BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OFINDIA
ADJUDICATION ORDER NO. EAD-7/BJD/VS/2018-19/1966

UNDER SECTION15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT,1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES,1995

In respect of
Palash Education Technology Private Limited
PAN No. AAGCP1403P
207-208, Roots Tower, 7 Laxmi Nagar, Distt. Center,
Connaught Place, Ndmc (part),
Vikas Marg, New Delhi, 110092

In the matter of Illiquid Stock Options at BSE

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') observed large scale reversal of trades in Stock Options segment of Bombay Stock Exchange (hereinafter, referred to as "BSE") leading to creation of artificial volume. Accordingly, SEBI conducted an investigation into the trading activities of certain entities in Illiquid Stock Options at BSE (hereinafter, referred to as "investigation") for the period April 1, 2014 to September 30, 2015 (hereinafter referred to as "Investigation Period").

2. It was observed that during the investigation period, total 2,91,643 trades comprising substantial 81.38% of all the trades executed in Stock Options Segment of BSE were found to be non-genuine trades. The aforesaid 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.

3. It was observed that the said non- genuine trades were not restricted to any specific contract or between any specific set of entities. It was observed that Palash Education Technology Private Limited (hereinafter referred to as "Noticee") was one of the various entities who were indulged in execution of

non-genuine trades in Stock Options Segment of BSE during the investigation period. The following points narrate the dealings of the Noticee during the investigation period and the allegations against it for execution of non-genuine trades.

4. As regards to all the dealings of Noticee in the Stock Options segment of BSE during the Investigation Period, it was observed that the Noticee had traded in 54 unique contracts, from which he has allegedly executed non genuine trades in 54 contracts wherein he executed total 116 non-genuine trades, which resulted in artificial volume of total 38,65,040 units.

5. Summary of dealings of the Noticee in 54 Stock Options contracts in which the Noticee allegedly executed non genuine trades during the investigation period is as follows:

S. No	Contract Name	Avg. Buy Rate (Rs.)	Total Buy Volume (no. of units)	Avg. Sell Rate (Rs.)	Total Sell Volume (no. of units)	Number of non genuine trades executed by Entity in the Contract	Total number of trades executed by the Entity in the Contract	Total number of trades executed in the contract	% of Non Genuine trades of Noticee in the contract to Noticee's Total trades in the Contract	% of Non Genuine trades of Entity 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	ACCL15APR1590.00CEW1	21.25	15000	6.50	15000	2	2	12	100%	17%	100%	16%
2	AUPL15APR1170.00CEW1	28.45	40000	20.75	40000	4	4	14	100%	29%	100%	30%
3	AXIS15APR560.00CEW1	9.25	25000	4.50	25000	2	2	10	100%	20%	100%	15%
4	BATA15APR1170.00CEW1	18.90	25000	11.50	25000	2	2	16	100%	13%	100%	15%
5	BHEL15APR260.00CEW1	3.47	92000	1.18	92000	4	4	6	100%	67%	100%	53%
6	BHFL15APR1320.00CEW1	12.45	25000	7.00	25000	2	2	12	100%	17%	100%	19%
7	BHRT15APR370.00CEW1	18.75	36000	12.00	36000	2	2	13	100%	15%	100%	4%
8	BHRT15APR380.00CEW1	12.00	35000	8.25	35000	2	2	6	100%	33%	100%	37%
9	BHRT15APR390.00CEW1	6.95	45000	3.35	45000	2	2	10	100%	20%	100%	26%
10	BHRT15APR400.00CEW1	4.00	35000	0.75	35000	2	2	4	100%	50%	100%	50%
11	BHRT15APR410.00PEW1	29.55	30000	23.55	30000	2	2	20	100%	10%	100%	4%
12	BOBL15APR170.00CEW1	1.95	50000	0.10	50000	2	2	20	100%	10%	100%	11%
13	BOIL15APR205.00PEW2	2.95	47000	0.85	47000	2	2	2	100%	100%	100%	100%
14	BOIL15APR215.00CEW2	5.25	47000	1.75	47000	2	2	2	100%	100%	100%	100%

