



**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/JS/VC/2025-26/32199]**

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

In respect of:

**Mrs. Rukmani Devi Poddar
(PAN: AFOPP5613B)**

In the matter of dealings in Illiquid Stocks Options on BSE

BACKGORUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as “SEBI”) observed large scale reversal of trades in the Illiquid Stock Options (hereinafter also referred to as “ISO”) on BSE Ltd. (hereinafter referred to as “BSE”) leading to creation of artificial volume. In view of the same, SEBI conducted an investigation into the trading activities of certain entities in ISO on BSE for the period starting from April 1, 2014 to September 30, 2015 (hereinafter referred to as "IP").
2. Investigation by SEBI revealed that during the IP, a total of 2,91,744 trades comprising 81.41% of all the trades executed in stock options segment of BSE were trades involving reversal of buy and sell positions by the clients and counterparties in a contract. In these trades, entities reversed their buy or sell position in a contract with subsequent sell or buy position with the same counterparty. These reversal trades were alleged to be non-genuine as they lacked basic trading rationale and allegedly portrayed false or misleading appearance of trading leading to creation of artificial volume in those contracts. In view of the same, such reversal trades were alleged to be deceptive and manipulative in nature.



3. During the IP, 14,720 entities were found to have executed non-genuine trades in BSE's stock options segment. It was observed that Mrs. Rukmani Devi Poddar (hereinafter referred to as the "**Noticee**") was one of the entities who indulged in execution of reversal trades in stock options segment of BSE during the IP. Her trades were alleged to be non-genuine in nature which created false or misleading appearance of trading in terms of artificial volumes in stock options. Therefore, her trades were alleged to be manipulative and deceptive in nature. In view of the same, SEBI initiated adjudication proceedings against the Noticee for alleged 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**").

APPOINTMENT OF ADJUDICATING OFFICER

4. Pursuant to transfer of the case from erstwhile Adjudicating Officer (hereinafter referred to as "**AO**"), the undersigned was appointed as AO in the matter vide order dated April 03, 2025, under section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the "**SEBI Act**") read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as "**Rules**"), to inquire into and adjudge under the provisions of section 15HA of the SEBI Act for the alleged violations by the Noticee.

SHOW CAUSE NOTICE, REPLY AND HEARING

5. A Show Cause Notice dated November 25, 2021 (hereinafter referred to as "**SCN**") was served to the Noticee under rule 4(1) of Rules to show cause as to why an inquiry should not be held and penalty, if any, should not be imposed upon her for the alleged violations of the provisions of regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of the PFUTP Regulations.
6. It was alleged in the SCN that the Noticee had executed reversal trades in one Stock Options Contract through two non-genuine trades in one unique contract creating



artificial volume of 2,28,000 units. Summary of the dealings of the Noticee in said options contract, in which she allegedly executed reversal trade during the IP, is as follows:

Table No. 1

Contract name	Avg. buy rate (₹)	Total buy volume (no. of units)	Avg. sell rate (₹)	Total sell volume (no. of units)	% of Artificial volume generated by the Noticee in the contract to Noticee's Total volume in the contract	% of Artificial volume generated by the Noticee in the contract to Total volume in the contract
A	B	C	D	E	F	G
INCM15JAN85.00PE	0.05	114000	1.8	114000	100%	20%

7. The aforesaid reversal trade is illustrated through the dealings of the Noticee in one contract, viz., 'INCM15JAN85.00PE' during the IP as follows:
- (a) Noticee executed 2 trades for 2,28,000 units in the said contract on January 20, 2015;
- (b) While dealing in the said contract on January 20, 2015, at 13:08:43 hrs, the Noticee entered into a sell trade with counterparty 'Blackcheery Commonsale Pvt. Ltd.' for 1,14,000 units at Rs. 1.8/- per unit. On the same day, at 13:25:09 hrs, the Noticee entered into a buy trade with the same counterparty, for 1,14,000 units at Rs. 0.05 per unit;
- (c) The Noticee's two trades while dealing in the abovementioned contract during the IP allegedly generated artificial volume of 2,28,000 units, which made up to 20% of total market volume in the said contract during this period.
8. Subsequently, vide Post SCN Intimation (hereinafter referred to as "**PSI**") dated August 17, 2022, Noticee was informed that SEBI had introduced a Settlement Scheme, i.e., SEBI Settlement Scheme, 2022 (hereinafter referred to as "**Settlement Scheme 2022**") in terms of regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 (hereinafter



referred to as “**Settlement Regulations**”). It was informed that the Settlement Scheme 2022 provided a one- time opportunity to the entities against whom proceedings were initiated and appeals against the said proceedings were pending, to settle the proceedings. The scheme commenced on August 22, 2022 and remained open for a period of three months. The PSI was served to the Noticee through Speed Post Acknowledgement Due (hereinafter referred to as “**SPAD**”). Later, the applicable period of the Settlement Scheme 2022 was extended to January 21, 2023 by SEBI. However, Noticee did not avail the Settlement Scheme 2022. Accordingly, the adjudication proceedings against her were resumed.

