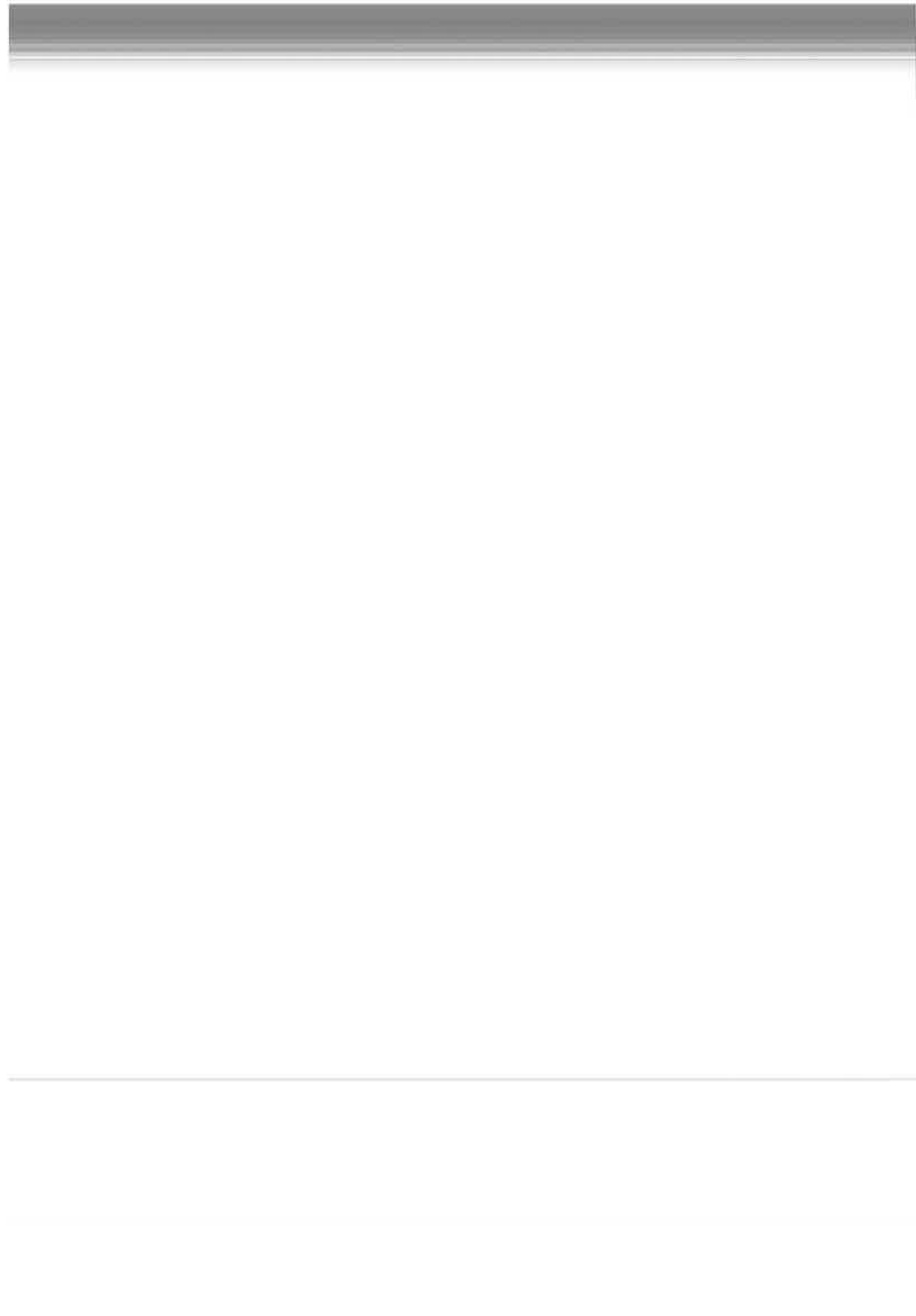
15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.

