



BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/AK/GN/2026-27/32481]

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;

Excel Technovation Pvt Ltd
(PAN: AAACE3703B)

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 01, 2014 to September 30, 2015 (hereinafter referred to as “**IP**”).
2. Pursuant to investigation, it was observed that total of 2,91,744 trades comprising 81.40% of all the trades executed in stock options segment of BSE during the IP were allegedly non-genuine trades. The aforesaid alleged non-genuine trades resulted into creation of artificial volume in stock options segment of BSE during the IP. It was observed that Excel Technovation Pvt Ltd (PAN– AAACE3703B) (hereinafter referred to as the “**Noticee**”) was one of the various entities, which indulged in execution of reversal trades in stock options segment of BSE during the IP. Such trades were alleged 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 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 Relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations**”).



APPOINTMENT OF ADJUDICATING OFFICER

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

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice dated August 11, 2022 (hereinafter referred to as “**SCN**”) was issued to the Noticee by the AO u/r 4(1) of the SEBI Adjudication Rules to show-cause as to why an inquiry should not be initiated against it and why penalty, if any, should not be imposed u/s 15HA of the SEBI Act for the violations alleged to have been committed by the Noticee.
5. It was *inter alia* alleged in the SCN that the Noticee executed 46 non-genuine trades in 23 Stock Options contracts which resulted in artificial volume of total 12,92,000 units.
6. The SCN was issued to the Noticee by the erstwhile AO via SPAD and email dated August 18, 2022. Subsequently, Post SCN Intimation (PSI) dated March 22, 2024 was issued to the Noticee.
7. Vide letter dated April 15, 2024 and email dated April 20, 2024 Liquidator of the Noticee informed that he has been appointed as liquidator by order dated October 31, 2023 of Hon’ble NCLT, Jaipur Bench. Liquidator submitted that the time allotted for filing claims as per the provisions of the code has elapsed, however, by submitting an appropriate application for condonation of delay before the Hon’ble NCLT bench, SEBI can still assert its claim, provided it has either been adjudicated or reached finality to consider it as debit.
8. In this regard, I note that the pendency of liquidation proceedings or the expiry of the timeline for filing claims before the Liquidator does not, by itself, extinguish the regulatory proceedings initiated by SEBI for determination of violations and



imposition of penalty under the securities laws. The present adjudication proceeding are required to be carried forward in order to determine the liability of the Noticee and to crystallise the amount payable, if any, by way of monetary penalty. Such crystallisation is necessary to enable SEBI to assert its claim in the liquidation proceedings, subject to appropriate orders of the Hon'ble NCLT, including condonation of delay, if required. Therefore, I find it appropriate to proceed with the present adjudication proceeding in accordance with law.

9. I note that Noticee did not submitted its reply to the SCN on merits. In this regard, it is pertinent to note that the Hon'ble Securities Appellate Tribunal (SAT) in the matter of ***Classic Credit Ltd. vs. SEBI*** (Appeal No. 68 of 2003 decided on December 08, 2006) has, inter alia, observed that, "*.....the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them*".
10. In view of the observations made by the Hon'ble SAT, it is noted that there is no reason to take a different view and accordingly, it is deemed appropriate to proceed against the Noticee based on the material available on record and in absence of response of the Noticee on merits, it is presumed that the allegations/charges have been admitted by it.

CONSIDERATION OF ISSUES AND FINDINGS

11. The charges levelled against the Noticee and the documents / material available on record have been carefully perused. The issues that arise for consideration in the present case are:
- 11.1. Whether the Noticee has violated provisions of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations?
- 11.2. Does the violation, if any, attract monetary penalty u/s 15HA of the SEBI Act?
- 11.3. 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?
12. Before proceeding further, the relevant provisions of the PFUTP Regulations are mentioned as below:

PFUTP Regulations, 2003

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 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 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 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 there under.*

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 (a): Whether the Noticee has violated provisions of Regulations 3(a), (b), (c), (d) and Regulation 4(1) & 4(2)(a) of PFUTP Regulations?

- 13. Before proceeding to the merits of the case, I note that pursuant to preliminary examination conducted in the Illiquid Stock Options matter, 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 option segment during the investigation period. 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.
- 14. I further note that there are no timelines prescribed in the SEBI Act, for the purpose of identifying trades as non-genuine. In this regard, it is pertinent to note that, in



the matter of **SEBI Vs Bhavesh Pabari** (2019) SCC Online SC 294, the Hon'ble Supreme Court of India has, inter alia, held that:

“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.”

