**BEFORE THE ADJUDICATING OFFICER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**[ADJUDICATION ORDER NO. Order/MS/SM/2026-27/32689]**

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**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

**Kedar Mal Poddar HUF**

**(PAN: AACHK5074Q)**

In the matter of Trading in Illiquid Stock Options on BSE

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## 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 Kedar Mal Poddar HUF (PAN: AACHK5074Q) (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. Pursuant to transfer of Erstwhile AOs, 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/EAD3/P/OW/2022/32984/1 dated August 02, 2022 (hereinafter referred to as **‘SCN’**) was issued by erstwhile AO 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.
5. Further, the Noticee was informed about the SEBI Settlement Schemes, 2022 through the aforesaid SCN dated August 02, 2022 in terms of regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 in the matter of Illiquid Stock Options and in case, Noticee does not wishes to avail of the facility under the SEBI Settlement Scheme, 2022, Noticee was advised to file a reply to the SCN within 30 days of the receipt

of the SCN. The aforesaid SCN cum SEBI Settlement Scheme 2022 was sent to Noticee via email and SPAD.

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

    6.1. It was observed from the trade data of the Noticee that it had allegedly executed 4 reversal trades in 2 contracts, which resulted in creation of artificial volume of 486304 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.

    6.2. 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.

7. Vide Hearing Notice dated March 17, 2023, Noticee was provided opportunity of hearing by the erstwhile AO. Digitally signed Hearing Notice was delivered through email. However, Noticee failed to avail the said opportunity of hearing. Vide email dated May 30, 2023, Noticee was granted another and final opportunity of hearing in the matter on June 08, 2023. Noticee vide letter dated June 07, 2023 submitted reply to the SCN along with Partition deed of Kedar Mal Poddar HUF and death certificate of Kedar Mal Poddar. Further, on the scheduled date of hearing i.e June 08, 2023, Authorized Representative of Noticee appeared on behalf of Kedar Mal Poddar HUF for hearing.

8. Noticee vide its reply dated June 07, 2023 submitted that the Kedar Mal Poddar HUF was dissolved on September 15, 2017 and the Karta of HUF died on 10/01/2020. In support of the contention of the Noticee, partition deed dated September 15, 2017 and death certificate of the Karta of the HUF issued by Bidhannagar Municipal Corporation (issued u/s. 12/17 of the RBD Act. 1969 and Rule 9/ 14 of the WBRBD Rules 2000) was submitted. It is noted from the material available on record that all the members of the HUF have separated on September 15, 2017 and the assets have been divided among them.

9. In view the above, it is noted that the Kedar Mal Poddar HUF against whom adjudication proceedings was initiated is not in existence, Noticee has ceased to exist as a legal entity on September 15, 2017. 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 Kedar Mal Poddar HUF (AACHK5074Q), vide SCN dated August 02, 2022 is disposed of.

11. In terms of rule 6 of the Adjudication Rules,1995, copy of this order is sent to SEBI and Authorised Representative of Noticee who filed the reply to the SCN and appeared for hearing before erstwhile AO.

Medha Jeevan Sonparote

Digitally signed by Medha Jeevan Sonparote
Date: 2026.08.31 15:51:53 +05'30'

**Place: Mumbai** **MEDHA SONPAROTE**

**Date: August 31, 2026** **ADJUDICATING OFFICER**