9. However, Noticee vide letters dated February 16, 2023 and March 09, 2023, *inter alia*, submitted that she was unable to arrange the settlement amount and registration fee. Noticee could arrange the settlement amount on last day of the scheme, i.e., January 21, 2023, however, due to server issue in the portal, she was unable to pay the settlement amount. Noticee requested one more opportunity to pay the settlement amount.
10. Subsequently, vide notice of hearing dated May 04, 2023, Noticee was granted an opportunity of hearing on May 15, 2023. However, the said notice of hearing returned underlived to SEBI.
11. Further, a second PSI dated March 06, 2024 was issued to the Noticee, wherein it was informed that SEBI had introduced another Settlement Scheme, i.e., SEBI Settlement Scheme, 2024 (hereinafter referred to as “**Settlement Scheme 2024**”) in terms of regulation 26 of Settlement Regulations. It was informed to the Noticee that the Settlement Scheme 2024 provided an opportunity to the entities against whom proceedings were initiated and appeals against the said proceedings were pending, to settle the proceedings. The applicable period of the scheme was from March 11, 2024 to May 10, 2024. The second PSI was served upon Noticee through SPAD. The Settlement Scheme 2024 was extended till June 10, 2024 by SEBI vide Public Notice dated May 08, 2024.



12. It was observed that Noticee did not avail the Settlement Scheme 2024, therefore, the adjudication proceedings against her were resumed. Accordingly, vide notice of hearing dated October 09, 2024, Noticee was granted an opportunity of hearing by erstwhile AO on November 04, 2024. However, the said notice of hearing returned underlived to SEBI with remark 'Left'.

13. Pursuant to appointment of the undersigned as AO, vide notice of hearing dated June 17, 2025, Noticee was granted a fresh opportunity of hearing on June 30, 2025. However, Noticee did not avail the said opportunity.

14. However, vide letter dated July 07, 2025, Noticee submitted her reply to the SCN. The relevant extracts of reply dated July 07, 2025 are as under:

- (a) *Noticee denied the allegation raised against her in the SCN. Noticee submitted that there is considerable delay in the issuance of notice (November 25, 2021) and the date of alleged transactions dated in the year 2015, i.e., there is a delay of more than six years in the initiation of the proceedings under the SEBI Act read with rules issued thereunder. Due to immense delay, the Noticee is not in a position to rebut the allegations effectively in the absence of documentary evidences. In the circumstances, the Noticee is handicapped to defend her case effectively in the absence of documents and is constrained to submit her rebuttals on the basis of the facts stated in the SCN;*
- (b) *Further, the trades were done on the trading terminals having online mechanism on the anonymous trading platform of the stock exchange which is approved by SEBI and by no stretch of imagination Noticee would be aware about the counterparty. It is the stock broker who had committed an error as far as the transaction in question is concerned. Further, Noticee cannot be held responsible for the mistake/ fraud committed by the stock broker using the account of the Noticee, if any;*
- (c) *Noticee stated that she is not related or connected in any manner whatsoever to the alleged counterparty. She does not have any link/ nexus/ relationship/ connection / dealing / collusion/ arrangement or agreement with the counterparty. Even there is nothing in the Notice, to even remotely connect her to the alleged counter parties to her trades. Same completely destroys the allegation of execution of reversal trades;*
- (d) *No alert / warning / caution, etc., of any sort was issued by BSE / SEBI at the time of carrying out of such trades despite BSE and SEBI having state of the art surveillance system;*