15. It is relevant at this juncture to deal with the transactions executed by the Noticee in the alleged non-genuine trades.
16. I note that allegation against the Noticee is that, while dealing in the stock option contracts at BSE during the IP, it had executed reversal trades which were allegedly non-genuine trades and the same had resulted in generation of artificial volume in stock option contracts at BSE. Reversal trades are considered to be 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 alleged to be non-genuine trades as they are not executed in the normal course of trading, lack basic trading rationale, lead to false or misleading appearance of trading in terms of generation of artificial volumes and hence, are deceptive and manipulative.
17. Further, I note from the trade log of the Noticee that it had allegedly executed 46 non-genuine trades in 23 contracts and the abovementioned trades of the Noticee had resulted in the creation of artificial volume of 12,92,000 units in the said contracts. Summary of non-genuine trades of the Noticee is as follows:

Contract Name	Avg. Buy Rate (Rs)	Total Buy Volume (No. of units)	Avg. Sell Rate (Rs)	Total Sell Volume (No. of units)	% of Non Genuine trades of Noticee in the contract to Noticee's Total trades in the Contract	% of Non-Genuine trades of Noticee in the contract to Total trades in the Contract	% of Artificial Vol. 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
AXIS15APR560.0 0PEW2	2.5	40000	7.4	40000	100	20	100	22.22
DIVI15APR1800. 00CEW1	18.5	15000	28.95	15000	100	14.29	100	13.89
EXID15APR165.0 0CEW4	9.2	26000	19.9	26000	100	100	100	100
EXID15APR180.0 0CEW1	1.05	48000	3.5	48000	100	11.11	100	5.97



EXID15APR195.0 0PEW3	10.5	28000	21.9	28000	100	100	100	100
HNZL15APR145. 00CE	11.9	30000	23.5	30000	100	100	100	100
HNZL15APR145. 00CEW2	10.2	26000	22.1	26000	100	50	100	56.52
HNZL15APR180. 00PEW3	12.1	28000	23.9	28000	100	50	100	58.33
ICIC15APR320.0 0CEW1	1.35	45000	4.55	45000	100	12.5	100	12.5
IDEA15APR200.0 0PEW2	20.75	20000	26.5	20000	100	100	100	100
OBNK15MAR220 .00CEW3	11.2	20000	18.5	20000	100	100	100	100
OBNK15MAR250 .00PEW3	8.5	20000	15.5	20000	100	100	100	100
OBNK15MAR260 .00PEW3	16.5	20000	22.5	20000	100	20	100	13.51
RECL15APR310. 00CEW2	16.5	25000	25.9	25000	100	100	100	100
RECL15APR350. 00PEW3	19.5	30000	28.5	30000	100	100	100	100
SBIL15APR270.0 0PEW1	0.15	40000	2.35	40000	100	33.33	100	33.33
SBIL15APR280.0 0CEW1	9.05	30000	10.45	30000	100	50	100	42.11
SBIL15APR280.0 0PEW1	1.5	15000	4.9	15000	100	100	100	100
SBIL15APR290.0 0CEW1	3	30000	4.6	30000	100	100	100	100
SBIL15APR290.0 0PEW1	6	15000	11	15000	100	50	100	27.27
TAMO15APR540. 00CEW1	3	25000	9.5	25000	100	50	100	35.71
TISC15APR330.0 0CEW1	0.4	50000	2.3	50000	100	50	100	50
WOCK15APR189 0.00CEW1	24	20000	37	20000	100	100	100	100

18. I note that the Noticee had allegedly executed non-genuine trades in said contracts, wherein the percentage of alleged non-genuine trades of the Noticee in stock options contract to total trades in the contracts was 100% to 11.11% in the aforesaid contracts. Further, alleged artificial volume generated by Noticee in the contracts amounted to 100% volume of total volume generated by it in the contracts. I also note that alleged artificial volume generated by the Noticee



contributed 100% to 5.97% of the total volume from the market in the said contracts.

19. The details of squaring up done by the Noticee in the contract 'EXID15APR165.00CEW4' is as given below:

Trade Date	Client Name	CP Client Name	Trade Time	Trade Rate (Rs.)	Traded Quantity	Buy/Sell by the Noticee
30/03/2015	Excel Technovation Pvt Ltd	Ashlar Securities Private Limited	15:16:38.750 887	9.2	26000	Buy
30/03/2015	Ashlar Securities Private Limited	Excel Technovation Pvt Ltd	15:16:47.751 467	19.9	26000	Sell

19.1. As can be seen from the table above, the trades executed by the Noticee in the contract was squared up within short time, with the same counterparty. Noticee on March 30, 2015 at 15:16:38 hrs entered into buy trade with a counterparty viz. Ashlar Securities Private Limited for total 26000 units each at the rate of Rs 9.2 per unit in the contract 'EXID15APR165.00CEW4'. Thereafter, on the same day, Noticee entered into a sell trade for 26000 units each at 15:16:47 hrs with same counterparties viz. Ashlar Securities Private Limited at the rate of Rs 19.9 per unit.

19.2. These trades were entered into with the same counterparty in the same contract. I note that while dealing in the said contract during the IP, the Noticee executed reversal trades with same counterparty viz. Ashlar Securities Private Limited on the same day, with significant price difference. Thus, the Noticee, through its dealing in the contract viz. 'EXID15APR165.00CEW4' during the I.P., executed non genuine trades which was 100% of the total trades from the market in the said contract during the I.P., and thereby, Noticee generated artificial volume of 52000 units which was 100% of the volume traded in the said contract from the market during the I.P.

