BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/MS/SM/2026-27/32685]

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

Dilip Kumar Gupta HUF

(PAN: AADHD8826N)

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 Dilip Kumar Gupta HUF (PAN: AADHD8826N) (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”).

APPOINTMENT OF ADJUDICATING OFFICER

3. Erstwhile AOs were appointed vide communique dated September 27, 2021, March 17, 2023, August 29, 2023, April 04, 2025 and September 19, 2025. Thereafter, the case was assigned to this office as Adjudicating Officer in the matter, vide communique dated June 01, 2026, under section 19 read with 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.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice having reference no. SEBI/HO/IVD/ID16/P/OW/2022/14222/1 dated March 31, 2022 (hereinafter referred to as **‘SCN’**) was issued to the Noticee via SPAD 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 liable to penalty under section 15HA of the SEBI Act, 1992 for the violations alleged to have been committed

by Noticee. Further, the Noticee was informed about the SEBI Settlement Schemes, 2022 and 2024 vide letter and email dated August 10, 2022 and August 23, 2022 and March 06, 2024 and March 20, 2024 respectively 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 and 2024, Noticee was advised to file a reply to the SCN within 30 days of the receipt of the SCN. The aforesaid SEBI Settlement Scheme 2022 and 2024 were sent to Noticee via email and SPAD. Noticee responded vide letter dated August 24, 2022.

5. The SCN issued to the Noticee inter-alia alleged the following:

5.1. It was observed from the trade data of the Noticee that it had allegedly executed 3 reversal trades in 1 contracts, which resulted in creation of artificial volume of 96000 units which created false and misleading appearance of trading and generated artificial volumes in the stock options segment of the BSE during the investigation period during April 1, 2014 to September 30, 2015 in violation of the aforesaid regulations.

5.2. In view of the above, it was alleged that the Noticee, by indulging in execution of reversal trades in Stock Options with same entities on the same day, which were non-genuine in nature, had created false or misleading appearance of trading in the alleged contracts in the options segment of BSE. As these contracts were illiquid in nature, the Noticee allegedly created artificial volume in stock options which was manipulative and deceptive in nature. Therefore, it was alleged that the Noticee violated the provisions of Regulation 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations.

6. It is noted that Mr. Rahul Gupta, son of late Dilip Kumar Gupta vide letter dated August 24, 2022 and email dated November 11, 2022 and August 05, 2023 submitted that Mr. Dilip Kumar Gupta has died on February 27, 2022 who was looking after the matter of the HUF. Noticee also submitted a copy of the death certificate of the Mr. Dilip Kumar Gupta issued by Kolkata Municipal Corporation.

7. Upon transfer of the instant matter to the undersigned, hearing notice was issued to the Noticee vide letter reference no. SEBI/EAD-3/MS/SM/DIS/17589/2026 dated July 03, 2026. However, the Noticee did not avail the said hearing opportunity. The said hearing notice was delivered through email and SPAD.

8. It is noted that vide email dated July 09, 2026, Mr. Rahul Gupta, son of late Dilip Kumar Gupta and the Karta of HUF after the death of Late Dilip Kumar Gupta again submitted Partition deed of Dilip Kumar Gupta HUF and an application which was sent to Income Tax Department for recording the partition. I note from the application filed under Section 171 of the Income Tax Act, 1961 and the partition deed that the partition has taken place in the said family on June 07, 2022 and consequently all the coparceners and members have separated on the date aforesaid from the said family. All the assets have been divided among the coparceners and members by metes and bounds.

9. In view the above, it is noted that the Dilip Kumar Gupta HUF against whom adjudication proceedings was initiated is not in existence, Noticee has ceased to exist as a legal entity by way partition deed on June 07, 2022. Therefore, the present adjudication proceedings have become infructuous and do not survive against the Noticee.

ORDER

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, adjudication proceedings initiated against Dilip Kumar Gupta HUF (AADHD8826N), vide SCN dated March 31, 2022 is disposed of.

11. In terms of rule 6 of the Adjudication Rules,1995, copy of this order is sent to SEBI and Mr. Rahul Gupta, son of Late Dilip Kumar Gupta.

Place: Mumbai **MEDHA SONPAROTE**

Date: August 28, 2026 **ADJUDICATING OFFICER**