- (e) *No nexus with counterparty is shown, hence, criteria to issue SCN is arbitrary, subjective, illogical, etc., and in violation of natural justice;*
- (f) *It is well settled that in order to establish the allegation of reversal trades nexus between the parties has to be brought on record. Unless some connection between the parties is established, it cannot be alleged that the alleged reversal trades were carried out with a view to generate artificial volume in the market;*
- (g) *No evidence has been adduced in the SCN regarding large scale reversal of trades and our trading leading to creation of artificial volume and wrong doing;*
- (h) *Noticee has not been provided with copy of investigation report which is in gross violation of natural justice, equity and fair play;*
- (i) *Electronic trading system do not allow the transacting parties to know their counterparty, and she never knew that her trades are in nature of reversal trades before receiving the SCN and scrutinising the annexures thereto. SCN do not provide that Noticee is related to counterparties;*
- (j) *Without prejudice to the aforesaid, following mitigating factors also be taken into consideration:*
 - (i) *Introduction of Reversal Trade Prevention Check for the Stock Options segment of BSE with effect from March 14, 2016. In this measure, the second leg (latest leg) of a reversal trade is automatically cancelled by the exchange at the time of order matching in an on-line real time manner in the trading system;*
 - (ii) *Introduction of Price Reasonability Check functionality in the Stock Options segment of BSE in January 2016;*
 - (iii) *Discontinuation of weekly stock options contracts with effect from March 03, 2016 as it was observed that the contracts that were used by the entities for exchanging their positions were mostly weekly contracts;*
 - (iv) *Reduction in number of strikes in the Stock Options segment to curb trading in far Out of the Money contracts. It is only now after the Impugned Trades BSE had taken steps to prevent occurrences of reversal / non- genuine on its exchange platform. Currently, as a result of systemic changes introduced by BSE, occurrence of such reversal / non-genuine has become a thing of the past. Thus, the impugned trades which are inter alia off shoot of systemic default, are no longer possible in light of systemic changes made by BSE in its systems.*
- (k) *Noticee denied that it was part of any scheme, plan, device, artifice employed in any case and further denied that it committed a fraud on the securities market.*



- (l) Noticee submitted that Rules has itself provided in rule 5(2) that while adjudging the quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:
- (i) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
 - (ii) the amount of loss caused to an investor or group of investors as a result of the default;
 - (iii) the repetitive nature of the default.

Noticee submitted that none of the above factors are present in her case. As such, the question of imposing penalty under the SEBI Act and rules framed thereunder does not arise.

- (m) Noticee relied upon the case laws, viz., *Jagruti Securities v. SEBI* [2008 SCC online SAT 184:2008 SAT 184] observing that for artificial volume there has to be collusion between buyer and seller; *S.P.J. Stock Brokers Pvt. Ltd. v. SEBI* [2013 SCC On Line SAT 67: [2013] SAT 17] observing that connection between counterparties is required to establish price manipulation or creation of volume; *HB Stockholding Ltd. v. SEBI* [2013 SCC on Line SAT 56 : [2013] SAT 44] observing, inter alia, that synchronisation of trades is not per se illegal.

- (n) The Noticee further submitted that in the facts and circumstances alleged in the SCN, Courts have given the rulings in favour of the citizens/ noticee's. Some of the court decisions are referred to hereunder-

(i) In *Labhu Gohil v. SEBI* [2020] 117 taxmann.com 480 (SAT - Mumbai), the Hon'ble Tribunal where there is no evidence on any fund transfer between the appellants with any other entities in the absence of which motive for a collusive or manipulative effort becomes blunt. Moreover, when a group of entities themselves becomes parties to each other's trade in a circular fashion, though to a limited extent, the net amount of profits or losses also become negligible and only to the extent of their trades getting matched with entities outside the group. The Tribunal finally held that that no penalty can be imposed on the appellants.

(ii) In *Nishith M. Shah HUF v. SEI* [Appeal No. 97 of 2019 dated 161-2020], the Tribunal held-

- Where the investigative reports nor the WTM or the AO found any connection between the buyer and the seller nor between the appellant and the promoters / directors of the Company, no causal connection has been established.
- Allegation that the appellant has contributed to the LTP cannot be upheld in the absence of any collusion with the buyer or promoter/ director of the Company. One has to establish a connection between a buyer and with the seller in order to infer a manipulation in the price of the scrip.