S. No	Contract Name	Avg. Buy Rate (Rs.)	Total Buy Volume (no. of units)	Avg. Sell Rate (Rs.)	Total Sell Volume (no. of units)	Number of non genuine trades executed by Entity in the Contract	Total number of trades executed by the Entity in the Contract	Total number of trades executed in the contract	% of Non Genuine trades of Noticee in the contract to Noticee's Total trades in the Contract	% of Non Genuine trades of Entity 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
15	BOIL15APR215.00PEW2	5.85	47000	1.05	47000	2	2	2	100%	100%	100%	100%
16	BPCL15APR720.00CEW1	31.70	35000	24.00	35000	2	2	16	100%	13%	100%	16%
17	CANB15APR380.00CEW1	5.95	35000	2.00	35000	2	2	12	100%	17%	100%	14%
18	CARN15APR220.00CEW1	4.22	85000	1.49	85000	4	4	12	100%	33%	100%	32%
19	COAL15APR370.00CEW1	4.75	45000	1.25	45000	2	2	14	100%	14%	100%	14%
20	CRGL15APR165.00CEW1	3.28	95000	0.62	95000	4	4	12	100%	33%	100%	30%
21	DABU15APR270.00CEW1	6.00	40000	3.05	40000	2	2	16	100%	13%	100%	13%
22	DISH15APR80.00CE	4.50	100000	2.50	100000	2	2	11	100%	18%	100%	51%
23	DISH15APR80.00CEW1	0.80	100000	0.05	100000	2	2	6	100%	33%	100%	27%
24	DIVI15APR1800.00CE	88.25	10000	68.00	10000	2	2	34	100%	6%	100%	13%
25	DIVI15APR1800.00CEW1	30.00	12500	18.25	12500	2	2	14	100%	14%	100%	12%
26	DRRL15APR3450.00CE	140.00	5000	120.25	5000	2	2	30	100%	7%	100%	2%
27	ENGI15APR190.00CE	13.00	20000	8.25	20000	2	2	14	100%	14%	100%	34%
28	ENGI15APR200.00CEW1	5.25	45000	2.05	45000	2	2	14	100%	14%	100%	14%
29	GLPL15APR780.00CE	39.00	10000	28.75	10000	2	2	22	100%	9%	100%	13%
30	GOIL15APR340.00CE	18.50	20020	13.25	20020	2	2	7	100%	29%	100%	67%
31	GRSM15APR3600.00CE	130.00	7000	110.25	7000	2	2	16	100%	13%	100%	15%
32	HAIL15APR300.00CE	21.90	25000	16.25	25000	2	2	16	100%	13%	100%	50%
33	HCLT15APR980.00CE	43.50	10000	32.50	10000	2	2	18	100%	11%	100%	13%
34	HERO15APR2600.00CE	113.00	5000	92.00	5000	2	2	56	100%	4%	100%	3%
35	IDEA15APR170.00PEW1	3.75	40000	1.05	40000	2	2	6	100%	33%	100%	32%
36	IDEA15APR175.00PEW1	5.85	40000	2.25	40000	2	2	6	100%	33%	100%	43%
37	IOCL15APR350.00PEW2	8.00	50000	2.25	50000	2	2	2	100%	100%	100%	100%
38	ITCL15APR330.00PEW2	11.00	50000	5.55	50000	2	2	2	100%	100%	100%	100%
39	JSPL15APR175.00PEW4	25.10	25000	14.90	25000	2	2	2	100%	100%	100%	100%
40	KOTB15APR1320.00PE	56.00	25000	35.00	25000	2	2	2	100%	100%	100%	100%
41	LNTL15APR1680.00PE	57.00	20000	26.25	20000	2	2	2	100%	100%	100%	100%

S. No	Contract Name	Avg. Buy Rate (Rs.)	Total Buy Volume (no. of units)	Avg. Sell Rate (Rs.)	Total Sell Volume (no. of units)	Number of non genuine trades executed by Entity in the Contract	Total number of trades executed by the Entity in the Contract	Total number of trades executed in the contract	% of Non Genuine trades of Noticee in the contract to Noticee's Total trades in the Contract	% of Non Genuine trades of Entity 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
42	LUPL15APR1950.00PEW2	14.00	20000	4.00	20000	2	2	2	100%	100%	100%	100%
43	LUPL15APR1980.00PE	67.00	18000	46.50	18000	2	2	4	100%	50%	100%	38%
44	MARU15APR3650.00PE	68.90	22000	51.50	22000	2	2	22	100%	9%	100%	7%
45	NMDC15APR130.00PE	7.75	50000	4.80	50000	2	2	4	100%	50%	100%	36%
46	NTPC15APR150.00PEW2	7.25	90000	4.10	90000	2	2	2	100%	100%	100%	100%
47	ONGC15APR310.00PE	9.25	33000	5.85	33000	2	2	4	100%	50%	100%	77%
48	PGCL15APR125.00CE	24.15	20000	17.10	20000	2	2	2	100%	100%	100%	100%
49	PGCL15APR130.00CEW4	21.20	20000	10.10	20000	2	2	2	100%	100%	100%	100%
50	PGCL15APR160.00PEW2	19.90	26000	9.50	26000	2	2	6	100%	33%	100%	33%
51	PGCL15APR165.00PEW3	22.50	20000	13.90	20000	2	2	4	100%	50%	100%	50%
52	RANB15APR800.00PEW2	9.00	20000	3.00	20000	2	2	2	100%	100%	100%	100%
53	TDVR15APR300.00CEW2	15.90	25000	6.20	25000	2	2	2	100%	100%	100%	100%
54	TDVR15APR330.00PEW4	20.80	20000	10.90	20000	2	2	2	100%	100%	100%	100%

6. From the above table, the following is observed as regards to dealings of the Noticee:

   a) The Noticee had executed non genuine trades in 54 contracts, wherein in respect of 15 contract, all the trades were non genuine trades.

   b) The number of non-genuine trades of Noticee has significantly contributed to the total no. of trades from the market in the above contracts, as a substantial 4% to 100% of the trades that happened in the aforementioned contracts were due to non-genuine trades executed by the Noticee.

   c) A substantial 2% to 100% of volume generated by the Noticee in each of the above contracts was artificial volume and further artificial volume generated by him also contributed to significant contribution of the total volume from the market in said contracts.

d) Non genuine trades executed by Noticee in above contracts had significant differential in buy rates and sell rates considering that the trades were reversed on same day.

7. In view of the foregoing, it was alleged that the Noticee, indulged in execution of reversal of trades in Stock Options with same entities on the same day. Such trades are non-genuine in nature and have created false or misleading appearance of trading in terms of artificial volumes in stock options and therefore alleged to be manipulative, deceptive in nature. Thus, it was alleged that the Noticee had violated the provisions of Regulation 3(a), (b), (c), (d), 4(1) and 4(2) (a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003.

APPOINTMENT OF ADJUDICATING OFFICER

8. Pursuant to investigation, SEBI, after being satisfied that there are sufficient grounds to inquire into the affairs and adjudicate upon the alleged violations as mentioned above inter-alia in respect of the Noticee, had appointed the undersigned as the Adjudicating Officer vide Order dated April 3, 2018, under section 19 read with section 15I(1) of the SEBI Act, 1992 and Rule 3 of SEBI(Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter, referred to as "SEBI Adjudication Rules") to conduct adjudication proceedings in the manner specified under rule 4 of SEBI Adjudication Rules, 1995 read with section 15I (1) and (2) of SEBI Act, and if satisfied that penalty is liable, impose such penalty deemed fit in terms of Rule 5 of SEBI Adjudication Rules 1995 and Section 15HA of SEBI Act.

