



BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/AK/DS/2026-27/32397]

UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA
ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING
INQUIRY AND IMPOSING PENALTIES) RULES, 1995.

In respect of

VANCHHIT DISTRIBUTORS PRIVATE LIMITED
(Previously known as EXON DISTRIBUTORS PRIVATE LIMITED)
(PAN: AACCE8604K)

In the matter of Trading in Illiquid Stock Options on BSE

BACKGROUND OF THE CASE

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**”). SEBI observed that such large scale reversal of trades in stock options lead to creation of artificial volume at BSE. In view of the same, SEBI conducted an investigation into the trading activities of certain entities in illiquid stock options at BSE for the period April 1, 2014 to September 30, 2015 (hereinafter referred to as “**IP**”).
2. Pursuant to investigation, it was observed that total 2,91,744 trades comprising substantial 81.40% of all the trades executed in stock options segment of BSE during the IP were non genuine trades. The aforesaid non-genuine trades resulted into creation of artificial volume in stock options segment of BSE during the IP. It was observed that Exon Distributors Private Limited (PAN – AACCE8604K) (hereinafter referred to as the “**Noticee**”) was one of the various entities who indulged in execution of reversal trades in stock options segment of BSE during the IP. Such trades were observed to be non-genuine in nature and created false or misleading appearance of trading in terms of artificial



volumes in stock options and therefore were alleged to be manipulative, deceptive in nature. In view of the same, SEBI initiated adjudication proceedings against the Noticee for violation of the provisions of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 (hereinafter referred to as “PFUTP Regulations, 2003”). It is observed from the records that the name of the Noticee was later changed to Vanchhit Distributors Private Limited.

APPOINTMENT OF ADJUDICATING OFFICER

3. Ms. Soma Majumder was appointed as Adjudicating Officer u/s 19 r/w Section 15-I(1) of the SEBI Act, 1992 (hereinafter referred to as “**SEBI Act, 1992**”) and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “**Adjudication Rules**”) to conduct adjudication proceedings in the manner specified under Rule 4 of Adjudication Rules read with Section 15-I(1) and (2) of SEBI Act, 1992, and if satisfied that penalty is liable, impose such penalty deemed fit in terms of Rule 5 of Adjudication Rules and Section 15HA of SEBI Act, 1992. Pursuant to his transfer, the undersigned was appointed as the Adjudicating Officer in the matter vide Order dated April 03, 2025.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice dated August 06, 2022 (hereinafter referred to as ‘**SCN**’) was issued via SPAD and email to the Noticee under Rule 4(1) of the Adjudication Rules to show-cause as to why an inquiry should not be initiated against it for the alleged violation of Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of PFUTP Regulations, 2003 and why penalty should not be imposed under section 15HA of the SEBI Act, 1992 for the violations alleged to have been committed by Noticee. In the SCN, the Noticee was informed about the SEBI Settlement Scheme, 2022, in terms of regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options and in case, Noticee does not wishes to avail of



the facility under the SEBI Settlement Scheme, 2022, Noticee was advised to file a reply to the SCN within 30 days of the receipt of the SCN.

5. I note from the website of Ministry of Corporate Affairs (MCA) that the status of the Noticee is being shown as “*Strike Off*”. Copy of the Company Master data of the Noticee from the MCA website placed in the file.
6. The applicable provision of the Companies Act, 2013 are reproduced for reference as follows:-

Effect of company notified as dissolved

250. Where a company stands dissolved under section 248, it shall on and from the date mentioned in the notice under sub-section (5) of that section cease to operate as a company and the Certificate of Incorporation issued to it shall be deemed to have been cancelled from such date except for the purpose of realising the amount due to the company and for the payment or discharge of the liabilities or obligations of the company.

7. In view of the fact that the Noticee has been struck-off and liabilities in respect of the present proceedings had not accrued as on the date of dissolution of the Noticee, it would not be appropriate to determine liability against a company which no longer exists.
8. In this regard, I am persuaded by the decision of the ITAT in the matter of M/s. Anujay Hycare Products (P) Ltd. Vs The Income Tax Officer (ITAT Delhi) Date of Judgement /Order - 06/04/2018, wherein the Income Tax Appellate Tribunal inter alia observed that

“.....there could not have been any valid assessment order passed against the assessee-company which was not in existence as on the day of passing of the assessment order because it had already been dissolved. The assessment in the case of non-existing entity is thus nullity. Therefore, A.O. had no jurisdiction to pass the order against the non-existing company.....However, as on today, it is an established fact that assessee-company has already been dissolved and its name is



struck-off from the Registrar of Companies. Therefore, it is a non-existing Company and as such, A.O. cannot pass the assessment order under section 143(3) of the I.T. Act, 1961 against the assessee-company. The issue is, therefore, covered in favour of the assessee-company by the above judgments of Hon'ble Delhi High Court, relied upon by the Learned Counsel for the Assessee."

9. I further note that the SEBI Act, 1992 in Section 28B states the following in respect of liability for penalty in the case of a death of a person:-

Continuance of proceedings

28B(1) Where a person dies, his legal representative shall be liable to pay any sum which the deceased would have been liable to pay, if he had not died, in the like manner and to the same extent as the deceased: Provided that, in case of any penalty payable under this Act, a legal representative shall be liable only in case the penalty has been imposed before the death of the deceased person.

10. In view of my findings noted in the preceding paragraphs and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, I hereby dispose of the Adjudication Proceedings initiated against Noticee viz. Exon Distributors Private Limited, vide SCN dated August 06, 2022, without going into the merits of the case. Should the Noticee stand revived or restored at any stage, a decision to initiate proceedings may be taken afresh at that stage.
11. In terms of rule 6 of the Adjudication Rules, 1995, copy of this order is sent to SEBI.

PLACE: MUMBAI

DATE: APRIL 29, 2026

AMIT KAPOOR

ADJUDICATING OFFICER