19.3. Similarly, Noticee executed trades in the same manner in 22 other contracts as mentioned in paragraph 17 above.

20. The non-genuineness of these transactions executed by the Noticee is evident from the fact that there was no commercial basis as to why, within a short span of time, the Noticee reversed the position with its counterparty. 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 contracts, there was no trading in the said contract and hence, there was no price discovery in the strictest terms. The wide variation in prices of the said contract, within a short span of time, is a clear indication that there was pre-determination in the prices by the counterparties while executing the trades. The fact that the buy and sell orders were placed by the Noticee and counterparty within a short span of time, strongly indicates meeting of minds. Thus, it is observed that Noticee had indulged in reversal trades with its counterparty in the stock options segment of BSE and the same were non-genuine trades.

21. I also note that it is not mere coincidence that the Noticee could match its trades with the same counterparty with whom it 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. This is the outcome of meeting of minds elsewhere and it was a deliberate attempt to deal in such a manner. In this regard, I note that in matters dealing with violation of PFUTP Regulations, the reason as with respect to execution of non-genuine trades might not be immediately forthcoming. However, the correct test instead, is one of preponderance of probabilities and therefore at this juncture, it is pertinent to rely on the judgment of Hon'ble Supreme Court in **SEBI v Kishore R Ajmera (AIR 2016 SC 1079)** decided on February 23, 2016, 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. The illustrations are not exhaustive..."



22. The Hon'ble Supreme Court further held in the same matter that – *“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.”*
23. The observations made in the aforesaid judgments of Hon'ble Supreme Court apply with full force to the facts and circumstances of the present case. Therefore, applying the ratio of the above judgments, it is conspicuous 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 in prices of the same contract, within short span of time was a clear indication that there was pre-determination in the prices by both the counterparty when executing the trades. 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 its counterparty to carry out the trades at pre-determined prices
24. Further, following is noted from the judgement of the Hon'ble SAT in the matter of **Ketan Parekh vs SEBI (supra)**:
- 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.*



25. It would be instrumental to also place reliance on the judgment of Hon'ble Supreme Court in the matter of **SEBI v Rakhi Trading Private Limited (Civil Appeal Nos. 1969, 3174-3177 and 3180 of 2011 decided on February 8, 2018)**, in which the Hon'ble SC held that - *“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.....”*
26. Further, the Hon'ble SAT in its judgement dated September 14, 2020 in the matter of **Global Earth Properties and Developers Pvt Ltd** relied upon the Hon'ble Supreme Court judgement in the matter of **SEBI v Rakhi Trading Private Limited (Civil Appeal Nos. 1969, 3174-3177 and 3180 of 2011 decided on February 8, 2018)**, and held that, *“It is not a mere coincidence that the Appellants could match the trades with the counter party with whom he had undertaken the first leg of respective trade. In our opinion, the trades were non-genuine trades and even though direct evidence is not available in the instant case but in the peculiar facts and circumstances of the present case there is an irresistible inference that can be drawn that there was meeting of minds between the Appellants and the counter parties, and collusion with a view to trade at a predetermined price.”*
27. 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 contracts. In view of the above, the violation of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, against the Noticee stands established.

Issue (b): Does the violation, if any, attract monetary penalty u/s 15HA of the SEBI Act, 1992?

28. Considering the findings that the Noticee has executed non-genuine trades resulting in the creation of artificial volume, thereby violating the provisions of



Regulation 3(a), (b), (c) & (d) & Regulation 4(1) and 4(2)(a) of the PFUTP Regulations, it is a fit case for imposition of monetary penalty on Noticee u/s 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 (c): 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?

29. While determining the quantum of penalty u/s 15HA of SEBI Act, it is important to consider the factors as stipulated in Section 15J of the SEBI Act which reads as under:

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.*

30. It is observed that the material available on record does not quantify any disproportionate gains or unfair advantage, if any, made by the Noticee and the losses, if any, suffered by the investors due to such violations on part of the said Noticee. However, the Noticee has entered into 46 non-genuine trades which demonstrates the violation of PFUTP Regulations.

ORDER

31. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in section 15J of the SEBI Act, and in exercise of power conferred u/s 15-I of the SEBI Act, r/w Rule 5 of the SEBI



Adjudication Rules, following penalty u/s 15HA of the SEBI Act is imposed on the Noticee:

Name of the Noticee	Violation provisions	Penalty
Excel Technovation Pvt Ltd PAN: AAACE3703B	Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations	Rs 5,00,000/- (Rupees Five Lakhs only)

I find the said penalty to be commensurate with the violation on the part of the Noticee.

32. As discussed at paragraph 8 above, the limited purpose of these proceedings is to determine if the Noticee has violated securities laws and determine the penalty in order to enable SEBI to crystallise its claim, and to lodge the said claim with the liquidator.
33. In terms of the provisions of Rule 6 of the SEBI Adjudication Rules, a copy of this order is being sent to the Noticee viz. Excel Technovation Pvt Ltd and also to SEBI.

Date: July 13, 2026

Place: Mumbai

AMIT KAPOOR
ADJUDICATING OFFICER