SHOW CAUSE NOTICE, REPLY AND HEARING

9. A Show Cause Notice (hereinafter referred to as "SCN") bearing ref. no. SEBI/HO/EAD-7/BJD/NJMR/23032/2018 dated August 16, 2018 was served upon the Noticee under Rule 4 of SEBI Adjudication Rules to show cause as to why an inquiry be not held against him in terms of Rule 4 of the Adjudication

Rules and penalty be not imposed under Section 15HA of SEBI Act, 1992 for the violations alleged to have been committed by it. I note that the SCN was duly served on the Noticee as per the India Post Tracking details, proof of which is on record. However, the Noticee vide its letter dated November 30, 2018 stated that, *"…we came to know from one of our acquaintance that your goodself has issued SCN in the aforesaid matter. We have not received the above referred Show Cause Notice in the matter…"* In lieu of the request from the Notice to provide it with the SCN, vide email dated December 21, 2018 and in the interest of natural justice and in terms of Rule 4 of Adjudication Rules, the Noticee was provided with an opportunity of personal hearing on January 9, 2019. In reply, the Noticee vide its reply letter dated January 5, 2019 replied to SCN inter alia submitting as under:

"*….*

We wish to submit that our Trades in the Option Segment of BSE during the Investigation Period comprising of 18 months was only restricted to 8 days.

….

It is further pertinent to mention that our Trades in option segment of BSE were only in well-known Companies. All the Trades in option segment of BSE were executed on anonymous screen based trading platform pros ided by BSE wherein identity of the counterparties remain undisclosed. Hence, the question of any non-genuine trade does not arise at all unless it is proved that such Trades were executed in connivance with any counter party. However, all the counter party whose names have been disclosed now in your SCN were completely unknown to us.

…

We further wish to submit that BSE has a sophisticated surveillance system and if there had been any reversal of trade, the system could have alarmed BSE to take corrective measures to restrain any non-genuine trades happening in its trading platform. However, we have not received any warning or caution letter from BSE for any of our trade in its option segment during the period of our trading and any period thereafter during the investigation period.

..

It is further submitted that it is a matter of common knowledge that the option trading platform of the BSE has not been as vibrant as NSE. In such a situation it is just coincidence that the Orders placed by our Company might have been matched. However, nowhere in the entire SCN it is alleged that our Company or its Directors had any connection association-relationship with any of the counterparties

…

It is submitted that complete material documents in support of the allegation contained in the Captioned SCN have not been made available to our Company. Hence, we are not in position to file a proper Reply effectively answering the charges levelled against the Company in the Captioned SCN. Moreover, not providing complete materials/ documents to the Company is in violation and is contrary to the settled Principles of Natural Justice

….

it is stated that our Company had executed non- genuine trades in 54 contracts, wherein in 15 contracts all the trades were non-genuine trades. It is beyond our comprehension which of the trades in 54 contracts were non-genuine trades as only in 15 contracts all the trades were allegedly found non-genuine trades. It is, however, nowhere made clear which trades were specially non- genuine trades. It is thus clear that the allegation in the SCN is as ambiguous as it could be.

….

We draw your attention to the following Judgements passed by the Hon'ble Tribunal in the following matters:

In the matter of KSL & Industries Ltd. vs. SEBI (Appeal No. 9 of 2003, Date of decision 30th September, 2003) it was inter alia held that:

> *"I do not find any material on record in support of the said charge. A wild allegation of market manipulation, in particular the charge of fraudulent action unsupported with convincing evidence is not to be sustained. I fully agree with Shri Khambatta's submission in this regard that allegation of fraud cannot survive on mere conjectures and surmises"*

In the matter of Vintel Securities Pvt. Ltd. vs. SEBI (Appeal No 219 of 2009.

Date of decision 23rd November, 2009) it was inter alia held that:

> *"A serious charge of fraudulent and unfair trade practice has been established against the appellant without even dealing with the trades executed by it. The adjudicating officer has given no reasons whatsoever in support of his conclusion. He has found the appellant guilty in paragraph 14 of the impugned order which is as general as it could be without referring to the details of the trades executed by the appellant and without showing as to how it was acting in tandem with others. This is not the way in which such charges are established. It is not enough to say that the appellant is guilty of the charge. The impugned order must show how the charge stands established. The least that was required was that the adjudicating officer should have dealt with the trades executed by the appellant and demonstrated as to how the scrip in question was manipulated and the role which the appellant played in that manipulation. It is not in dispute that it was not only the appellant but several other entities were also involved in the manipulation. In the absence of any specific finding in regard to the manner in which the appellant traded in the scrip in question we cannot uphold the impugned order. Consequently, the same is set aside...*
>
> *...."*

10. Further, the Authorised Representatives of the Noticee appeared for hearing on January 9, 2019 and reiterated the submissions made vide their reply dated January 5, 2019. The hearing proceedings were concluded therewith.

CONSIDERATION OF ISSUES AND FINDINGS

11. After perusal of the material available on record, I have the following issues for consideration viz.,

    I. Whether the Noticee has violated the provisions of Regulations 3 (a), 3(b), 3(c), 3 (d), 4 (1) and 4 (2) (a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003?

II. Whether the Noticee is liable for monetary penalty under Section 15HA of the SEBI Act?

III. If so, what quantum of monetary penalty should be imposed on the Noticee?

FINDINGS

12. On perusal of the material available on record and giving regard to the facts and circumstances of the case and submissions of the Noticee, I record my findings hereunder.

ISSUE I: Whether the Noticees have violated the provisions of Regulations 3 (a), 3(b), 3(c), 3 (d), 4 (1) and 4 (2) (a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003?

