



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

SIDDHESH LOTLIKAR
ADJUDICATING OFFICER
Email: siddheshl@sebi.gov.in

By Speed Post

SEBI/HRD/HO/OW/0000034982/2021/1

November 30, 2021

Persistent Infotech Private Ltd.,
(PAN: AAFCP9689J)
9/12 Lal Bazar Street,
3rd Floor, Block-E,
Kolkata – 700001.

Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings in Illiquid Stock Options

1. Securities and Exchange Board of India (hereinafter, referred to as “SEBI”) has initiated Adjudication proceedings against Pushapdham Business Pvt., Ltd., (hereinafter referred to as “Noticee”) for alleged violation of the provisions of Regulations 3(a), (b), (c), (d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices related to Securities Markets) Regulations, 2003 (hereinafter, referred to as “PFUTP Regulations, 2003”), in the matter of trading in illiquid stock options on the BSE Ltd., (“BSE”).
2. The undersigned has been appointed as Adjudicating Officer vide order dated April 30, 2021 under Section 19 read with Sub-section (1) of Section 15-I of the SEBI Act, 1992 and Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “SEBI Adjudication Rules”) to inquire into and adjudge the alleged violation committed by the Noticee, under Section 15 HA of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the “SEBI Act”). A copy of communiqué dated June 14, 2021 appointing the undersigned as Adjudicating Officer is placed at **Annexure “A”**.



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3. SEBI observed large scale reversal of trades in stock options segment of BSE. Subsequently, upon investigation of the trading done during the period from April 1, 2014 to September 30, 2015 (hereinafter referred to as "Investigation Period" / "I.P.") in the stock options traded on BSE, SEBI observed large scale reversal of trades by various entities including the Noticee. The reversal trades comprised of 81.38% (2,91,643 trades) of all the trades executed in BSE Stock Options Segment wherein the open positions were squared off with a significant price difference without any basis for such change in the contract price. It is alleged that the aforesaid reversal trades were non-genuine in nature and also resulted into generation of artificial volumes.
4. The Noticee is alleged to have engaged in 3 instances in 1 unique contract wherein the position was taken and was reversed with the same counterparty on the same day, but at a substantial price difference. Details of all the reversal trades of the Noticee and summary of all the reversal trades in Stock Option Segment of BSE during investigation period are given in **Annexure "B"** and **Annexure "C"** respectively.
5. A summary of dealings of Noticee in 1 Stock Options contract in which the Noticee allegedly executed non genuine reversal trades during the investigation period, is as follows: -

Summary of dealings of Noticee in contracts wherein the Noticee executed reversal trades

Sl. 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 the Noticee in the contract to Total trades in the contract	% of Artificial Volume generated by Noticee in the contract to Total Volume in the Contract
1	GLPL15FEB800.00CEW3	27.31	100500	0.5	100000	42.86	33.31

Note: "Unit" refers to lot size in contract multiplied by number of contracts traded.



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6. The abovementioned reversal trades and volumes are illustrated through the dealings of Noticee in one contract viz., "GLPL15FEB800.00CEW3" during the I.P., as follows:
- (a) On February 19, 2015, the Noticee bought 1,00,500 units of the aforesaid contract at 14:29:39 from Banko Traders Pvt., Ltd., at an average price of ₹27.31.
- (b) On the same day the Noticee reversed its position by selling 1,00,000 units to the same counterparty at 14:53:48 at an average price of ₹0.5.
- (c) From the above, it is noted that while dealing in aforementioned contract during the investigation period, the Noticee executed total 2 trades (1buy trade and 1sell trade). This constituted 33.31% of the total market volume in the contracts and thereby the Noticee allegedly generated artificial volume of 2,00,000 units.
7. In view of the foregoing, it is alleged that Noticee, by indulging in execution of non-genuine reversal of trades in Stock Options with same entities on the same day, created false and misleading appearance of trading in stock options and therefore allegedly violated Regulation 3(a), (b), (c), (d), 4(1), 4(2)(a) of SEBI (PFUTP) Regulations, 2003.
8. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act, the provisions of which are reproduced hereunder:

Section 15HA of SEBI Act

"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".