- *There must be evidence to show collusion between the buyer and the seller. In the instant case there is none. The principle of preponderance of probability cannot be exercised in the absence of any connection between the seller and the buyer.*

- (iii) *In Jagruti Securities Ltd. v. SEBI [Appeal No. 102 of 2006 decided on October 27, 2008] and in Vikas Ganeshmal Bengani v. Whole Time Member, SEBI [Appeal No. 225 of 2009 decided on February 25, 2010], the Tribunal held that the charge of raising price artificially has to be established and the element of collusion between the buyer and the seller is a sine quo non.*

- (iv) *In Ramod Kumar Agrawal (HUF) v. Adjudicating Officer [2009] 95 SCL 274 (SAT), it was held that where there were only two traders one on either side and this knowledge cannot be attributed to the appellants particularly in the absence of any material that could lead one to believe otherwise, appellant cannot be held guilty of executing any fraudulent or unfair trade.*

- (v) *In Kishor v. Gandhi v. SEBI on 14 July, 2021, Appeal No. 516 of 2019, in a case before the Tribunal, the charge against the appellants was circular / reversal and synchronized trades in connivance with other entities with no intention of transferring beneficial ownership leading to false and misleading appearance of trading in the securities market. The appellant contended before the authorities that there was no fraudulent intention nor it was an unfair trade practice and that the appellant was nowhere connected with any other entities nor was a part of a group indulging in circular / reversal or synchronized trades.*

In this regard, the Tribunal held as under-

"7. We find that the AO in paragraph 18 of the impugned order dated August 2, 2019 have found that the appellant was connected with Geeta Walia. Other than this finding there is no finding that the appellant was connected with other noticees. Thus, in the absence of any connection with other entities, the trades executed by the appellant cannot be clubbed with the trades executed by other noticees who acted as a group. We also find that there is no connection of appellant with the promoters of the Company.

8. We also find that only one trade was executed by the appellant which constituted 0.36% of the total volume of trades which in our opinion is too miniscule and would not create any impact either on the manipulative intention or on the circular / reversal and synchronized trades nor will have any impact on the transfer of beneficial ownership or leading to a false and misleading appearance of trading. Such miniscule trading cannot be termed as fraudulent in nature.



9. Further, we are of the opinion that one single trade cannot lead to a conclusion that the appellant was involved in fraudulent execution of trades with a manipulative intent.”

- (vi) *In Subhkam Securities Private Limited v. SEBI (Appeal No. 73 of 2012 decided on July 25, 2012), the Tribunal held that a synchronized trade per se is not illegal. In the instant case merely 5,00 trades out of 33,890 trades matched will not make it synchronized trades.*
- (vii) *In the appeal of Dhvani Darshan Kothari & Anr. v. SEBI (Appeal No. 276 of 2020 decided on January 21, 2021), the Tribunal held that purchasing off market and selling online to the same counterparty may raise a strong suspicion that the transfer may not be genuine but further held that reasons have to be recorded to show as to how the trades were manipulative or fraudulent and that one transfer cannot make it circular / reversal or synchronized nor execution of one trade would be treated at par with the trades executed by other entities which was large in number. The said finding of the Tribunal is squarely applicable in the instant case.*
- (viii) *In Ashok Shival Rupani v. SEBI, Appeal No. 440 of 2018, the Tribunal held that where the SCN was issued after a long delay, penalty under the SEBI Act was not sustainable in law.*
- (ix) *In Mr. Rakesh Kathotia & Ors. v. SEBI (Appeal No. 07 of 2016 decided by the Tribunal on May 27, 2019), the proceedings were quashed on account of inordinate delay. It was held therein as under-*

"23. It is no doubt true that no period of limitation is prescribed in the Act or the Regulations for issuance of a show cause notice or for completion of the adjudication proceedings. The Supreme Court in Government of India vs, Citadel Fine Pharmaceuticals, Madras and Others, [AIR 6 (1989) SC 1771] held that in the absence of any period of limitation, the authority is required to exercise its powers within a reasonable period. What would be the reasonable period would depend on the facts of each case and that no hard and fast rule can be laid down in this regard as the determination of this question would depend on the facts of each case. This proposition of law has been consistently reiterated by the Supreme Court in Bhavnagar University v. Palitana Sugar Mill (2004) vol. 12 SCC 670, State of Punjab vs. Bhatinda District Coop. Milk P. Union Ltd (2007) Vol. 11 SCC 363 and Joint Collector Ranga Reddy Dist. & Anr. vs. D. Narsing Rao & Ors. (2015) Vol. 3 SCC 695. The Supreme Court recently in the case of Adjudicating Officer, SEBI vs. Bhavesh Pabari (2019) SCC Online SC 294 held:

There are judgments which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. What would



be reasonable time, would depend upon the facts and circumstances of the case, nature of the default/ statute, prejudice caused, whether the third-party rights had been created etc.”

