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भारतीय प्रतिभूति
और विनियम बोर्ड
**Securities and Exchange
Board of India**

Deputy General Manager &
Adjudicating Officer
Email : anupmac@sebi.gov.in
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By Speed Post A.D.

SEBI/AO/AC/P/OW/2021/31110/1

November 1, 2021

LALITA CHOWDHARY [PAN: ACOPC0249F]
265 ROY BAHADUR ROAD, C.M.C 116-117 BEHALA S 24 PGS,
KOLKATA WEST BENGAL -700053
jksinghania@gmail.com
9831316222

Show Cause Notice under Rule 4 (1) of the Securities and Exchange Board of India
(Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 in respect of
LALITA CHOWDHARY [Pan: ACOPC0249F in the matter of dealings in Illiquid
Stock Options at BSE

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") conducted investigation for the period between April 1, 2014 and September 30, 2015 (hereinafter referred to as "Investigation Period") into instances of set of entities consistently making profits by their trading in options on stocks which were listed on Bombay Stock Exchange (hereinafter referred to as "BSE") and a set of entities consistently making losses. It was noted that these trades were being reversed on the same day or the next day. Further, the counter parties appeared to be same for these transactions. It was found that a total of 2, 91, 744 trades comprising of 81.40% of all the trades executed in the BSE Stock Options Segment were found to be non-genuine. It was also found that these transactions were being squared off but with significant difference in value of sell and buy which allegedly created false and misleading appearance of trading, generating artificial volumes in the Stock Options Segment of BSE during the investigation period.
2. In view of the above, vide order dated September 20, 2021, the undersigned was appointed as Adjudicating Officer under Section 15I (1) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "SEBI Act") and Rule 3 of Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 ("hereinafter referred as the 'SEBI Rules'"), to inquire into and

सेबी भवन, प्लॉट नं. सी 4-ए, "जी" ब्लॉक, बान्द्रा कुर्ला कॉम्प्लेक्स, बान्द्रा (पूर्व), मुंबई - 400 051.
दूरभाष : 2644 9950 / 4045 9950 (आई.टी.आर. एच.), 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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adjudge under Section 15HA of the SEBI Act the alleged violations of Regulations 3(a), (b), (c), (d) and 4(1), 4(2)(a) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trading Practices related to Securities Markets) Regulations, 2003 (hereinafter, referred to as "PFUTP Regulations, 2003") by LALITA CHOWDHARY [Pan: ACOPC0249F (hereinafter, referred to as "Noticee") in the matter of trading in illiquid stock options on BSE.

3. It was alleged that the Noticee is one of the entity who indulged in reversal trades in unique contracts with same counter party on the same day. Summary of all the trades of Noticee in Stock Options segment of BSE during the investigation period are given in Annexure B. Trades of the Noticee in the contract of JPPW15MAR20.00CE are also tabulated as under:

Avg. Sell Rate (Rs.)	Total Sell Volume (no. of units)	Avg. Buy Rate (Rs.)	Total Buy Volume (no. of units)	Total Volume (no. of units)	% 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
1.7	240000	0.05	240000	480000	100	41.03

4. Following are the observation from the trades executed by the Noticee in the contract of JPPW15MAR20.00CE:

- the Noticee executed trade reversal through two non-genuine transactions on 17th March 2015 and all the transactions were with same counter party i.e., SARU COPPER ALLOY SEMIS PRIVATE LIMITED;
- the Noticee sold 240000 units at a price of Rs.1.7/- per unit at 11:22:30.062602 hrs on 17th March 2015 to SARU COPPER ALLOY SEMIS PRIVATE LIMITED;
- the Noticee bought all the units sold i.e., 240000 units through one buy order for 240000 units @ Rs.0.05/- per unit at 11:27:23.876074 hrs on the same day from SARU COPPER ALLOY SEMIS PRIVATE LIMITED;
- Noticee executed the buy and sell trades with a price difference of Rs.1.65/- per unit within a span of 5 minutes;
- since Noticee traded in one contract i.e., JPPW15MAR20.00CE, 100% of his trade was in the said contract;
- total artificial trade volume of Noticee was 41.03% of the total volume traded in the contract of JPPW15MAR20.00CE. Details of all the trades in the said contract during the investigation period are given in Annexure C.





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5. In view of the aforesaid conduct of the Noticee, it is alleged that Noticee, by indulging in execution of non-genuine reversal of trades in Stock Options with same entity on the same day, created false and misleading appearance of trading in stock options and therefore allegedly violated Regulations 3(a), (b), (c), (d), 4(1), 4(2) (a) of PFUTP Regulations, 2003.
6. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act.
7. You are, therefore, called upon to show cause as to why an inquiry should not be held in terms of Rule 4 of the Rules read with section 15 I of the SEBI Act, and why penalty should not be imposed section 15HA of the SEBI Act.
8. Your reply, if any, should reach the undersigned at the address printed below or through email at anupmac@sebi.gov.in and johnsonm@sebi.gov.in within 21 days from the date of receipt of this Notice, failing which it shall be presumed that the Noticee has no reply to submit and the matter would be proceeded with on the basis of the evidence available on record in terms of sub-rule (7) of Rule (4) of SEBI Rules.
9. Further, you are advised to provide a photocopy of your PAN card and inform the undersigned about any change in your correspondence address, telephone number/ e-mail id, till the conclusion of the proceedings.

Anupma Chadha

Anupma Chadha



Enclosures:

Annexure	Description of the document	No. of pages
A	Communique dated September 27, 2021 appointing Adjudicating Officer	2
B	Summary of the trades of Noticee in Stock Options segment of BSE during the investigation period	1
C	Details of all the trades done in the said contract during the investigation period	1