13. Primarily, with respect to the submission of the Noticee that the *"material documents in support of the allegation contained in the Captioned SCN have not been made available to it"*, I note that all the documents which were relevant and relied upon in the SCN were provided to the Noticee, which are detailed hereunder:

   a) Copy of communication of Order dated May 29, 2018 regarding appointment of Adjudication Order;
   b) Integrated trade log of all trades of Noticee in Stock Option segment of BSE during the investigation period;
   c) Integrated trade log of all non-genuine trades of Noticee in Stock Option segment of BSE during the investigation period;

14. Further, in this connection, I also refer to the observations of the Hon'ble SAT in the matter of Mayrose Capfin Private Limited Vs SEBI (decided on 30.03.2012) wherein SAT observed that:*".....................the principles of natural*

justice require that the inquiry officer should make available such document and material to the delinquent on which reliance is being placed in the inquiry. It is not necessary for the inquiry officer to make available all the material that might have been collected during the course of investigation but has not been relied upon for proving charge against the delinquent. No prejudice can, therefore, be said to have been caused to the appellant on this count...."

15. In view of the above, since all the documents which were relevant and relied upon in the instant proceedings have been provided to the Noticee along with the SCN, I am of the opinion that principles of natural justice have been duly complied with in the instant proceedings and no prejudice has been caused to the Noticee.

16. Before moving forward, it is pertinent to refer to the relevant provisions of SEBI (PFUTP Regulations), 2003 which reads as under:

Regulation 3 of SEBI (PFUTP) Regulations: - Prohibition of certain dealings in securities

3. 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 thereunder;

(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 thereunder.

Regulation 4 of SEBI (PFUTP) Regulations: - 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;

17. It has been alleged that the Noticee had indulged in execution of reversal of trades in Stock Options with same entities on the same day. Such trades are non-genuine in nature and have created false or misleading appearance of trading in terms of artificial volume in stock options and therefore alleged to be manipulative, deceptive in nature.

18. I note that reversal trades have been considered as 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. The said reversal trades are non-genuine trades as they are not executed in normal course of trading, lacks basic trading rationale, and lead to false or misleading appearance of trading in terms of generation of artificial volume, hence were deceptive and manipulative. Artificial volume is considered to be the volume (no. of units) reversed in both legs of said reversal trades while keeping out the volume, if any, which is not reversed.

19. I note that the Noticee had executed 116 non-genuine trades in 54 unique contracts on 8 trading days on March 20, 2015 to March 31, 2015. The details of non-genuine trades executed by the Noticee are furnished hereunder.

S. No	Contract Name	Avg. Buy Rate (Rs.)	Total Buy Volume (no. of units)	Avg. Sell Rate (Rs.)	Total Sell Volume (no. of units)	Number of non genuine trades executed by Entity in the Contract	Total number of trades executed by the Entity in the Contract	Total number of trades executed in the contract	% of Non Genuine trades of Noticee in the contract to Noticee's Total trades in the Contract	% of Non Genuine trades of Entity 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
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3	AXIS15APR560.00CEW1	9.25	25000	4.50	25000	2	2	10	100%	20%	100%	15%

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4	BATA15APR1170.00CEW1	18.90	25000	11.50	25000	2	2	16	100%	13%	100%	15%
5	BHEL15APR260.00CEW1	3.47	92000	1.18	92000	4	4	6	100%	67%	100%	53%
6	BHFL15APR1320.00CEW1	12.45	25000	7.00	25000	2	2	12	100%	17%	100%	19%
7	BHRT15APR370.00CEW1	18.75	36000	12.00	36000	2	2	13	100%	15%	100%	4%
8	BHRT15APR380.00CEW1	12.00	35000	8.25	35000	2	2	6	100%	33%	100%	37%
9	BHRT15APR390.00CEW1	6.95	45000	3.35	45000	2	2	10	100%	20%	100%	26%
10	BHRT15APR400.00CEW1	4.00	35000	0.75	35000	2	2	4	100%	50%	100%	50%
11	BHRT15APR410.00PEW1	29.55	30000	23.55	30000	2	2	20	100%	10%	100%	4%
12	BOBL15APR170.00CEW1	1.95	50000	0.10	50000	2	2	20	100%	10%	100%	11%
13	BOIL15APR205.00PEW2	2.95	47000	0.85	47000	2	2	2	100%	100%	100%	100%
14	BOIL15APR215.00CEW2	5.25	47000	1.75	47000	2	2	2	100%	100%	100%	100%
15	BOIL15APR215.00PEW2	5.85	47000	1.05	47000	2	2	2	100%	100%	100%	100%
16	BPCL15APR720.00CEW1	31.70	35000	24.00	35000	2	2	16	100%	13%	100%	16%
17	CANB15APR380.00CEW1	5.95	35000	2.00	35000	2	2	12	100%	17%	100%	14%
18	CARN15APR220.00CEW1	4.22	85000	1.49	85000	4	4	12	100%	33%	100%	32%
19	COAL15APR370.00CEW1	4.75	45000	1.25	45000	2	2	14	100%	14%	100%	14%
20	CRGL15APR165.00CEW1	3.28	95000	0.62	95000	4	4	12	100%	33%	100%	30%
21	DABU15APR270.00CEW1	6.00	40000	3.05	40000	2	2	16	100%	13%	100%	13%
22	DISH15APR80.00CE	4.50	100000	2.50	100000	2	2	11	100%	18%	100%	51%
23	DISH15APR80.00CEW1	0.80	100000	0.05	100000	2	2	6	100%	33%	100%	27%
24	DIVI15APR1800.00CE	88.25	10000	68.00	10000	2	2	34	100%	6%	100%	13%
25	DIVI15APR1800.00CEW1	30.00	12500	18.25	12500	2	2	14	100%	14%	100%	12%
26	DRRL15APR3450.00CE	140.00	5000	120.25	5000	2	2	30	100%	7%	100%	2%
27	ENGI15APR190.00CE	13.00	20000	8.25	20000	2	2	14	100%	14%	100%	34%
28	ENGI15APR200.00CEW1	5.25	45000	2.05	45000	2	2	14	100%	14%	100%	14%
29	GLPL15APR780.00CE	39.00	10000	28.75	10000	2	2	22	100%	9%	100%	13%
30	GOIL15APR340.00CE	18.50	20020	13.25	20020	2	2	7	100%	29%	100%	67%
31	GRSM15APR3600.00CE	130.00	7000	110.25	7000	2	2	16	100%	13%	100%	15%