- (o) *Noticee further submitted that the alleged trades by her did not cause any loss to any investor and also not adversely affected any market participant or the securities market in any manner. No gain or unfair advantage was undertaken by her, alleged violation is not repetitive, hence, present case does not warrant imposition of penalty.*

15. Pursuant to reply of the Noticee, an opportunity of hearing was granted to the Noticee vide e-mail dated August 18, 2025 for hearing on September 03, 2025. However, the Noticee failed to avail the said opportunity of hearing. Further, considering the request of the Noticee, vide email dated January 09, 2026, a copy of the Investigation Report in the matter was provided to her and she was advised to make the additional submissions, if any, within 14 days of the receipt of the said email. It is noted that Noticee did not make any further submissions in the matter.

CONSIDERATION OF ISSUES AND FINDINGS

16. I have perused the allegations levelled against the Noticee in the SCN, her replies and the material available on record. In the instant matter, the following issues arise for consideration and determination:

- I. Whether the Noticee violated the provisions of regulations 3(a), (b), (c), (d) and 4(1) and 4(2)(a) of PFUTP Regulations?
- II. Do the violations, if any, on part of the Noticee attract monetary penalty under section 15HA of SEBI Act?
- III. If so, what would be the quantum of monetary penalty that can be imposed on the Noticee after taking into consideration the factors mentioned in section 15J of the SEBI Act?

17. Before proceeding further, it is pertinent to refer to the relevant provisions of PFUTP Regulations which are alleged to have been violated by the Noticee, as under:

“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 recognised 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 recognised 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 recognised stock exchange in contravention of the provisions of the Act or the rules and the regulations made thereunder.”

“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;”

Issue No. 1: Whether the Noticee violated the provisions of regulations 3(a), (b), (c), (d) and Regulation 4(1) and 4(2)(a) of PFUTP Regulations?

18. Before proceeding to the merits of the case, it is appropriate to deal with the preliminary issue raised by the Noticee. Noticee submitted that the alleged trades took place in 2015 and SCN was issued in 2021, thus, there is a delay of more than six years in the initiation of the proceedings. Noticee contended that due to immense delay, she is not in a position to rebut the allegations effectively in the absence of documentary evidences and she was constrained to submit her reply on the basis of the facts stated in the SCN. In this context, Noticee relied on the observation of the Hon’ble SAT in the matter of *Ashok Shivilal Rupani v. SEBI and Mr. Rakesh Kathotia & Ors. v. SEBI*. In this regard, I note that pursuant to a preliminary examination conducted in the ISO matter, an Interim Order was passed by SEBI on August 20, 2015 which was confirmed vide Orders dated July 30, 2016 and August 22, 2016. Meanwhile, SEBI initiated a detailed investigation relating to stock options segment of BSE which was completed in the year 2018. The investigation revealed that 14,720 entities were involved in executing non-genuine trades in BSE’s stock



options segment during the IP. The proceedings initiated vide the aforementioned Interim Order were disposed of vide Final Order dated April 05, 2018 also considering that appropriate action was initiated against the said 14,720 entities in a phased manner. During the course of hearing in the case of *R. S. Ispat Ltd v. SEBI*, the Hon'ble SAT, vide Order dated October 14, 2019, *inter alia*, observed that “SEBI may consider holding a Lok Adalat or adopting any other alternative dispute resolution process with regard to the Illiquid Stock Options”.

19. Accordingly, a Settlement Scheme was framed under the Settlement Regulations, which provided one-time opportunity for settlement of the proceedings in the ISO matter. The said scheme was kept open from August 01, 2020 till December 31, 2020. Thereafter, adjudication proceedings were initiated against those entities who had not availed of the opportunity of settlement in the said scheme. Further, another settlement scheme, i.e., Settlement Scheme 2022 was brought into force from August 22, 2022 to January 21, 2023. Finally, a third settlement scheme, i.e., Settlement Scheme 2024 was offered from March 11, 2024 to June 10, 2024.

20. It is further noted that there is no timeline prescribed in the SEBI Act for the purpose of identifying trades as non-genuine and initiating adjudication proceedings. In this regard, it is pertinent to note that, in the matter of *SEBI v. Bhavesh Pabari* (2019) SCC Online SC 294, the Hon'ble Supreme Court, *inter alia*, held that:

“There are judgement which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. What would be reasonable time, would depend upon the facts and circumstances of the case, nature of the default/statute, prejudice caused, whether the third-party rights had been created etc.”