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9. You are, therefore, called upon to show cause as to why an inquiry should not be held against you in terms of Rule 4 of the SEBI (Procedure for holding Inquiry and Imposing Penalties) Rules, 1995 read with section 15I of the SEBI Act, and why penalty should not be imposed section 15HA of the SEBI Act.
10. Your reply, if any, should reach the undersigned within 14 days from the date of receipt of this Notice, failing which it shall be presumed that the allegations levelled in this notice have been accepted by you and that you have waived the Notice under Rule 4(3) of SEBI Adjudication Rules, and the matter would be further proceeded with on the basis of the evidence available on record.
11. Further, you are required to keep the undersigned informed about the change in your correspondence address, if any, till the conclusion of the proceedings. You are also required to submit a photocopy of your PAN card and contact details viz. Telephone numbers / Fax numbers / Email IDs and details of contact persons for records.


SIDDHESH LOTLIKAR
ADJUDICATING OFFICER



Enclosures: Documents relied upon are as follows:

Annexure	Copy of relevant documents enclosed with this SCN
A	Communique dated June 14, 2021 appointing Adjudicating Officer
B	Integrated trade log of all reversal trades of Noticee in Stock Option segment of BSE during the period April 1, 2014 to September 30, 2015
C	Summary of all reversal trades

SECURITIES AND EXCHANGE BOARD OF INDIA
Order communicating appointment of Adjudicating Officer

1. Whereas, Securities and Exchange Board of India (SEBI) has conducted examination trading in option on individual stocks listed on Bombay Stock Exchange 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 by certain entities. The Competent Authority has, therefore, in exercise of the powers conferred upon her under Section 19 of the SEBI Act read with Section 15 I(1) of the SEBI Act and Rule 3 of securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 ("hereinafter referred as the 'SEBI Rules') read with section 19 of the SEBI Act appointed certain Division Chiefs as Adjudicating Officers vide Order dated April 30, 2021 to enquire into and adjudge under Sections 15HA SEBI Act the alleged violations by the entities. The list of the entities against whom adjudication is approved and the names of the respective Adjudicating Officers who are appointed to adjudicate against these entities is enclosed as Annexure.
3. The said proceedings of appointment are hereby being 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 ¹⁴/₄ day of June 2021.

Bhavana Ravikumar
BHAVANA RAVIKUMAR
GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA

S. No.	Case ID	PAN Number	Entity Name	EFD DO	AO Name
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406	210009275	AAFCP9689J	PUSHAPDHAM BUSINESS PRIVATE LIMITED	Gautham Bharathi	Siddhesh Shripad Lotlikar
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sno	56860	56861	56862
TRADE_DATE	19/02/2015	19/02/2015	19/02/2015
SCRIPCODE	851930	851930	851930
clnt_pan	AAFCP9689J	AAFCP9689J	AACB1888R
clnt_name	PUSHAPDHAM BUSINESS PRIVATE LIMITED	PUSHAPDHAM BUSINESS PRIVATE LIMITED	BANKO TRADERS PRIVATE LIMITED
cp_pan	AACB1888R	AACB1888R	AAFCP9689J
cp_name	BANKO TRADERS PRIVATE LIMITED	BANKO TRADERS PRIVATE LIMITED	PUSHAPDHAM BUSINESS PRIVATE LIMITED
ORDER_NO	1424320766067000015	1424320766067000015	1424320766067000019
CP_ORDER_NO	1424320766067000014	1424320766067000013	1424320766067000018
TRADEID	27319	29210	29442
ORDER_TIME	14:29:39.375583	14:29:39.375583	14:53:48.438691
CP_ORDER_TIME	14:20:30.219839	14:04:03.585701	14:53:47.032803
TRADE_TIME	14:29:39.375583	14:29:39.375583	14:53:48.550870
ORDER_LMTIME	14:29:39.375583	14:29:39.375583	14:53:48.550870
CP_ORDER_LMTIME	14:28:50.570013	14:04:03.585701	14:53:47.032803
TRADE_RATE	27.35	19.8	0.5
LTP_RATE	9.35	-7.55	-19.3
LTP_PERCENT	51.94	-27.61	-97.47
TRADE_VALUE	82735000.0	409900.0	80050000.0
ORDER_RATE	27.35	27.35	0.5
CP_ORDER_RATE	27.35	19.8	0.5
ORDER_LMRATE	27.35	27.35	0.5
CP_ORDER_LMRATE	27.35	19.8	0.5
ORDER_LTP	27.35	27.35	27.35
CP_ORDER_LTP	18.0	18.0	27.35
TRADED_QTY	100000	500	100000
ORDER_QTY	100500	100500	100000
CP_ORDER_QTY	1000000	500	100000
ORDER_AVLQTY	100500	100500	100000
CP_ORDER_AVLQTY	1000000	500	100000
ORDER_LMQTY	100500	100500	100000
CP_ORDER_LMQTY	100000	500	100000
MEMBER_NO	3007	3007	3182
MEMBER_NAME	GRD SECURITIES LTD.	GRD SECURITIES LTD.	MAVERICK SHARE BROKERS LTD.
OLD_CLIENT			
MODIFIED_CLIENT	P214	P214	OP281
CP_MEMBER_NO	3182	3182	3007
CP_MEMBER_NAME	MAVERICK SHARE BROKERS LTD.	MAVERICK SHARE BROKERS LTD.	GRD SECURITIES LTD.
CP_OLD_CLIENT			
CP_MODIFIED_CLIENT	OP281	OP281	P214
TERMINALID	201	201	201
USER_NAME	ANIL RAI	ANIL RAI	NAVEEN SAIN
LOCATION_ADDRESS	238A AJC BOSE ROAD 6TH FLOOR KOLKATA 20 KOLKATA WEST BENGAL 700020	238A AJC BOSE ROAD 6TH FLOOR KOLKATA 20 KOLKATA WEST BENGAL 700020	23 A N S ROAD ROOM NO 58 FOURTH FLOOR FORTUNE TOWER KOLKATA KOLKATA WEST BENGAL 700001
CP_TERMINALID	201	201	201
CP_USER_NAME	NAVEEN SAIN	NAVEEN SAIN	ANIL RAI
CP_LOCATION_ADDRESS	23 A N S ROAD ROOM NO 58 FOURTH FLOOR FORTUNE TOWER KOLKATA KOLKATA WEST BENGAL 700001	23 A N S ROAD ROOM NO 58 FOURTH FLOOR FORTUNE TOWER KOLKATA KOLKATA WEST BENGAL 700001	238A AJC BOSE ROAD 6TH FLOOR KOLKATA 20 KOLKATA WEST BENGAL 700020
ORDER_AUD	A	A	A
CP_ORDER_AUD	A	A	A
ORDER_TYPE	L	L	L
CP_ORDER_TYPE	L	L	L
LOCATIONID	7000201001303001	7000201001303001	7000010007001001
CP_LOCATIONID	7000010007001001	7000010007001001	7000201001303001
SCRIPNAME	GLPL15FEB800.00CEW3	GLPL15FEB800.00CEW3	GLPL15FEB800.00CEW3
EXPIRY	2015-02-19	2015-02-19	2015-02-19
STRIKEPRICE	80000.0	80000.0	80000.0
SERIES	EQD	EQD	EQD
MKT_TYPE	N	N	N
ISIN_NO			
qty	99500	500	100000

clnt_pan	scripname	buy_quantit y	buy_value	avg_buy_rat e	sell_qty	sell_value	avg_sell_rate	non_gen_trn x_entity_con trct	total_trd_en tity_contrct	total_no_of trades_of_th e_cntrct	art_vol_gen_ entity_in_th e_cntrct	total_vol_ge n_by_entity_ in_the_cntrc t	total_vol_in_ the_contract	prcnt_of_no n_gen_trds_ entity_total_ trds_in_cntrc t_entity	prcnt_of_no n_gen_trds_ entity_total_ trds_in_cntrc t	prcnt_of_art vol_gen_en tity_cntrct_t otal_vol_in_ cntrct	prcnt_of_art vol_gen_en tity_cntrct_t otal_vol_gen by_entity_ n_cntrct	33.31
AAFCP689J	GLP115FEB80	100500	2744900	27.31	100000	50000	0.5	3	3	7	200000	200500	600500	100	42.86	99.75		