

**BEFORE THE ADJUDICATING OFFICER  
SECURITIES AND EXCHANGE BOARD OF INDIA  
[ADJUDICATION ORDER NO. Order/JS/VC/2025-26/31817]**

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**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:**

**Mangalkamna Dealer Pvt. Ltd.  
(PAN: AAGCM6959A)**

**In the matter of dealings in Illiquid Stocks Options on BSE**

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**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 Mangalkamna Dealer Pvt. Ltd. (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. Its 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, its 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 October 11, 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 it 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 one trade reversal through two non-genuine trades in one unique contract creating artificial volume of 68,000

units. Summary of the dealings of the Noticee in said options contract, in which it 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
RCAP15APR440.00PE	25	34,000	5	34,000	100%	15.7%

7. The aforesaid reversal trade is illustrated through the dealings of the Noticee in one contract, viz., 'RCAP15APR440.00PE' during the IP as follows:
- Noticee executed 2 trades for 68,000 units in the said contract on March 31, 2015;
  - While dealing in the said contract on March 31, 2015, at 15:08:22.28 hrs, the Noticee entered into a sell trade with counterparty 'Kusum Traders' for 34,000 units at Rs. 5/- per unit. Within a few seconds, at 15:08:27.28 hrs, Noticee entered into a buy trade of the same contract with the same counterparty for 34,000 units at Rs. 25/- per unit;
  - The trade entered by the Noticee was reversed within few seconds with the same counterparty at a substantial price difference without any basis for significant change in the price of the contract. Hence, it was alleged the Noticee's two trades were artificial and non-genuine in nature;
  - The Noticee's two trades while dealing in the said contract during the IP allegedly generated artificial volume of 68,000 units, which made up to 15.7% of total market volume in the said contract during the IP.

8. The SCN was duly served to the Noticee through Speed Post Acknowledgement Due (hereinafter referred to as “**SPAD**”). Vide letters dated October 23, 2021, November 13, 2021 and January 11, 2022, Noticee submitted its reply to the SCN.
9. Vide Post SCN Intimation (hereinafter referred to as “**PSI**”) dated August 02, 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 3 months. The PSI was served to the Noticee through SPAD and email.
10. Subsequently, vide public notice dated November 21, 2022, it was advertised/informed that “*Considering the interest of entities in availing the Scheme, the competent authority has extended the period of the Scheme till January 21, 2023*”. However, the Noticee did not avail the Settlement Scheme 2022. Accordingly, the adjudication proceedings against it were resumed.
11. Vide notice of hearing dated May 25, 2023, Noticee was granted an opportunity of hearing on June 13, 2023 by erstwhile AO. In response to the said notice of hearing, Noticee vide e-mail dated May 30, 2023, submitted that it had already availed the settlement scheme and furnished the details related to it.

## **CONSIDERATION OF ISSUES AND FINDINGS**

12. I have perused the allegations levelled against the Noticee in the SCN, its 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?

13. 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?**

14. Before proceeding to the merits of the case, it is appropriate to refer to the submissions made by the Noticee during the course of the proceedings. It is noted

that the Noticee vide e-mail dated May 30, 2023, submitted that it had availed the settlement scheme and furnished a copy of its PAN card and the details related to the payment made by it in the ISO settlement scheme. Noticee further submitted that its PAN is AAGCM6959H, however, it received two SCNs in its name in ISO matter, one SCN mentioned above said PAN, which belongs to the Noticee and another SCN mentioned different PAN, i.e., AAGCM6959A, which is incorrect and not its PAN. Noticee submitted that it is operating its business under PAN No. AAGCM6959H and availed the settlement scheme. In this context, the preliminary issue which arises is that whether the Noticee settled the instant matter under the Settlement Scheme 2022 or whether the multiple proceedings were initiated against the Noticee in same matter.

15. Therefore, in respect to the above submission of the Noticee, clarification/comments were sought from the concerned department of SEBI. In response, the concerned department of SEBI, *inter alia*, informed that Noticee was registered with two stock brokers, viz., Concord Vinimay Pvt. Ltd. and Giriraj Stock Broking Pvt. Ltd. It was noted that Giriraj Stock Broking Pvt. Ltd. had captured the Noticee's PAN as AAGCM6959H and Concord Vinimay Pvt. Ltd. had captured the Noticee's PAN as AAGCM6959A. It was observed from the KYC documents of the Noticee that its correct PAN is AAGCM6959H, however, trades were executed by it through the two stock brokers using both PANs, viz., AAGCM6959H (trades in 2 unique contracts) and AAGCM6959A (trade in 1 unique contract). Therefore, it was observed that the Noticee traded in 3 unique contracts during the IP. It was noted that as per Settlement Scheme 2022, settlement amount payable for trades into 1 to 5 contracts was Rs. 1 Lakh and the Noticee traded in 3 unique contracts, for which it already paid the applicable amount and availed the Settlement Scheme 2022 in respect of the correct PAN, i.e., AAGCM6959H.

16. In view of the above, it was proposed by the concerned department of SEBI that the adjudication proceedings initiated against the Noticee having PAN as AAGCM6959A be dropped.

17. Therefore, I note that the allegation of violation of regulations 3(a), (b), (c) and (d), 4(1), 4(2)(a) of PFUTP Regulations by the Noticee is not established. Accordingly, issues II and III do not merit consideration.

**ORDER**

18. Taking into account the facts and circumstances of the case, material available on record, submissions of the Noticee and findings hereinabove, in exercise of the powers conferred upon me under section 15-I of the SEBI Act read with rule 5 of the Rules, I conclude that the adjudication proceedings initiated against the Noticee (Mangalkamna Dealer Pvt. Ltd.) vide SCN dated October 11, 2021, are disposed of without imposition of any penalty.

19. 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: November 28, 2025**

**JAI SEBASTIAN**  
**ADJUDICATING OFFICER**