S. No	Contract Name	Avg. Buy Rate (Rs.)	Total Buy Volume (no. of units)	Avg. Sell Rate (Rs.)	Total Sell Volume (no. of units)	Number of non genuine trades executed by Entity in the Contract	Total number of trades executed by the Entity in the Contract	Total number of trades executed in the contract	% of Non Genuine trades of Noticee in the contract to Noticee's Total trades in the Contract	% of Non Genuine trades of Entity 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
32	HAIL15APR300.00CE	21.90	25000	16.25	25000	2	2	16	100%	13%	100%	50%
33	HCLT15APR980.00CE	43.50	10000	32.50	10000	2	2	18	100%	11%	100%	13%
34	HERO15APR2600.00CE	113.00	5000	92.00	5000	2	2	56	100%	4%	100%	3%
35	IDEA15APR170.00PEW1	3.75	40000	1.05	40000	2	2	6	100%	33%	100%	32%
36	IDEA15APR175.00PEW1	5.85	40000	2.25	40000	2	2	6	100%	33%	100%	43%
37	IOCL15APR350.00PEW2	8.00	50000	2.25	50000	2	2	2	100%	100%	100%	100%
38	ITCL15APR330.00PEW2	11.00	50000	5.55	50000	2	2	2	100%	100%	100%	100%
39	JSPL15APR175.00PEW4	25.10	25000	14.90	25000	2	2	2	100%	100%	100%	100%
40	KOTB15APR1320.00PE	56.00	25000	35.00	25000	2	2	2	100%	100%	100%	100%
41	LNTL15APR1680.00PE	57.00	20000	26.25	20000	2	2	2	100%	100%	100%	100%
42	LUPL15APR1950.00PEW2	14.00	20000	4.00	20000	2	2	2	100%	100%	100%	100%
43	LUPL15APR1980.00PE	67.00	18000	46.50	18000	2	2	4	100%	50%	100%	38%
44	MARU15APR3650.00PE	68.90	22000	51.50	22000	2	2	22	100%	9%	100%	7%
45	NMDC15APR130.00PE	7.75	50000	4.80	50000	2	2	4	100%	50%	100%	36%
46	NTPC15APR150.00PEW2	7.25	90000	4.10	90000	2	2	2	100%	100%	100%	100%
47	ONGC15APR310.00PE	9.25	33000	5.85	33000	2	2	4	100%	50%	100%	77%
48	PGCL15APR125.00CE	24.15	20000	17.10	20000	2	2	2	100%	100%	100%	100%
49	PGCL15APR130.00CEW4	21.20	20000	10.10	20000	2	2	2	100%	100%	100%	100%
50	PGCL15APR160.00PEW2	19.90	26000	9.50	26000	2	2	6	100%	33%	100%	33%
51	PGCL15APR165.00PEW3	22.50	20000	13.90	20000	2	2	4	100%	50%	100%	50%
52	RANB15APR800.00PEW2	9.00	20000	3.00	20000	2	2	2	100%	100%	100%	100%
53	TDVR15APR300.00CEW2	15.90	25000	6.20	25000	2	2	2	100%	100%	100%	100%
54	TDVR15APR330.00PEW4	20.80	20000	10.90	20000	2	2	2	100%	100%	100%	100%

20. Before I proceed further, it is necessary to understand what an Option Contracts is and various factors which influence the price of the Options. Options are financial derivative sold by an option writer to an option buyer. The contract offers the buyer the right, but not the obligation, to buy

(call option) or sell (put option) the underlying asset at an agreed-upon price during a certain period of time or on a specific date. The factors which influence the Options prices are underlying price, strike price, time until expiration, volatility, interest rates and dividends. There are various market based models (Black and Scholes Model) which throw an indicative price of the Option after inputting the various parameters mentioned above. I note that the seller of option contract will be the writer of the contract where the risk involved would be unlimited, as theoretically writer of options is obliged to honor the contract should the buyer exercise such option. Similarly, buyer of Option will have limited risk to the extent of premium paid. Therefore, both buyer and seller of options should ideally deal in options contracts considering various market parameters as mentioned above.

21. With above background in mind, I shall now proceed to deal with the transactions executed by Noticee in some of the instances of alleged non-genuine trades.

I. Scrip Name: BOIL15APR205.00PEW2, Trade Date: 20/03/2015

CLIENTNAME	CP_CLIENTNAME	TRADE_TIME	TRADE_RATE	TRADED_QTY
PALASH EDUCATION TECHNOLOGY PRIVATE LIMITED	JAI SIYARAM COMMODITY TRADING PRIVATE LIMITED	13:07:19.760581	2.95	47000
JAI SIYARAM COMMODITY TRADING PRIVATE LIMITED	PALASH EDUCATION TECHNOLOGY PRIVATE LIMITED	13:07:52.610562	0.85	47000

(a) I note from the above table that during the investigation period, total 2 trades for 94,000 units were executed in the said contract only on 20/03/2015, wherein Noticee was party to 2 of the said trades. While dealing in the said contract on 20/03/2015, Noticee at 13:07:19 hrs entered into 1 buy trade with counter party viz, JAI SIYARAM COMMODITY TRADING PRIVATE LIMITED for 47,000 units at rate of Rs. 2.95 per unit. Thereafter, on the same day, within 33 seconds from the above trade, Noticee, at 13:07:52 hrs entered into 1 sell trade with same counterparty for total 47,000 units at rate of Rs. 0.85 per unit.