13. In view of the above, the Noticee is required to Show Cause as to why an inquiry should not be held against the Noticee in terms of Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 read with Section 15I of the SEBI Act and why penalty, if any, should not be imposed on the Noticee under the provisions of Section 15HA of the SEBI Act.
14. Your reply, along with supporting enclosures and documents, should reach the undersigned at the address mentioned below as well as through email at sureshm@sebi.gov.in within 15 (fifteen) days from the date of receipt of this Notice, failing which it shall be presumed that you have no submissions to make, in which case, the matter shall be proceeded with on the basis of material/facts on record. You may also indicate in your reply if you desire a personal hearing in the matter. You are also required to submit a copy of your PAN Card and your contact details (contact person, phone number, email details, fax etc.) for our records. Further, in case there is any change in your address or contact details during the period of the current Adjudication Proceedings, the same may be brought to the notice of the Adjudicating Officer immediately.

SURESH B. MENON

Enclosures:

List of documents		
Sr. No.	Documents	Annexure
1	Copy of the Appointment Order dated July 27, 2021	A
2	Trade log depicting all non-genuine trades of Noticee in Stock Option segment of BSE during investigation period	B
3	Summary of dealings of Noticee in contract wherein he executed non-genuine trades	C



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SECURITIES AND EXCHANGE BOARD OF INDIA

Communication of the Order appointing Adjudicating Officer

1. Whereas, Securities and Exchange Board of India (SEBI) has examined trading in the scrip of Illiquid Stock Options at BSE for possible violation of the provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the 'SEBI Act') and various rules and regulations made there under.
2. Whereas, the Competent Authority is *prima facie* of the view that there are grounds to adjudicate upon the alleged violations of Regulations 3 (a), (b), (c), (d), and Regulations 4 (1), 4 (2) (a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, by the entities mentioned at Annexure A.
3. The Competent Authority has, therefore, in exercise of the powers conferred upon her under Section 19 of the SEBI Act, 1992 ("SEBI Act") read with Section 15-(1) of the SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 ("hereinafter referred as the 'SEBI Rules'") read with Section 19 of the SEBI Act appointed **Shri Suresh B. Menon, Chief General Manager, Shri G. Ramar, Chief General Manager, Ms. Maninder Cheema, Chief General Manager, Shri Prasanta Mahapatra, Chief General Manager, Shri Vijayant Kumar Verma, General Manager and Ms. Soma Majumder, General Manager** as Adjudicating Officers vide Order dated June 21, 2021 to enquire into and adjudge under Sections 15HA SEBI Act, 1992 for alleged violations by the Noticees as mentioned at Para 2 above. The list of the entities against whom adjudication is approved and the names of the Adjudicating Officers who are appointed to adjudicate against respective entities are listed in Annexure A.
4. The said proceedings of appointment are hereby communicated to the **Adjudicating Officers** who shall conduct the Adjudication Proceedings in the manner specified under Rule 4 of the of the SEBI Rules read with sub-section (1) and (2) of Section 15 I of SEBI Act. The Adjudicating Officers shall enquire into and adjudicate upon the alleged violation as stated above and if the Adjudicating Officers are satisfied that the entities have become liable to penalty, may impose penalty, as they think fit, in terms of Rule 5 of the SEBI Rules and provisions of Sections 15 HA of the SEBI Act.

Dated at Mumbai, this th27 day of July 2021.