21. Pursuant to appointment of AO on July 06, 2021 in the instant matter, SCN dated November 25, 2021 was issued to the Noticee. Subsequently, a PSI dated August 17, 2022 was served to the Noticee regarding Settlement Scheme 2022, however, she did not avail the said scheme. Further, vide second PSI dated March 06, 2024, Noticee was informed about the Settlement scheme 2024, however, she failed to



avail the said settlement scheme. Furthermore, Noticee was provided opportunities of personal hearing in November 2024, June 2025 and September 2025, which she did not avail. Hence, Considering the narration of facts in the foregoing paragraphs, I note that there has been no inordinate delay in initiation of the proceedings as contended by the Noticee.

22. Further, in respect of the contention of the delay, I also note that delay itself may not be a ground that would vitiate the instant proceedings. However, it is required to examine whether delay has caused any prejudice. I note that Noticee has stated that due to inordinate delay, she is not in a position to rebut the allegations effectively in the absence of documentary evidences and she was constrained to submit her reply on the basis of the facts stated in the SCN. In this regard, it is noted that all the relevant and relied upon documents related to the allegations in the SCN were provided to the Noticee, hence, in my view, Noticee had sufficient material to defend her case. Thus, I find that the Noticee has failed to make out a case of prejudice and, in fact, no prejudice has been caused upon her. In view of the aforesaid, the contention that inordinate delay in issuance of the SCN compromised her defense is untenable.

23. Therefore, the preliminary issue raised by the Noticee is not tenable. I shall now proceed to address the key issues that arise for consideration.

24. I note that it was alleged in the SCN that the Noticee, while dealing in the stock options contract at BSE during the IP, had executed reversal trades which were allegedly non-genuine trades and the same had resulted in generation of artificial volume in stock options contract at BSE. The said reversal trades were alleged to be non-genuine trades as they were not executed in the normal course of trading, lacked basic trading rationale, lead to false or misleading appearance of trading in terms of generation of artificial volumes and hence, were deceptive and manipulative.



25. From the documents on record, it is noted that the Noticee was one of the entities who had indulged in non-genuine reversal trades and created artificial volume of 2,28,000 units through two trades non-genuine trades in one stock options contract during the IP. The summary of trades is given below:

Table No. 2

Contract name	Avg. buy rate (₹)	Total buy volume (no. of units)	Avg. sell rate (₹)	Total sell volume (no. of units)	% of Artificial volume generated by the Noticee in the contract to Noticee's Total volume in the contract	% of Artificial volume generated by the Noticee in the contract to Total volume in the contract
A	B	C	D	E	F	G
INCM15JAN85.00PE	0.05	114000	1.8	114000	100%	20%

26. On January 20, 2015, at 13:08:43 hours, Noticee entered into a sell trade in a contract, viz., 'INCM15JAN85.00PE' with counterparty 'Blackcheery Commonsale Pvt. Ltd.' for 1,14,000 units at Rs. 1.8/- per unit. On the same day, at 13:25:09 hours, Noticee entered into a buy trade of same contract with the same counterparty for 1,14,000 units at Rs. 0.05/- per unit. It is noted that the Noticee while dealing in the said contract during the IP, executed a total of two trades (1 buy trade and 1 sell trade) with the same counterparty, viz., 'Blackcheery Commonsale Pvt. Ltd.' on same day and with significant price difference of Rs. 1.75/- in buy and sell rates within a span of 17 minutes. It is observed that the Noticee's two trades, while dealing in the aforesaid contract, generated an artificial volume of 2,28,000 units, which made up to 20% of total market volume in the said contract during this period. Further, the artificial volume generated by the Noticee in the said contract made up to 100% of her total volume in the contract during the IP.

27. In response to the allegations, Noticee submitted that the stock broker committed an error as far as the transaction in question is concerned and she cannot be held responsible for the mistake/fraud committed by the stock broker using her account.



Noticee also contended that no alert / warning / caution, etc., of any sort was issued by BSE / SEBI at the time of carrying out of such trades and BSE has full proof surveillance system in place. In this regard, it is noted that Noticee has not furnished any evidence in support of her claim. Further, it is noted that the responsibility of ensuring the genuineness of trades rests with the Noticee. The Noticee is expected to act with due diligence and cannot shift responsibility of her own trading decisions on the stock broker/ BSE/ SEBI. Further, I note that Noticee neither disputed / objected to the said trades nor she took any action against her stock broker for the said reversal trades. In contrast, Noticee submitted that the trades were placed from the trading terminals having online mechanism and were executed on the anonymous trading platform of the stock exchange. This indicates that she was well aware of the said trades and also gave her consent for the same, hence, she is responsible for the said trades. Therefore, the said contentions of the Noticee are not tenable.