(b) From the above, it is noted that while dealing in the said contract during the I.P., Noticee executed total 2 reversal trades (1 buy trade + 1 sell trade) with same counterparty viz JAI SIYARAM COMMODITY TRADING PRIVATE LIMITED on the same day.

(c) Thus, Noticee, through his dealing in the contract viz, "BOIL15APR205.00PEW2" during the I.P, executed 2 non genuine trades which is 100% of the total trades from the market in the said contract during the I.P., and thereby, Noticee generated artificial volume of 94,000 units which is 100% of the volume traded in the said contract from the market during the investigation period.

II. Scrip Name: NTPC15APR150.00PEW2, Trade Date: 26/03/2015

CLIENTNAME	CP_CLIENTNAME	TRADE_TIME	TRADE_RATE	TRADED_QTY
PALASH EDUCATION TECHNOLOGY PRIVATE LIMITED	ARS STEELS & ALLOY INTERNATIONAL PRIVATE LIMITED	13:08:08.978028	7.25	90000
ARS STEELS & ALLOY INTERNATIONAL PRIVATE LIMITED	PALASH EDUCATION TECHNOLOGY PRIVATE LIMITED	13:08:24.378906	4.1	90000

(a) I note from the above table that during the investigation period, total 2 trades for 1,80,000 units were executed in the said contract only on 26/03/2015, wherein Noticee was party to all 2 of the said trades. While dealing in the said contract on 26/03/2015, Noticee at 13:08:08 hrs entered into 1 buy trade with counter party viz, ARS STEELS & ALLOY INTERNATIONAL PRIVATE LIMITED for 90,000 units at rate of Rs. 7.25 per unit. Thereafter, on the same day, within 16 seconds from the above trade, Noticee, at 13:08:24 hrs entered into 1 sell trade with same counterparty for total 90,000 units at rate of Rs. 4.1 per unit.

(b) From the above, it is noted that while dealing in the said contract during the I.P., Noticee executed total 2 reversal trades (1 buy trade + 1 sell trade) with same counterparty viz ARS STEELS & ALLOY INTERNATIONAL PRIVATE LIMITED on the same day.

(c) Thus, Noticee, through his dealing in the contract viz, "NTPC15APR150.00PEW2" during the I.P, executed 2 non genuine trades which is 100% of the total trades from the market in the said contract during the I.P., and thereby, Noticee generated artificial volume of 1,80,000 units which is 100% of the volume traded in the said contract from the market during the investigation period.

22. From the above pattern of trades, I note that the Noticee had bought and sold option contracts with the same counter parties and also reversed its trades in less than a minute from its earlier buy / sell trades, at substantial price difference. Such pattern of dealings suggests beyond doubt that they were not driven by market factors as none of the parameters (underlying stock price, volatility, etc.,) for Option pricing, as mentioned above paragraphs, have undergone any change during period of trades. I note that the underlying stock price did not change to substantiate corresponding changes in the option price in a span of less than one minute. Therefore, I conclude that aforesaid trades of Noticee were non genuine and have created false or misleading appearance of trading in terms of artificial volume in stock options and therefore manipulative, deceptive in nature.

23. I note the contention of the Noticee that It is summarized from the above findings that the Noticee had executed non- genuine trades in 54 contracts, wherein in respect of 15 contracts viz., BOIL15APR205.00PEW2, BOIL15APR215.00CEW2, BOIL15APR215.00PEW2, IDBI15MAR95.00PEW2,IOCL15APR350.00PEW2, TCL15APR330.00PEW2, JSPL15APR175.00PEW4,KOTB15APR1320.00PE, LNTL15APR1680.00PE, LUPL15APR1950.00PEW2,NTPC15APR150.00PEW2, PGCL15APR125.00CE,PGCL15APR130.00CEW4,RANB15APR800.00PEW2 TDVR15APR300.00CEW2 and TDVR15APR330.00PEW4 all the trades were non genuine trades and the Noticee contributed to 100% artificial volumes. At this juncture, I note the contention of the Noticee that "..*It is beyond our comprehension which of the trades in 54 contracts were non-genuine trades as only in 15 contracts all the trades were allegedly found non-genuine trades.*" In this regard, I note that it is apparent from the table at para 19 above that the number of non-genuine trades of the Noticee that had contributed to the total number of trades from the market in the above contract was in the range of 4% to 100% of the trades that happened in the

aforementioned contracts. The volumes generated by the Noticee in each of the above 54 contracts were artificial volume, and have contributed in the range of 2% to 100% of the total volume from the market in said contracts. Non genuine trades executed by the Noticee in above contracts had significant differential in buy rates and sell rates considering that the trades were reversed on same day.