**ROBIN JOSEPH BABY
DEPUTY GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA**

87	210010875	AAKCA1497N	AERROLINK VENTURES PRIVATE LIMITED	TV Bala	Suresh B Menon
88	210010650	AAJCA1528K	AFFIX TRADELINKS PRIVATE LIMITED	TV Bala	Suresh B Menon
89	210014876	AEOPK6930M	AGARWAL FOUNDARIES	TV Bala	Suresh B Menon
90	210008104	AADCK2585Q	AGARWAL BULLION LIMITED	TV Bala	Suresh B Menon
91	210005782	AAACA7730L	AGARWAL FINESTATE PVT LTD	TV Bala	Suresh B Menon
92	210007296	AACCA6114C	AGARWAL IRON & STEEL CO PRIVATE LIMITED	TV Bala	Suresh B Menon
93	210010939	AAKHA4764K	AGARWAL PAWAN KUMAR HUF	TV Bala	Suresh B Menon
94	210010373	AAICA1429N	AGARWAL SALTS PVT LTD	TV Bala	Suresh B Menon
95	210007635	AACHA6905J	AGARWAL SANJAY RAJKUMAR	TV Bala	Suresh B Menon
96	210014958	AETPA3063J	AGARWAL SHAIL AGARWAL	TV Bala	Suresh B Menon
97	210009650	AAGCA7124E	AGARWAL TRADEMART PRIVATE LIMITED	TV Bala	Suresh B Menon
98	210013630	ACSPG7802Q	AGGARWAL ASSOCIATE	TV Bala	Suresh B Menon
99	210010034	AAHCA2663H	AGOMONI COMMERCIAL PRIVATE LIMITED	TV Bala	Suresh B Menon
100	210010103	AAHHA0282K	AGRAWAL RAJKUMAR JAGANNATH HUF	TV Bala	Suresh B Menon
101	210010036	AAHCA3235B	AGRI IMPORT AND EXPORT LIMITED	TV Bala	Suresh B Menon
102	210011394	AAMHA0960M	AJAI KUMAR GANGAL HUF	TV Bala	Suresh B Menon
103	210010440	AAIHA6083M	AJAI KUMAR SINGH HUF	TV Bala	Suresh B Menon
104	210011734	AANPR8489F	AJANTA RUSTAGI	TV Bala	Suresh B Menon
105	210014224	ADKPD1954H	AJAY DOSHI	TV Bala	Suresh B Menon
106	210014472	ADUPM3801A	AJAY MITTAL	TV Bala	Suresh B Menon

