

BEFORE THE SECURITIES APPELLATE TRIBUNAL  
MUMBAI

DATE : 05.06.2018

**Misc. Application No. 117 of 2018**  
**And**  
**Appeal No. 154 of 2018**

Sandhya Sahebrao Badekar  
115B, Shalimar Miracle, Opp. ICIC Bank,  
S. V. Road, Goregaon (West), Mumbai 400 062. .... Appellant

Versus

Securities Exchange Board of India  
SEBI Bhavan, C-4A, G-Block,  
Bandra Kurla Complex,  
Bandra (E), Mumbai – 400 051. ... Respondent

Mr. K. K. Rathi, Chartered Accountant for the Appellant.

Mr. Vishal Kanade, Advocate with Mr. Chirag Bhavsar, Advocate i/b MDP  
& Partners for the Respondent.

CORAM : Justice J. P. Devadhar, Presiding Officer  
Dr. C. K. G. Nair, Member

Per : Justice J. P. Devadhar (Oral)

**Misc. Application No. 117 of 2018 :**

1. By this misc. application appellant seeks condonation of 160 days delay in filing the appeal. For the reasons stated in the misc. application, delay is condoned. Accordingly, misc. application is disposed of.

**Appeal No. 154 of 2018 :**

1. This appeal is filed to challenge the order passed by the Adjudicating Officer ('A. O.' for short) of Securities and Exchange Board of India ('SEBI' for short) on August 4, 2017. By that order A. O. has imposed penalty of Rs. 15 lac on the appellant and two other persons, namely, Siya Bansal and Rajan Bansal under Section 15HA of the Securities and

Exchange Board of India Act, 1992 ('SEBI Act' for short) for violating the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 ('PFUTP Regulations' for short).

2. It is not in dispute that Appeal no. 67 of 2018 filed by Siya Bansal and Rajan Bansal to challenge the aforesaid decision of A. O. has been dismissed by this Tribunal on April 6, 2018.

3. In the impugned order it is held that the trades executed by the appellant were held to be in violation of PFUTP Regulations for the following reasons :-

- a) On December 27, 2011 at 12:42:27, appellant had placed a buy order for 2000 shares of KGN Enterprises Ltd. at Rs. 50/- per share which resulted in 11 trades (20 shares), 5 trades (5 shares) with Siya Bansal and 6 trades (15 shares) with Rajan Bansal.
- b) Appellant placed a buy order for 2000 shares at Rs. 50/- at 12:34:39 which was later on modified by reducing the buy order quantified to 200 shares from 2000 shares and at 12:37:35 increased the order rate from Rs. 50/- to Rs. 125/- at 12:38:26, however, the order remained unexecuted as at that point of time there were no sell orders pending in the system. Thereafter, the appellant modified the buy order at 12:42:27 by reducing the buy quantity to 100 shares from 200 shares and increased the buy rate from Rs. 125/- to Rs. 500/-, when the sell orders were available in the range of Rs. 200 to Rs. 500/-
- c) As the appellant modified the buy order from Rs. 125/- to Rs. 500/- at 12:42:27 the sell orders placed by Siya Bansal and

Rajesh Bansal got executed at the price of Rs. 500/-. It is relevant to note that all the sell orders were placed at different price range i.e. Rs. (300, 350, 400, 450, 481, 483, 488, 489, 490, 499 and 500) when the shares prices were hovering between Rs. 50 to Rs. 150. Thus, all the 11 trades executed created New High Price (NHP).

4. On the basis of aforesaid facts, the A. O. has held that the appellant had executed irregular trades to inflate the share price by trading in small quantities and thereby contributed NHP of Rs. 250/- in 11 trades for 20 shares in violation of PFUTP Regulations.

5. Representative of the appellant has not disputed that the trades were irregular trades, however, he sought to justify the trades on the basis of facts set out in the memo of appeal which read thus :-

*“4. That the appellant submits that on 27.12.2011 she had requested her dealer to invest around Rs. 50000/- in the shares of KGN Enterprises Ltd. As she had been informed by her train friend that the sister concern of KGN Enterprise, namely KGN Industries had touched high price of Rs. 55000/- per shares on day of listing.*

*5. That the appellant submits that she had placed only one order which was later on modified as advised by her dealer. She had not placed any multiple order but requested her dealer to modify the order to highest price in order to get the shares, without realizing that she is creating new high price (NHP).*

*6. That the appellant submits that there was no malafide intention or any misdoing on their part, who was simply trying to invest her savings to make some earning based on information she had received.*

*7. That the appellant further submits that she was never informed about warning flashed and had no idea about its consequences. The appellant further submits that had her broker informed her about the consequences of the trade, she would never had proceeded further in the trade.”*

6. We see no merit in the above arguments.

7. Conduct of the appellant in placing buy orders which were modified time and again within a short period of time clearly shows that the transactions were not bonafide transactions. Appellant has failed to disclose the basis on which the buy order price was enhanced repeatedly. Very fact that the quantum of buy order was reduced again and again falsifies the claim of the appellant that a train friend had induced the appellant to execute the trades in question. Argument that the broker is responsible for the irregular trades cannot be accepted, because, firstly, no such plea was raised in the reply to the show cause notice and secondly, appellant has not filed any complaint against the broker till date. In these circumstances, no fault can be found with the decision of the A. O. that the appellant has violated the PFUTP Regulations.

8. Penalty imposable under the SEBI Act for violating the PFUTP Regulations under Section 15HA of SEBI Act is up to Rs. 25 crore. However, the A. O. after considering all mitigating factors has imposed penalty of Rs. 15 lac on the appellant which cannot be said to be unreasonable or excessive.

9. In the result, we see no merit in the appeal and the same is hereby dismissed with no order as to costs.

Sd/-  
Justice J. P. Devadhar  
Presiding Officer

Sd/-  
Dr. C. K. G. Nair  
Member

05.06.2018  
Prepared & Compared by  
PTM