24. I note that derivative contracts by its very nature derives its value from various factors including underlying price. The transactions of the Noticee as mentioned in above paras clearly demonstrates that option contracts bought / sold were immediately reversed within span of few seconds / minutes at substantially different price, though there was no corresponding price changes in the underlying stock price. Further analysis of such trades also indicates that there has been a deliberate structuring for manipulative purpose as one party to the contract had deliberately foregone profitable proposition at the time of executing trade. For example, the Noticee bought put option contract of "NTPC15APR150.00PEW2", on March 26, 2015 at ₹ 7.25 for 90,000 units. As per the terms of contract, the Noticee had bought Right to Sell Option at ₹ 150 for a premium of ₹ 7.25. This means the Noticee will incur profit (IN THE MONEY) if the underlying price of the scrip is less than ₹ 142.75 {Strike Price (₹ 150) - Premium (₹ 7.25)}. I note that the price of the underlying scrip i.e NTPC Ltd on equity segment on March 26, 2015 opened at Rs. 145.50 and reached a high of Rs. 147.50 and a low of Rs. 143.05 and closed at Rs. 143.85. I note that the Weighted Average price of the scrip on the said day was Rs. 145.29. Thus, it is noted that the Noticee was out of money by about Rs. 2.54 with respect to the WAP {difference of (Strike Price + premium) and Spot Price} at the time of buying the contract.

25. I am of the view that any rational investor who deals in derivatives market would compare the market price of the option contract with theoretical price of the options which accounts for relevant factors like underlying price, volatility, time to expiry etc. I note that the Noticee had bought the right to sell on March 26, 2015 in the contract "NTPC15APR150.00PEW2" as mentioned in the para

above by going out of the money. Any rational investor who is purchasing the Put option by going out of money at the time of purchase expects the price of underlying stock to fall substantially before date of expiry of the contract especially for the price of the scrip to fall below the difference of strike price and the premium i.e Rs.142.75 with respect to the Noticee. In the instant case, the expiry date of the contract is April 09, 2015 and thus there was a reasonable amount time for any rational investor to expect the price of the underlying to fall. In cases, as that of the Noticee where it has bought a sell option at a premium of Rs. 7.25 for 90000 units which is a substantial amount, the rationale by the buyer would have been to expect the scrip price to fall over such period of time to exercise his contract and on the other hand the Option writer would expect the price of underlying to raise or remain at least above the strike price. However, I note that the Noticee immediately reversed the contract by selling the options within 16 seconds to the same counterparty at a price of Rs.4.1 without any change in market conditions. Such a pattern of trading clearly demonstrates that Noticee at the time of buying options contract did not take market parameters into consideration but had malafide intent as the price of buying and selling options were completely away from fair market prices. Had market been liquid with large number of investors, the manipulative scheme would not have been possible as the Noticee would not be able to square off its position as there would be no buyers for such contracts. The fact that the counterparties are same corroborates that the trades were not genuine and executed for manipulative purpose. I also note that loss made by the Noticee was exactly same to the profits made by the counterparty which ratifies the manipulative scheme of operations.

26. Considering the fact that all these reversal transactions were carried out through a screen based trading platform on a segment with hundreds of different contracts, the placement of orders repeatedly within a time span of few seconds and a significantly high percentage of matching of these orders, appear to be practically impossible unless there is a prior understanding or a pre-meditated plan between the two entities executing them. The repeated sell/buy of illiquid stock options by the Noticee and

subsequent reversal trades with the same set of entities for the same quantity, within a short span of time with a significant difference in buy and sell value of stock options, in itself, exhibits abnormal market behaviour and defies economic rationality. I note from the above trading pattern of the Noticee that it was deliberately making blatant misuse of trading platform for creating artificial volume in the illiquid stock options and generated losses through its reversal trades in stock options. I note that the rationale for such transactions entered by the Noticee are not genuine as the behaviour exhibited by the Noticee defies the logic and basic economic sense.

27. I am of the considered view that the scheme, plan, device and artifice employed by the Noticee in this case of executing reversal trades in illiquid stock options contracts at irrational, unrealistic and unreasonable prices, tantamount to fraud on the securities market in as much as it involves non-genuine/ manipulative transactions in securities and misuse of the securities market.

28. The non-genuine and deceptive transactions of these entities are, prima-facie, covered under the definition of 'fraud' and the dealings of the Noticee as discussed herein above were "fraudulent", as defined under regulation 2(1)(c) of the SEBI (PFUTP) Regulations, 2003 and prohibited under the provisions of Regulations 3(a), (b), (c) and (d) and 4(1) and 4(2)(a) SEBI (PFUTP) Regulations, thereof.

29. I note that the Noticee has submitted various judgments of Hon'ble SAT made in 2003 and 2009 as noted at para 9 above. In this regard, while noting my observations with respect to the nature and scheme of the trades concerned with the instant adjudication proceedi, I also 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., 3174-3177 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". Further I also note that the Apex Court also observed that "*considering the reversal transactions, quantity, price and time and sale, parties being persistent in the number of such trade transactions with huge price variations, it will be too naïve 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."*

30. Keeping in mind the dicta of the Hon'ble Supreme Court as reproduced above. 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 entities on the same day, which are non-genuine in nature and have created false or misleading appearance of trading in terms of artificial volumes.

31. I note that in the screen based trading, the manipulative or fraudulent intent can be inferred from various factors such as conduct of the party, pattern of transactions, etc., In this context, I deem it appropriate to refer to the Hon'ble SAT order dated July 14, 2006, in the case of Ketan Parekh vs. SEBI (Appeal no. 2/2004), wherein, Hon'ble SAT has 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."

32. Further, I would like to rely on the judgement of 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., 3174-3177 of 2011 and Civil Appeal No., 3180 of 2011 decided on February 8, 2018, wherein the Apex Court upheld that "*the entities were engaged in a fraudulent and unfair trade practice while dealing in Options and hence were liable for violation of SEBI (PFUTP) Regulations".* The Hon'ble Apex Court has also observed that in the absence of direct proof of meeting of minds, the test should be one of preponderance of probability and also stated that the conclusion has to be gathered various circumstances like volume of trade, period of persistence of trading, particulars of buy and sell orders, proximity of time between the two and such other relevant factors.