Agarwal Shail Agarwal

Annexure-B

sno	122054	122055	122056	122057
TRADE_DATE	24/03/2015	24/03/2015	24/03/2015	24/03/2015
SCRIPTCODE	870408	870408	870408	870408
clnt_pan	AAACB2727N	AETPA3063J	AAACB2727N	AETPA3063J
clnt_name	BERMACO ENERGY SYSTEMS LIMITED	AGARWAL SHAIL AGARWAL	BERMACO ENERGY SYSTEMS LIMITED	AGARWAL SHAIL AGARWAL
cp_pan	AETPA3063J	AAACB2727N	AETPA3063J	AAACB2727N
cp_name	AGARWAL SHAIL AGARWAL	BERMACO ENERGY SYSTEMS LIMITED	AGARWAL SHAIL AGARWAL	BERMACO ENERGY SYSTEMS LIMITED
ORDER_NO	1427170612092007005	1427170612092007003	1427170612092007001	1427170612092007007
CP_ORDER_NO	1427170612092007004	1427170612092007002	1427170612092007000	1427170612092007006
TRADEID	46503	47230	47303	49731
ORDER_TIME	15:01:06.691747	15:00:59.893395	15:00:54.291011	15:01:12.966189
CP_ORDER_TIME	15:01:06.059767	15:00:59.891427	15:00:53.193020	15:01:12.892156
TRADE_TIME	15:01:06.691747	15:00:59.893395	15:00:54.291011	15:01:12.966189
ORDER_LMTIME	15:01:06.691747	15:00:59.893395	15:00:54.291011	15:01:12.966189
CP_ORDER_LMTIME	15:01:06.059767	15:00:59.891427	15:00:53.193020	15:01:12.892156
TRADE_RATE	22	12	23	12
LTP_RATE	12.0	-10.0	11.0	-11.0
LTP_PERCENT	120.0	-45.45	91.67	-47.83
TRADE_VALUE	11430000.0	11280000.0	11445000.0	11280000.0
ORDER_RATE	22.0	12.0	23.0	12.0
CP_ORDER_RATE	22.0	12.0	23.0	12.0
ORDER_LMRATE	22.0	12.0	23.0	12.0
CP_ORDER_LMRATE	22.0	12.0	23.0	12.0
ORDER_LTP	22.0	12.0	23.0	12.0
CP_ORDER_LTP	12.0	23.0	10000.0	22.0
TRADED_QTY	15000	15000	15000	15000
ORDER_QTY	15000	15000	15000	15000
CP_ORDER_QTY	15000	15000	15000	15000
ORDER_AVLQTY	15000	15000	15000	15000
CP_ORDER_AVLQTY	15000	15000	15000	15000
ORDER_LMQTY	15000	15000	15000	15000
CP_ORDER_LMQTY	15000	15000	15000	15000
MEMBER_NO	6372	6513	6372	6513
MEMBER_NAME	SKUNG TRADELINK LTD	SUNSTAR SECURITIES	SKUNG TRADELINK LTD	SUNSTAR SECURITIES
OLD_CLIENT				
MODIFIED_CLIENT	ASI032	RS67	ASI032	RS67
CP_MEMBER_NO	6513	6372	6513	6372
CP_MEMBER_NAME	SUNSTAR SECURITIES	SKUNG TRADELINK LTD	SUNSTAR SECURITIES	SKUNG TRADELINK LTD
CP_OLD_CLIENT	RS67	ASI032	RS67	ASI032
CP_MODIFIED_CLIENT	ROHIT AGARWAL	sunil kumar malik	ROHIT AGARWAL	sunil kumar malik
TERMINALID	902	902	902	902
LOCATION_ADDRESS	63/2, R.N. CHAMBER, THE MALL KANPUR UTTAR PRADESH 208001	56/33 site 4 sahibabad industrial ghaziabad GHAZIABAD UTTAR PRADESH 201010	63/2, R.N. CHAMBER, THE MALL KANPUR UTTAR PRADESH 208001	56/33 site 4 sahibabad industrial ghaziabad GHAZIABAD UTTAR PRADESH 201010
CP_TERMINALID	902	902	902	902
CP_USER_NAME	sunil kumar malik	ROHIT AGARWAL	sunil kumar malik	ROHIT AGARWAL
CP_LOCATION_ADDRES S	56/33 site 4 sahibabad industrial ghaziabad GHAZIABAD UTTAR PRADESH 201010	63/2, R.N. CHAMBER, THE MALL KANPUR UTTAR PRADESH 208001	56/33 site 4 sahibabad industrial ghaziabad GHAZIABAD UTTAR PRADESH 201010	63/2, R.N. CHAMBER, THE MALL KANPUR UTTAR PRADESH 208001
ORDER_AUD	A	A	A	A
CP_ORDER_AUD	A	A	A	A
ORDER_TYPE	L	L	L	L
CP_ORDER_TYPE	L	L	L	L
LOCATIONID	2080010001002012	2010100001001012	2080010001002012	2010100001001012
CP_LOCATIONID	2010100001001012	2080010001002012	2010100001001012	2080010001002012
SCRIPTNAME	CIPL15MAY740.00CE	CIPL15MAY740.00CE	CIPL15MAY740.00CE	CIPL15MAY740.00CE
EXPIRY	2015-05-28	2015-05-28	2015-05-28	2015-05-28
STRIKEPRICE	74000.0	74000.0	74000.0	74000.0
SERIES	EQD	EQD	EQD	EQD
MKT_TYPE	N	N	N	N
ISIN_NO				
qty	15000	15000	15000	15000

Index	0
clnt_pan	AETPA3063J
scripname	CIPL15MAY740.00CE
buy_quantity	30000
buy_value	360000
avg_buy_rate	12
sell_qty	30000
sell_value	675000
avg_sell_rate	22.5
non_gen_trnx_entity_contrct	4
total_trd_entity_contrct	4
total_no_of_trades_of_the_cntrct	6
art_vol_gen_entity_in_the_cntrct	60000
total_vol_gen_by_entity_in_the_cntrct	60000
total_vol_in_the_contract	80000
prcnt_of_non_gen_trds_entity_total_trds_in_cntrct_entity	100
prcnt_of_non_gen_trds_entity_total_trds_in_cntrct	66.67
prcnt_of_art_vol_gen_entity_cntrct_total_vol_gen_by_entity_in_cntrct	100
prcnt_of_art_vol_gen_entity_cntrct_total_vol_in_cntrct	75