28. Further, Noticee submitted that the trades were placed from the trading terminals having online mechanism and were executed on the anonymous trading platform of the stock exchange and Noticee was unaware of the counterparty to these trades. Noticee argued that she was not related or connected in any manner whatsoever to the alleged counterparty and she did not have any link/ nexus/ relationship/ connection / dealing / collusion/ arrangement or agreement with the counterparty. In this context, Noticee relied on the observations of the Hon'ble SAT in the matter of *Labhu Gohil v. SEBI*, *Nishith M. Shah HUF v. SEBI*, *Jagruti Securities Ltd v. SEBI*, *SEBI*, *Ramod Kumar Agrawal (HUF) v. Adjudicating Officer, SEBI*, *Kishor V Gandhi v. SEBI*, *Subhkam Securities Private Limited v. SEBI*, etc.

29. In this regard, I note that the non-genuineness of the impugned transactions executed by the Noticee is evident from the fact that there was no commercial basis as to why, within few minutes, the Noticee reversed the position with the same counterparty with significant price difference on the same day. The fact that the



transactions in a particular contract were reversed with the same counterparty indicates a prior meeting of minds with a view to execute the reversal trades at a pre-determined price. Since these trades were done in illiquid option contract, there was negligible trading in the said contract and hence, there was no price discovery in the strictest terms. The wide variation of Rs. 1.75/- in buy (Rs. 0.05/- per unit) and sell price (Rs. 1.8/- per unit) of the said contract, within few minutes, is a clear indication that there was pre-determination in the prices by the counterparties while executing the trades. Further, the time proximity between the order placements by the Noticee and her counterparty for both buy-side and sell-side transactions was less than one minute. Such precision in execution across both legs of the trades strongly suggests a prior meeting of minds, characteristic of non-genuine or pre-arranged transactions. Thus, it is observed that Noticee had indulged in reversal trades with her counterparty in the stock options segment of BSE and the same were non-genuine trades.

30. I note that it is not mere coincidence that the Noticee could match her trades with the same counterparty with whom she had undertaken first leg of the respective trades. The fact that the transactions in a particular contract were reversed with the same counterparty for the same quantity of units, indicates a prior meeting of minds with a view to execute the reversal trades at a pre-determined price. It is further noted that direct evidence is not forthcoming in the present matter as regards meeting of minds or collusion with other entities, *inter alia*, the counterparties or agents/fronts. However, trading behaviour as noted above makes it clear that aforesaid non-genuine trades could not have been possible without meeting of minds at some level.

31. Here, I would like to rely on the following judgement of Hon'ble Supreme Court in the matter of *SEBI v. Kishore R Ajmera* (AIR 2016 SC 1079), wherein it was held that:

"...According to us, knowledge of who the 2nd party / client or the broker is, is not relevant at all. While the screen based trading system keeps the identity of the parties



anonymous it will be too naïve to rest the final conclusions on the said basis which overlooks a meeting of minds elsewhere. Direct proof of such meeting of minds elsewhere would rarely be forthcoming...in the absence of direct proof of meeting of minds elsewhere in synchronized transactions, the test should be one of preponderance of probabilities as far as adjudication of civil liability arising out of the violation of the Act or provision of the Regulations is concerned. The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors.

It is a fundamental principle of law that proof of an allegation levelled against a person may be in the form of direct substantive evidence or, as in many cases, such proof may have to be inferred by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof the Courts cannot be helpless. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to the Court to be a reasonable conclusion therefrom. The test would always be that what inferential process that a reasonable/prudent man would adopt to arrive at a conclusion.”

32. Therefore, applying the ratio of the above judgment, it is observed that the execution of trades by the Noticee in the illiquid options segment with such precision in terms of order placement, time, price, quantity, etc., and also the fact that the transactions were reversed with the same counterparty clearly indicates a prior meeting of minds with a view to execute the reversal trades at a pre-determined price. The only reason for the wide variation of Rs. 1.75/- in buy price (Rs. 0.05/- per unit) and sell price (Rs. 1.8/- per unit) of the same contract, within few minutes was a clear indication that there was pre-determination in the prices by the counterparties. Thus, the nature of trading, as brought out above, clearly indicates an element of prior meeting of minds and therefore, a collusion of the Noticee with her counterparty to carry out the trades at pre-determined prices.