33. In line with the aforesaid judgements of Hon'ble SAT and Hon'ble Supreme Court, I 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 of the Noticee beyond a reasonable doubt of the manipulative intent in creation of artificial volume. Further, consistent pattern of dealings by Noticee only in such options contracts which are illiquid clearly demonstrates that the manipulative intent to use stock exchange platform to carry out non-genuine trades with the aim to execute such trades for various manipulative purposes.

34. In this regard, I would like to rely on the judgement of 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., 3174-3177 of 2011 and Civil Appeal No., 3180 of 2011 decided on February 8, 2018, where Apex Court stated at Para 35 and Para 41 of that said Order 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."

35. From the foregoing, it is established that the Noticee by indulging in reversal trades on the stock exchange platform which are manipulative / unfair / fraudulent / non-genuine, in nature, had created artificial volumes in the contracts. In view of above, I conclude that the Noticee had violated the provisions of Regulations 3 (a), 3(b), 3(c), 3 (d), 4 (1) and 4 (2) (a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003.

ISSUE -2: Does the violation, if any, attract monetary penalty under Section 15HA of SEBI Act.?

36. Pursuant to detailed analysis as brought out above, it is established that reversal trades are not normal transactions and it clearly demonstrates beyond reasonable doubt that the Noticee had intentionally executed these trades and manipulated the volume by artificial trading pattern in 54 contracts. Out of the 54 contracts, in respect of 15 contracts (i.e more than 25% of the contracts the non-genuine trades were carried out by the Noticee), all the trades were non genuine trades, which contributed to 100% artificial volume.

37. I am of the view that the misuse of stock options as shown above not only displays an unreal picture of market activity to other investors but also defeats the basic premise of screen based electronic trading system and price discovery mechanism by repeated execution of pre decided reversal trades at irrational / arbitrary prices. Moreover, the impact of such trading on the traded volume and the price of stock options contracts is huge. Such activity deliberately or otherwise damages market integrity apart from presenting wrong picture of liquidity to gullible investors which could affect their trading/investment decisions. Options as financial instruments, ordinarily, provide hedging avenues to investors. The trading pattern of the Noticee in the instant matter was abnormal and was designed to create artificial volumes in the illiquid stock options, fail to justify any of the normal strategies of hedging / speculation / arbitrage. In my view, the abuse

of such financial instruments, which are made available to the investors for the purpose of protection of their investment portfolios from the risks of adverse price movement, cannot be tolerated and needs to be dealt with strictly.

38. I find that the Noticee by indulging in execution of reversal trades in Stock Options with same entities on the same days, had created artificial volume, leading to false and misleading appearance of trading in the illiquid stock options at BSE and therefore violated the provisions of Regulations 3 (a), 3(b), 3(c), 3 (d), 4 (1), and 4 (2) (a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003. Accordingly, the Noticee is liable for appropriate monetary penalty under Section 15HA of SEBI Act, the provisions of which are furnished hereunder.

Section 15HA of SEBI Act - Penalty for fraudulent and unfair trade practices

"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".

ISSUE – 3: If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act?

39. While determining the quantum of monetary penalty under Section 15HA of SEBI Act, I have considered the factors stipulated in Section 15-J of SEBI Act, which reads as under:

Section 15J - Factors to be taken into account by the Adjudicating Officer

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.

40. I note from the facts of the case that the first leg of trades of Noticee were reversed within a few seconds of such trades, with the same counter party, at such option prices which no rational investor would undertake, as explained in above paras. Consequent to such manipulative trades, both the parties of the trades could structure and generate profits / loss in their accounts wherein profit / loss made by one entity was exactly equal to the loss / profit made by the counterparty.

41. Considering the above, I am of the view that it will be appropriate to take into account the payoff of transactions between the two parties together, rather than viewing it independently. Therefore, in respect of the non-genuine trades carried out by the Noticee which resulted in creation of artificial volume in Illiquid Stock Options, it is not possible to quantify the amount of disproportionate gain or unfair advantage made by the Noticee. Further, there is also no material on record to assess the amount of loss caused to investors as a result of the Noticee's default. The persistent trading pattern of the Noticee, which was fraudulent and deceptive, affects the normal price discovery mechanism in the securities market. People who indulge in manipulative, fraudulent and deceptive transaction, or abet the carrying out of such transaction which are fraudulent and deceptive should be suitably penalized for such acts of omissions and commissions.

ORDER

42. After taking into consideration the nature and gravity of the violations established in the preceding paragraphs and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act, 1992 read with Rule 5 of the SEBI Adjudication Rules, 1995, I hereby impose a penalty of ₹ 12,00,000 (Rupees Twelve Lakhs Only) on the Noticee i.e., M/s Palash Education Technology Private Limited, under Section 15HA of the SEBI Act, 1992, for indulging in execution of reversal trades in Stock Options with same entities on the same day, thereby creating artificial volume, leading to false and misleading appearance of trading in the illiquid stock options at BSE

43. The said penalty imposed on the Noticee, as mentioned above, shall commensurate with the violation committed and acts as a deterrent factor for the Noticee and others in protecting the interest of investors.

44. 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 e-payment facility into Bank Account the details of which are given below:

Account No. for remittance of penalties levied by Adjudication Officer

Bank Name	State Bank of India
Branch	Bandra-Kurla Complex
RTGS Code	SBIN0004380
Beneficiary Name	SEBI – Penalties Remittable To Government of India
Beneficiary A/c No	31465271959

45. The Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid through e-payment to the General Manager, Enforcement Department-1, DRA-I, SEBI, in the format as given in table below:

Case Name	
Name of Payee	
Date of payment	
Amount Paid	
Transaction No	
Bank Details in which payment is made	
Payment is made for	Penalty

46. In terms of rule 6 of the Adjudication Rules, copies of this order are sent to the Noticee i.e., M/s Rajesh Kumar Gagrani and also to SEBI.

January 25, 2019
Mumbai

B J Dilip
Adjudicating Officer