33. It is also relevant to refer to judgement of the Hon'ble Securities Appellate Tribunal in the matter of *Ketan Parekh v. SEBI* (in Appeal No. 2 of 2004; date of decision July 14, 2006), wherein it was held as follows:



“In other words, if the factum of manipulation is established it will necessarily follow that the investors in the market had been induced to buy or sell and that no further proof in this regard is required. The market, as already observed, is so wide spread that it may not be humanly possible for the Board to track the persons who were actually induced to buy or sell securities as a result of manipulation and law can never impose on the Board a burden which is impossible to be discharged. This, in our view, clearly flows from the plain language of Regulation 4 (a) of the Regulations.”

34. In this regard, further reliance is placed on judgment of Hon’ble Supreme Court in the matter of *SEBI v. Rakhi Trading Private Limited*, decided on February 8, 2018 on similar factual circumstances, which, *inter alia*, stated as under:

“Considering the reversal transactions, quantity, price and time and sale, parties being persistent in number of such trade transactions with huge price variations, it will be too naive 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....”

35. Therefore, the trading behaviour of the Noticee confirms that such trades were not normal, indicating that the trades executed by the Noticee were not genuine trades and being non-genuine, created an appearance of artificial trading volumes in respective contract. In view of the above, I find that the allegation of violation of regulations 3(a), (b), (c) and (d), 4(1), 4(2)(a) of PFUTP Regulations by the Noticee stands established.

Issue No. 2: Do the violations, if any, on part of the Noticee attract monetary penalty under section 15HA of SEBI Act?

36. In the findings made in foregoing paragraphs, it has been established that the Noticee executed non-genuine reversal trades, which created false and misleading appearance of trading, thereby generated artificial volumes in the stock options segment of BSE during the IP, therefore, Noticee violated the provisions of



regulations 3(a), (b), (c) and (d) and regulation 4(1) and 4(2)(a) of the PFUTP Regulations.

37. Therefore, considering the above findings and the judgement of Hon'ble Supreme Court in the matter of *SEBI v. Shriram Mutual Fund* [2006] 68 SCL 216 (SC) decided on May 23, 2006, wherein it was held that "*In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant. A breach of civil obligation which attracts penalty in the nature of fine under the provisions of the Act and the Regulations would immediately attract the levy of penalty irrespective of the fact whether contravention must made by the defaulter with guilty intention or not.*", I am convinced that it is a fit case for imposition of monetary penalty under the provisions of section 15HA of SEBI Act, which reads as under:

"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."*

Issue No. 3: If so, what would be the quantum of monetary penalty that can be imposed on the Noticee after taking into consideration the factors mentioned in section 15J of the SEBI Act?

38. While determining the quantum of penalty under section 15HA of the SEBI Act, the following factors as stipulated in section 15J of the SEBI Act are taken into account-

"Factors to be taken into account while adjudging quantum of penalty.

15J. *While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or 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."



39. As established above, the trades by the Noticee were non-genuine in nature and created a misleading appearance of trading in the aforesaid contract. I note that when the impact of artificial volume created by the two counterparties is seen as a whole, it is not possible, from the material on record, to quantify the amount of disproportionate gain or unfair advantage resulting from the artificial trades between the counter parties or the consequent loss caused to investors as a result of the default. Further, the material available on record does not demonstrate any repetitive default on the part of the Noticee. However, considering that the two non-genuine trades entered by the Noticee in one options contract led to creation of artificial trading volumes which had the effect of distorting the market mechanism in the stock options segment of BSE, I find that the aforesaid violations were detrimental to the integrity of securities market and therefore, it should be dealt with suitable penalty.

ORDER

40. Taking into account the facts and circumstances of the case, material available on record, submissions of the Noticee, findings hereinabove and factors mentioned in section 15J of the SEBI Act, in exercise of the powers conferred upon me under section 15-I of the SEBI Act read with rule 5 of the Rules, I hereby impose monetary penalty of ₹ 5,00,000/- (Rupees Five Lakh only) on the Noticee (Mrs. Rukmani Devi Poddar) under section 15HA of SEBI Act for the violation of regulations 3(a), (b), (c) and (d), 4(1), 4(2)(a) of PFUTP Regulations. I am of the view that the said penalty is commensurate with the violations committed by Noticee.

41. The Noticee shall remit/pay the said amount of penalty within 45 days of receipt of this order in either of the way, such as by following the path at SEBI website www.sebi.gov.in:

ENFORCEMENT >Orders >Orders of AO> PAYNOW;



42. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties of Noticee.
43. In terms of the provisions of rule 6 of the Rules, a copy of this order is being sent to the Noticee and to SEBI.

Place: Mumbai
Date: March 09, 2026

JAI SEBASTIAN
ADJUDICATING OFFICER